Report of Independent Auditors and Financial Statements

Alameda Alliance for Health

June 30, 2023 and 2022

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Management’s Discussion and Analysis

INTRODUCTION

In accordance with the Governmental Accounting Standards Board ("GASB") Codification Section 2200, *Annual Comprehensive Financial Report*, Alameda Alliance for Health presents comparative financial highlights as of and for the fiscal years ended June 30, 2023, 2022, and 2021. This discussion and analysis should be read in conjunction with the financial statements in this report.

Alameda Alliance for Health is a licensed health maintenance organization that operates in Alameda County (the "County"). The County's Board of Supervisors established Alameda Alliance for Health in March 1994 in accordance with the State of California Welfare and Institutions Code (the "Code") Section 14087.54. This legislation provides that Alameda Alliance for Health is a public entity, separate and apart from the County, and is not considered an agency, division, or department of the County. Alameda Alliance for Health is not governed by, nor is it subject to, the Charter of the County and is not subject to the County's policies or operational rules. Alameda Alliance for Health received its Knox-Keene license in September 1995 and commenced operations in January 1996.

Alameda Alliance for Health operated the Alameda Alliance Joint Powers Authority (the "JPA"), a licensed health maintenance organization that operated in the County. The County's Board of Supervisors established the JPA in October 2005 in accordance with Section 14087.54. This legislation provides that the JPA was also a public entity, separate and apart from the County, and was not an agency, division, or department of the County. The JPA was not governed by, nor was it subject to, the Charter of the County and was not subject to the County's policies or operational rules. The JPA received its Knox-Keene license and commenced operations in December 2005. Alameda Alliance for Health and the JPA had a mutual guarantee agreement, ensuring mutual solvency for the two organizations. In September 2020, both parties agreed to dissolve the JPA and transfer existing business of the JPA to Alameda Alliance for Health. Subsequently, California Department of Managed Care, the licensing body, approved the surrender of the JPA license effective July 31, 2021.

The mission and purpose of Alameda Alliance for Health is to improve the quality of life of our members and people throughout our diverse community by collaborating with our provider partners in delivering high-quality, accessible, and affordable health care services. As participants of the safety-net system, we recognize and seek to collaboratively address social determinants of health as we proudly serve the County. No individual or entity has any ownership interest in Alameda Alliance for Health and all accumulated net position is available to invest in programs consistent with its mission.

Alameda Alliance for Health contracts with the California Department of Health Care Services ("CDHCS") to receive funding to provide health care services to the Medi-Cal eligible County residents who are enrolled as members of Alameda Alliance for Health ("CDHCS Contract"). The CDHCS contract specifies capitation rates that may be adjusted annually. CDHCS revenue is paid monthly and is based upon contracted rates and actual Medi-Cal enrollment. Alameda Alliance for Health, in turn, has contracted with hospitals, physicians, and community-based organizations whereby capitation payments (agreed-upon monthly payments per member) and fee-for-service payments are made in return for contracted health care services for its members. These contracts are typically evergreen and contain annual rate change provisions, termination clauses, and risk-sharing provisions.

The original JPA entity contracted with the Public Authority of Alameda County to provide health coverage to In-Home Supportive Service home care workers in the County via the Group Care program. Due to the dissolution of the JPA, the Group Care program is assigned to Alameda Alliance for Health with previous contract terms. The contract is automatically renewed on an annual basis, absent adequate written notice to terminate by either party. No written notice of termination was provided by either party during the years ended June 30, 2023, 2022, and 2021, except for the change of assignment.

In September 2009, CDHCS implemented Assembly Bill No. 1422 ("AB 1422") or Managed Care Organization ("MCO") premium tax. This program imposes an assessment on Alameda Alliance for Health's capitation and premium revenue. The proceeds from the tax are appropriated from the Children's Health and Human Services Special Fund to the State Department of Health Care Services for specified purposes. This provision was effective retroactively to January 1, 2009, and continued through June 30, 2013. The provisions of AB 1422 were continued, a higher tax rate implemented, and a sales tax replaced the premium tax, via Senate Bill ("SB") 78, beginning July 1, 2013 through June 30, 2016. On March 1, 2016, SB X2-2 established a new MCO provider tax, to be administered by CDHCS, effective July 1, 2016 through July 1, 2019. The tax would be assessed by CDHCS on licensed health care service plans, managed care plans contracted with CDHCS to provide Medi-Cal services, and alternate health care service plans ("AHCSP"), as defined, except as excluded by the bill. This bill would establish applicable taxing tiers and per enrollee amounts for the 2016–2017, 2017–2018, and 2018–2019 fiscal years for Medi-Cal enrollees, AHCSP enrollees, and all other enrollees, as defined. On September 27, 2019, Assembly Bill 115 (Chapter 348, Statutes 2019) authorized CDHS to implement a modified MCO tax model on specified health plans, which was approved by the federal Centers for Medicare & Medicaid Services on April 3, 2020. The effective date range for this approval is January 1, 2020 through December 31, 2022. On June 29, 2023, Assembly Bill 119 (Chapter 13, Statues of 2023) reimposed the MCO premium tax effective April 1, 2023 through December 31, 2026, and it has not been approved by Centers for Medicare & Medicaid Services as of June 30, 2023.

Commencing in June 2010, CDHCS implemented a supplemental revenue or intra-governmental transfer program. This program assesses fees on the revenue of participating providers. CDHCS uses these assessments to obtain matching federal funds, which are returned to participating Alameda Alliance for Health providers through Alameda Alliance for Health's administration. Alameda Alliance for Health received supplemental medical revenue of $76,456,322, $45,172,648 and $76,642,409 for the years ended June 30, 2023, 2022, and 2021, respectively, representing the assessment and matching funds, net of MCO premium tax of $0 for the years ended June 30, 2023, 2022, and 2021, respectively. Related liabilities are recorded under payable to other governmental agencies, hospital fee, and directed payments payables in the statements of net position as of June 30, 2023, 2022, and 2021.

On September 8, 2010, the California State Legislature ratified Assembly Bill No. 1653, which established a Hospital Quality Assurance Fee ("HQAF") program allowing additional drawdown of federal funding to be used for increased payments to general acute care hospitals for inpatient services rendered to Medi-Cal beneficiaries. Pursuant to Section 14167.6 (a), CDHCS increased capitation payments to Medi-Cal managed health care plans retroactive for the months of April 2009 through December 2010. Additionally, Medi-Cal managed care plans are required to adhere to the following regarding the distribution of the increased capitation rates with HQAF funding: Section 14167.6 (h)(1), "Each managed health care plan shall expend 100 percent of any increased capitation payments it receives under this section on hospital services"; and, Section 14167.10 (a), "Each managed health care plan receiving increased capitation payments under Section 14167.6 shall expend increased capitation payments on hospital services within 30 days of receiving the increased capitation payments." These payments were received and distributed in the manner as prescribed as a pass-through to revenue. The payments did have an effect on the overall AB 1422 gross premium tax paid. In April of 2011, California approved SB 90, which extended the HQAF through June 30, 2012. SB 335, signed into law in September of 2011, extended the HQAF portion of SB 90 for an additional 30 months through December 31, 2013. SB 239, signed into law in October of 2013, extended the HQAF portion of SB 90 for an additional 36 months through December 31, 2016. In November of 2016, California approved Proposition 52, which made SB 239 permanent and also created HQAF V. The program period for HQAF V is from January 1, 2017 through June 30, 2019. The program period for HQAF VI and VII is from July 1, 2019 through December 31, 2021 and January 1, 2022 through December 31, 2022, respectively. Alameda Alliance for Health received HQAF payments of $0, $47,690,348 and $76,015,141 for the years ended June 30, 2023, 2022, and 2021, respectively, net of MCO premium tax of $0 for the years ended June 30, 2023, 2022, and 2021, respectively.

Beginning with the July 1, 2017 rating period, the CDHCS implemented managed care Directed Payments: 1) Private Hospital Directed Payment ("PHDP"), 2) Designated Public Hospital Enhanced Payment Program ("EPP"), and 3) Designated Public Hospital Quality Incentive Pool ("QIP"). (1) For PHDP, CDHCS will direct Managed Care Plans ("MCP") to reimburse private hospitals as defined in the Welfare and Institutions Code 14169.51, based on actual utilization of contracted services. The enhanced payment is contingent upon hospitals providing adequate access to service, including primary, specialty, and inpatient (both tertiary and quaternary) care. The total funding available for the enhanced contracted payments are limited to a predetermined amount (pool). (2) For EPP Pools, CDHCS has directed MCPs to reimburse California's 21 Designated Public Hospitals ("DPHs") and University of California systems for network contracted services, enhanced by either a uniform percentage or dollar increment based on actual utilization of network contracted services. (3) For QIP, CDHCS has directed the MCPs to make QIP payments tied to performance on designated performance metrics in four strategic categories: primary care, specialty care, inpatient care, and resource utilization. The payments are linked to the delivery of services under the MCP contracts and increase the amount of funding tied to quality outcomes. To receive QIP payments, the DPHs must achieve specified improvement targets through year-over-year improvement or sustained high-performance requirements. The total funding available for the QIP payments will be limited to a predetermined amount (pool).

Impact of COVID-19 – The State of California's declaration of a Public Health Emergency paused the normal Medi-Cal disenrollment process. For three consecutive years, from the last quarter of fiscal year ended June 30, 2020 to the last quarter of fiscal year ended June 30, 2023, Alameda Alliance for Health saw a significant increase in enrollment. The Public Health Emergency ended in May 2023. Alameda Alliance for Health sees a decline in enrollment starting July 2023 and expects the decline to continue until fiscal year ended June 30, 2024.

California launched a multi-year initiative called California Advancing and Innovating Medi-Cal ("CalAIM") to improve the quality of life and health outcomes of the Medi-Cal population by implementing broad delivery system and program and payment reform across the Medi-Cal program. CalAIM took effect on January 1, 2022. This major initiative will bring Alameda Alliance for Health new funding and increased expenses. The net impact of this funding and increased expense is net neutral for fiscal years ended June 30, 2022 and fiscal year ended June 30, 2024. In addition, California transitioned pharmacy benefits from Medi-Cal Managed Care plan to Fee-for-Service effective January 1, 2022. Alameda Alliance for Health's premium revenue and pharmacy expenses decreased correspondingly, with net neutral impact to the bottom line.

Using This Annual Report – Alameda Alliance for Health's financial statements consist of three statements: statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. These financial statements and related notes provide information about the activities of Alameda Alliance for Health, including resources held by Alameda Alliance for Health but restricted or designated for specific purposes.

The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position – The statements of net position and statements of revenues, expenses, and changes in net position report information about Alameda Alliance for Health's resources and activities during the period. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All revenue and expenses are included, regardless of when cash is received or paid.

These two financial statements report Alameda Alliance for Health's net position and changes in net position. Over time, increases and decreases in Alameda Alliance for Health's net position are indicators of whether its financial health is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in Alameda Alliance for Health's membership, measurements for the quality of service provided to members, and local economic factors, to assess the overall health of Alameda Alliance for Health.

The Statements of Cash Flows – The final required statements are the statements of cash flows. These statements present cash receipts, cash payments, and net changes in cash resulting from operations, investing, noncapital financing, and capital and related financing activities.

Overview of the Financial Statements and Financial Analysis

On June 30, 2023, Alameda Alliance for Health had assets and deferred outflows of resources of $800,124,979 and liabilities and deferred inflows of resources of $476,167,938. The resulting net position, which represents Alameda Alliance for Health's assets and deferred outflows of resources after the liabilities and deferred inflows of resources are increased, increased by $93,332,739 to $323,957,041 at June 30, 2023, compared to $230,624,302 at June 30, 2022. The change in net position is due to total net operating income and nonoperating income recorded during the 2023 fiscal year.

On June 30, 2022, Alameda Alliance for Health had assets and deferred outflows of resources of $570,325,793 and liabilities and deferred inflows of resources of $339,701,491. The resulting net position, which represents Alameda Alliance for Health's assets and deferred outflows of resources after the liabilities and deferred inflows of resources are increased, increased by $25,214,260 to $230,624,302 at June 30, 2022, compared to $205,410,042 at June 30, 2021. The change in net position is due to total net operating income and nonoperating income recorded during the 2022 fiscal year.

ASSETS

Cash and Cash Equivalents

Cash and cash equivalents increased by $22,975,208 from $12,245,641 at June 30, 2022 to $35,220,849 at June 30, 2023. The increase is due to cash provided by operating activities of $118,977,143, cash used in capital and related financing activities of $3,946,565, and cash used in investing activities of $92,055,370. Much of the increase in cash reflects enhanced operating activities.

Cash and cash equivalents decreased by $24,841,782 from $37,087,423 at June 30, 2021 to $12,245,641 at June 30, 2022. The decrease is due to cash provided by operating activities of $45,087,617, cash used in capital and related financing activities of $2,458,385, and cash used in investing activities of $67,471,014. Much of the decrease in cash reflects enhanced investing activities.

Changes in cash balances are due largely to the timing of collection of year-end receivables. All financial assets are invested in highly-liquid, short-term instruments held in two large money market funds and a managed investment account. Alameda Alliance for Health management believes it has adequate liquidity to meet its operating and cash flow needs for the foreseeable future.

Investments

Investments consist of commercial paper, certificate of deposits, corporate and foreign bonds, and government and agency discount issues and money market funds. Investments increased by $107,491,540 from $330,233,562 at June 30, 2022 to $437,725,102 at June 30, 2023. The increase reflects purchases of investments. Investments increased by $66,285,249 from $263,948,313 at June 30, 2021 to $330,233,562 at June 30, 2022. The increase reflects purchases of investments.

Premiums Receivable

Premiums receivable represent amounts owed to Alameda Alliance for Health for capitation and premium revenue. Premiums receivable decreased by $42,514,475 from $191,160,412 at June 30, 2022 to $148,645,937 at June 30, 2023, largely reflecting the timing of receipts of certain premium revenues due from the State of California and the Directed Payment pools, which is passed through to Private and Designated Public Hospitals. Premiums receivable increased by $67,916,398 from $123,244,014 at June 30, 2021 to $191,160,412 at June 30, 2022, largely reflecting the timing of receipts of certain premium revenues due from the State of California and the Directed Payment pools, which is passed through to Private and Designated Public Hospitals.

Reinsurance Recoveries Receivable

Reinsurance recoveries receivable represent anticipated, but not yet received collections under the reinsurance policy. Reinsurance recoveries receivable increased by $1,284,670 from $1,840,608 at June 30, 2022 to $3,125,278 at June 30, 2023. The increase reflects a timing difference in processing of high dollar claims by the reinsurance company. Reinsurance recoveries receivable decreased by $2,943,972 from $4,784,580 at June 30, 2021 to $1,840,608 at June 30, 2022. The increase reflects a timing difference in processing of high-dollar claims by the reinsurance company.

Other Receivables

Other receivables represent miscellaneous nonpremium amounts due to Alameda Alliance for Health. Other receivables increased by $141,525,918 from $7,638,928 at June 30, 2022 to $149,164,846 at June 30, 2023. The increase reflects the timing of cash receipts of certain Directed Payments owed by CDHCS at year end. Other receivables decreased by $736,704 from $8,375,632 at June 30, 2021 to $7,638,928 at June 30, 2022. The decrease reflects the timing of cash receipts of certain payments owed at year end.

Prepaid Expenses

Prepaid expenses consist of payments made in the current period for goods or services to be received in one or more future periods. Prepaid expenses decreased by $511,343 from $5,412,062 at June 30, 2022 to $4,900,719 at June 30, 2023. The component increases and decreases are attributable to the timing of payments for various costs that are to be charged to expense after year end. Prepaid expenses decreased by $762,064 from $6,174,126 at June 30, 2021 to $5,412,062 at June 30, 2022. The component increases and decreases are attributable to the timing of payments for various costs that are to be charged to expense after year end.

Restricted Cash

The California Department of Managed Health Care requires restricted cash of at least $300,000 be held in trust. Restricted cash remained at $350,000 at June 30, 2023 and 2022.

Capital Assets

Net capital assets decreased by $455,259 from $5,673,230 at June 30, 2022 to $5,217,971 at June 30, 2023. The overall decrease reflects current-year capital asset acquisitions of $338,847 and annual depreciation and amortization expenses of $794,106.

Net capital assets decreased by $598,905 from $6,272,135 at June 30, 2021 to $5,673,230 at June 30, 2022. The overall decrease reflects current-year capital asset acquisitions of $420,774 and annual depreciation and amortization expenses of $1,019,679.

Net Pension Asset

Net pension asset represents excess value of the California Public Employees' Retirement System ("CalPERS") pension assets above the CalPERS pension liability under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). Net pension asset decreased by $6,930,703 from $6,930,703 at June 30, 2022 to $0 at June 30, 2023. The decrease reflects the costs for the operation of the plan exceeded contributions for the year.

Lease Assets

Lease assets represent net presents value of lease payments scheduled to be made under GASB Statement No. 87, Leases ("GASB 87") for leases by governments. It also includes necessary costs needed to implement the leases. Lease assets is valued at $1,440,685 at June 30, 2023 and $2,439,113 at June 30, 2022. The decrease reflects the amortization of the lease assets over the term of the leases. Lease assets is valued at $2,439,113 at June 30, 2022 and $3,161,732 at June 30, 2021. The decrease reflects the amortization of the lease assets over the term of the leases.

Subscription Assets

Subscription assets represents net present value of subscription payments scheduled to be made under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). It also includes necessary costs needed to implement the subscriptions. Subscription assets is valued at $5,061,000 at June 30, 2023 and $3,351,665 at June 30, 2022. The increase reflects additional subscription assets during the year and netted by the amortization of the subscription assets over the term of the subscription assets. GASB 96 is adopted in fiscal year ended June 30, 2023 and retroactively adopted in fiscal year ended June 30, 2022, thus, fiscal year ended June 30, 2021 reports $0.

Deferred Outflows of Resources

Deferred outflows of resources represent the unamortized changes in assumptions, unamortized net difference between projected and actual earnings on pension plan investments, unamortized difference between expected and actual experience, and employee contributions made during 2021, 2022, and 2023 that are deferred under GASB 68. Deferred outflows of resources increased by $6,168,581 from $3,104,011 at June 30, 2022 to $9,272,592 at June 30, 2023, due to changes in assumptions, changes in the difference between projected and actual earnings on pension plan investments, and employee contributions made during fiscal year 2023.

Deferred outflows of resources decreased by $991,850 from $4,095,861 at June 30, 2021 to $3,104,011 at June 30, 2022, due to changes in assumptions, changes in the difference between projected and actual earnings on pension plan investments, and employee contributions made during fiscal year 2022.

LIABILITIES

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent the cost of services received in the current period for which payment has yet to be made. Accounts payable and accrued expenses increased by $3,707,211 from $2,778,248 at June 30, 2022 to $6,485,459 at June 30, 2023, due to an increase in accrued invoices and certain program expense at year end. Accounts payable and accrued expenses decreased by $1,401,296 from $4,179,544 at June 30, 2021 to $2,778,248 at June 30, 2022, due to an decrease in accrued invoices and certain program expense at year end.

Claims Payable

Claims payable represents Alameda Alliance for Health's estimated liability for health care and pharmacy expenses for which services have been performed but have not yet been paid for by Alameda Alliance for Health. Claims payable includes the estimated value of claims that have been incurred but not yet reported to Alameda Alliance for Health as well as the estimated value of claims that have been received by Alameda Alliance for Health but not yet paid.

Total claims payable increased by $70,511,229 from $132,693,097 at June 30, 2022 to $203,204,326 at June 30, 2023. Included in this change is an increase of $51,400,029 in the liability for incurred but not paid claims and an increase of $19,111,200 in the liability for other medical payments. The change in the liability for incurred but not paid claims reflects the increase of fee for service expense incurred but unpaid claims. The change in the liability for other medical payments is mainly due to a net increase in payables to certain providers for CalAIM programs.

Total claims payable increased by $588,270 from $132,104,827 at June 30, 2021 to $132,693,097 at June 30, 2022. Included in this change is an increase of $14,463,816 in the liability for incurred but not paid claims, and a decrease of $13,875,546 in the liability for other medical payments. The change in the liability for incurred but not paid claims reflects decreased estimates of 2021 and 2022 claims. The change in the liability for other medical payments is mainly due to a net decrease in payables to certain providers.

Payable to Other Governmental Agencies, Hospital Fee, and Directed Payments Payables

Payable to other governmental agencies, hospital fee, and directed payments payables includes the amounts due for MCO tax assessments, liabilities related to intergovernmental transfer due to participating safety net hospitals, HQAF, Directed Payments due to Private and Designed Public hospitals, and medical loss ratio requirements. Payable to other governmental agencies and hospital fee payables increased by $63,637,431 from $179,901,969 at June 30, 2022 to $243,539,400 at June 30, 2023, mainly due to the new Directed Payment program. Payable to other governmental agencies and hospital fee payables increased by $85,069,434 from $94,832,535 at June 30, 2021 to $179,901,969 at June 30, 2022, mainly due to the new Directed Payment program.

Other Liabilities

Other liabilities are comprised of a liability for payroll earned but not paid, a liability for provider pay-for-performance earned but not paid, and a liability for provider grants and new health management programs. Payroll liabilities increased by $1,222,452 from $4,707,435 as of June 30, 2022 to $5,929,887 as of June 30, 2023. Most of the increase reflected higher accrued paid time off and employee benefits. The pay-for-performance liability decreased by $1,767,749 from $7,374,932 at June 30, 2022 to $5,607,183 at June 30, 2023, due to a payout of funds. The provider grants and new health management liability decreased by $226,672 from $226,672 at June 30, 2022 to $0 at June 30, 2023, due to a payout of fund and the closure of the program.

Payroll liabilities decreased by $58,832 from $4,766,267 as of June 30, 2021 to $4,707,435 as of June 30, 2022. Most of the decrease reflected lower accrued paid time off. The pay-for-performance liability decreased by $2,974,917 from $10,349,849 at June 30, 2021 to $7,374,932 at June 30, 2022, due to a decrease in funding for calendar year 2021 incentive programs. The provider grants and new health management liability decreased by $224,471 from $451,143 at June 30, 2021 to $226,672 at June 30, 2022, due to payout of fund.

Net Pension Liability

Net pension liability represents the deficit between CalPERS pension assets and the CalPERS pension liability under GASB 68. Net pension liability increased by $5,286,448 from $0 at June 30, 2022 to $5,286,448 at June 30, 2023. The increase reflects the costs exceeded contributions for the operation of the plan for the year. Net pension liability decreased by $1,665,176 from $1,665,176 at June 30, 2021 to $0 at June 30, 2022. The decrease reflects the contributions exceeded costs for the operation of the plan for the year.

Lease Liabilities

Lease liabilities represents net present value of lease payments scheduled to be made under GASB 87. Lease liability is valued at $1,634,048 at June 30, 2023 and $2,633,053 at June 30, 2022. The decrease reflects the adjustment in net present value of lease terms. Lease liability is valued at $2,633,053 at June 30, 2022 and $3,281,327 at June 30, 2021. The decrease reflects the adjustment in net present value of lease terms.

Subscription Liabilities

Subscription liabilities represents net present value of subscription payments scheduled to be made under GASB 96. Subscription liabilities are valued at $4,302,666 at June 30, 2023 and $3,356,557 at June 30, 2022. The increase reflects additional subscription liabilities during the year and the adjustment in net present value of lease terms. GASB 96 is adopted in fiscal year ending June 30, 2023 and retroactively adopted in fiscal year ended June 30, 2022, thus, fiscal year ended June 30, 2021 reports $0.

Deferred Inflows of Resources

Deferred inflows of resources represent the unamortized difference between projected and actual earnings on pension plan investments, unamortized changes in assumptions, and unamortized differences between expected and actual experiences under GASB 68. Deferred inflows of resources decreased by $5,905,149 from $6,083,670 at June 30, 2022 to $178,521 at June 30, 2023, due to the difference between projected and actual earnings on pension plan investments, changes in assumptions, and differences between expected and actual experiences.

Deferred inflows of resources increased by $5,630,564 from $453,106 at June 30, 2021 to $6,083,670 at June 30, 2022, due to the difference between projected and actual earnings on pension plan investments, changes in assumptions, and differences between expected and actual experiences.

Net Position

Total net position increased by $93,332,739 from $230,624,302 at June 30, 2022 to $323,957,041 at June 30, 2023. The increase is due to the following:

Net operating income	$ 78,295,913
Investment income	15,036,826
Increase in net position	$ 93,332,739

Total net position increased by $25,214,260 from $205,410,042 at June 30, 2021 to $230,624,302 at June 30, 2022. The increase is due to the following:

Net operating loss	$ 25,201,892
Investment income	12,368
Increase in net position	$ 25,214,260

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Capitation and Premium Revenue and Membership

Member Months

For the fiscal years ended June 30, 2023 and 2022, member months were as follows:

	2023	2022	Increase/ Decrease	% Increase/ Decrease
Medi-Cal	3,983,034	3,536,180	446,854	13%
Group Care	69,017	70,191	(1,174)	-2%
Total	4,052,051	3,606,371	445,680	12%

There were increases in all categories of aid, but the largest increases were experience in Optional Expansion, Duals, and the Adult categories of aid.

For the fiscal years ended June 30, 2022 and 2021, member months were as follows:

	2022	2021	Increase/ Decrease	% Increase/ Decrease
Medi-Cal	3,536,180	3,237,461	298,719	9%
Group Care	70,191	71,864	(1,673)	-2%
Total	3,606,371	3,309,325	297,046	9%

There were increases in all categories of aid, but the largest increases were experience in Optional Expansion, Child, and Adult categories of aid.

Revenues

For fiscal year 2023, capitation and premium revenue increased by $199,545,310 from $1,315,817,934 in 2022 to $1,515,363,244 in 2023. Medi-Cal revenue, net of premium taxes, increased by $253,239,745 or 22% mostly due to increasing member months and capitation rates. Group Care revenue increased by $5,284,481 or 20% due to an increase in rates.

For fiscal year 2022, capitation and premium revenue increased by $130,309,788 from $1,185,508,146 in 2021 to $1,315,817,934 in 2022. Medi-Cal revenue, net of premium taxes, increased by $133,241,784 or 12% mostly due to increasing member months. Group Care revenue decreased by $655,942 or 2% due to a decrease in member months and offset by a 58% decrease in Hepatitis C Drug revenues.

Medical Reinsurance

Medical reinsurance, included in other revenue, includes reinsurance recovery payments less reinsurance premium paid or accrued. Net reinsurance income decreased by $1,811,214 from $1,621,466 in 2022 to ($189,748) in 2023 due to higher premium offset by fewer recoveries. Net reinsurance income decreased by $426,874 from $2,048,340 in 2021 to $1,621,466 in 2022 due to higher premium offset by fewer recoveries.

Health Care Expense

Health care expense represents Alameda Alliance for Health's cost of providing physician, hospital, pharmacy, laboratory, other medical services, and other related services to members. Alameda Alliance for Health has contracted with various health care providers and community-based organizations whereby capitation payments (agreed-upon payments per member) and fee-for-service payments are made in return for contracted health care services for its members.

Health care expense increased by $189,970,293, or 17%, from $1,101,260,156 in 2022 to $1,291,230,449 in 2023 due to increased member months and cost of medical services.

The chart below shows the per-member-per-month ("PMPM") effect of these costs:

Health Care Expenses	2023	2022 (As Restated)	2023 PMPM	2022 PMPM
Medical services	$ 1,291,230,449	$ 1,101,260,156	$ 318.66	$ 305.37
Total member months	4,052,051	3,606,371		

Health care expense increased by $76,151,710, or 7%, from $1,025,108,446 in 2021 to $1,101,260,156 in 2022 due to increased member months.

The chart below shows the PMPM effect of these costs:

Health Care Expenses	2022 (As Restated)	2021	2022 PMPM	2021 PMPM
Medical services	$ 1,101,260,156	$ 1,025,108,446	$ 305.37	$ 309.76
Total member months	3,606,371	3,309,325		

Marketing, General, and Administrative Expenses

Marketing, general, and administrative expenses increased by $11,167,840 from $58,632,073 in 2022 to $69,799,913 in 2023 largely due to increases in enrollment.

Marketing, general, and administrative expenses increased by $7,541,508 from $51,090,565 in 2021 to $58,632,073 in 2022 due largely to fiscal year 2021 including a one-time impact of reversal of previously accrued Provider Sustainability Fund cost.

Nonoperating Income/Expense

Nonoperating income/expense represents interest income, unrealized gains and losses resulting from cash held in financial institutions, changes in the market value of investments and investments held for restricted cash balances, contributions received for purposes other than capital asset acquisition, and interest expense.

Nonoperating income increased by $15,024,458 from $12,368 in 2022 to $15,036,826 in 2023 largely due to increased investment income, net of unrealized losses.

Nonoperating income decreased by $574,665 from $587,033 in 2021 to $12,368 in 2022 largely due to decreased investment income, net of unrealized losses.

Three-Year Trend in Net Position

	2023	2022 (As Restated)	2021
ASSETS			
Current assets	$ 778,782,731	$ 548,531,213	$ 443,614,088
Noncurrent assets	5,567,971	6,023,230	6,622,135
Net pension asset	-	6,930,703	-
Lease assets, net of amortization	1,440,685	2,439,113	3,161,732
Subscription assets, net of amortization	5,061,000	3,351,665	-
Deferred outflows of resources	9,272,592	3,104,011	4,095,861
Total assets and deferred outflows of resources	$ 800,124,979	$ 570,379,935	$ 457,493,816
LIABILITIES			
Current liabilities	$ 467,606,623	$ 329,779,267	$ 247,405,428
Net pension liability	5,286,448	-	1,665,176
Lease liability, net of current portion	816,016	1,837,881	2,560,064
Subscription liabilities, net of current portion	2,280,330	2,054,815	-
Deferred inflows of resources	178,521	6,083,670	453,106
Total liabilities and deferred inflows of resources	476,167,938	339,755,633	252,083,774
NET POSITION			
Invested in capital assets	5,217,971	5,673,230	6,272,135
Restricted	350,000	350,000	350,000
Unrestricted	318,389,070	224,601,072	198,787,907
Total net position	$ 323,957,041	$ 230,624,302	$ 205,410,042
Total liabilities, deferred inflows of resources, and net position	$ 800,124,979	$ 570,379,935	$ 457,493,816

Changes in Net Position

Changes in Net Assets

	2023	2022 (As Restated)	2021
Total member months	4,052,051	3,606,371	3,309,325
Operating revenues	$ 1,515,363,244	$ 1,319,472,761	$ 1,192,246,807
Health care expenses	1,291,230,449	1,101,260,156	1,025,108,446
Marketing, general, and administrative expenses	69,799,913	58,632,073	51,090,565
Depreciation and amortization expense	3,638,021	3,136,527	2,834,986
Premium tax	72,398,948	131,242,113	114,564,616
Total operating expenses	1,437,067,331	1,294,270,869	1,193,598,613
Net income (loss) from operations	78,295,913	25,201,892	(1,351,806)
Nonoperating income, net	15,036,826	12,368	587,033
Change in net position	$ 93,332,739	$ 25,214,260	$ (764,773)

During the three-year period ended June 30, 2023, overall member months increased 22%, primarily due to year-over-year increase in Medi-Cal member months. During the three-year period ended June 30, 2023, revenue increased 27% due to increased member months, higher supplemental payments, changes to capitation rates, and changes to the mix of members. During the three-year period ended June 30, 2023, health care expenses increased 26% as a result of changes in enrollment in all programs. The above factors combined to yield the overall significant favorable change in net position.

During the three-year period ended June 30, 2022, overall member months increased 20%, primarily due to year-over-year increase in Medi-Cal member months. During the three-year period ended June 30, 2022, revenue increased 30% due to increased member months, higher supplemental payments, changes to capitation rates, and changes to the mix of members. During the three-year period ended June 30, 2022, health care expenses increased 25% as a result of changes in enrollment in all programs. The above factors combined to yield the overall significant favorable change in net position.

As a licensed plan under Knox-Keene Health Care Services Plan Act of 1975, Alameda Alliance for Health is required to maintain a minimum level of tangible net equity and working capital. The required tangible net equity is $42,723,743, $38,089,979 and $36,486,113 at June 30, 2023, 2022, and 2021, respectively. The required tangible net equity is $38,089,979, $36,486,113, and $31,962,073 at June 30, 2022, 2021, and 2020, respectively.

Alameda Alliance for Health was in compliance with regulatory tangible net equity and working capital requirements at June 30, 2023, 2022, and 2021.

MOSSADAMS

Report of Independent Auditors

The Board of Governors
Alameda Alliance for Health

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alameda Alliance for Health, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the net position of Alameda Alliance for Health as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alameda Alliance for Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alameda Alliance for Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alameda Alliance for Health's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alameda Alliance for Health's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter – New Accounting Standard

As discussed in Note 2 to the financial statements, Alameda Alliance for Health adopted Government Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 13, supplementary schedule of changes in net pension liability (asset), and related ratios and supplementary schedule of pension contributions on pages 44 through 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alameda Alliance for Health's financial statements. The supplementary statement of revenues and expenses – AC Care Connect on page 46 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the AC Care Connect contract. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary statement of revenues and expenses – AC Care Connect is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023 on our consideration of Alameda Alliance for Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alameda Alliance for Health's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alameda Alliance for Health's internal control over financial reporting and compliance.

Moss Adams LLP

San Francisco, California
October 17, 2023

Financial Statements

Alameda Alliance for Health
Statements of Net Position
As of June 30, 2023 and 2022

	2023	2022 (As Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	$ 35,220,849	$ 12,245,641
Investments	437,725,102	330,233,562
Premiums receivable	148,645,937	191,160,412
Reinsurance recoveries receivable	3,125,278	1,840,608
Other receivables	149,164,846	7,638,928
Prepaid expenses	4,900,719	5,412,062
Total current assets	778,782,731	548,531,213
Noncurrent asset		
Restricted cash	350,000	350,000
Capital assets		
Nondepreciable	1,557,283	1,557,283
Depreciable, net of accumulated depreciation and amortization	3,660,688	4,115,947
Total capital assets	5,217,971	5,673,230
Net pension asset	-	6,930,703
Lease assets, net of accumulated amortization	1,440,685	2,439,113
Subscription assets, net of accumulated amortization	5,061,000	3,351,665
Total assets	790,852,387	567,275,924
Deferred outflows of resources	9,272,592	3,104,011
Total assets and deferred outflows of resources	$ 800,124,979	$ 570,379,935
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 6,485,459	$ 2,778,248
Claims payable	203,204,326	132,693,097
Payable to other governmental agencies, hospital fee, and directed payments payables	243,539,400	179,901,969
Lease liabilities, current portion	818,032	795,172
Subscription liabilities, current portion	2,022,336	1,301,742
Other liabilities	11,537,070	12,309,039
Total current liabilities	467,606,623	329,779,267
Net pension liability	5,286,448	-
Lease liabilities, net of current portion	816,016	1,837,881
Subscription liabilities, net of current portion	2,280,330	2,054,815
Total liabilities	475,989,417	333,671,963
Deferred inflows of resources	178,521	6,083,670
Net position		
Invested in capital assets	5,217,971	5,673,230
Restricted		
Required by legislative authority	350,000	350,000
Unrestricted	318,389,070	224,601,072
Total net position	323,957,041	230,624,302
Total liabilities, deferred inflows of resources, and net position	$ 800,124,979	$ 570,379,935

See accompanying notes.

Alameda Alliance for Health
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022 (As Restated)
Operating revenues		
Capitation and premium revenue	$1,515,498,995	$1,315,817,934
Other (expense) revenue	(135,751)	3,654,827
Total operating revenues	1,515,363,244	1,319,472,761
Health care expenses		
Medical services	1,291,230,449	1,101,260,156
Total health care expenses	1,291,230,449	1,101,260,156
Marketing, general, and administrative expenses	69,799,913	58,632,073
Depreciation and amortization expense	3,638,021	3,136,527
Premium tax	72,398,948	131,242,113
Total operating expenses	1,437,067,331	1,294,270,869
Operating income	78,295,913	25,201,892
Nonoperating income		
Investment income	15,036,826	12,368
Total nonoperating income, net	15,036,826	12,368
Change in net position	93,332,739	25,214,260
Net position, beginning of year	230,624,302	205,410,042
Net position, end of year	$ 323,957,041	$ 230,624,302

See accompanying notes.

Alameda Alliance for Health
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022 (As Restated)
Cash flows provided by operating activities		
Cash received from		
Capitation and premium revenue	$ 1,558,013,470	$ 1,250,388,222
Other revenue	(535,095)	4,852,960
Cash paid to providers for		
Medical and hospital expenses	(1,229,480,737)	(1,146,844,565)
Vendors and employees	(209,020,495)	(63,309,000)
Net cash provided by operating activities	118,977,143	45,087,617
Cash flows used in capital and related financing activities		
Purchases of furniture and equipment	(338,847)	(420,774)
Payments of lease liabilities	(803,792)	(722,337)
Payments of subscription liabilities	(2,803,926)	(1,315,274)
Net cash used in capital and related financing activities	(3,946,565)	(2,458,385)
Cash flows used in investing activities		
Purchase of investments	(1,752,305,062)	(1,532,900,668)
Proceeds from sale of investments	1,645,212,866	1,465,417,286
Investment income	15,036,826	12,368
Net cash used in investing activities	(92,055,370)	(67,471,014)
Net increase (decrease) in cash and cash equivalents	22,975,208	(24,841,782)
Cash and cash equivalents, beginning of year	12,245,641	37,087,423
Cash and cash equivalents, end of year	$ 35,220,849	$ 12,245,641
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 78,295,913	$ 25,201,892
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	3,638,021	3,136,527
Net unrealized losses on investments	(399,344)	1,198,133
Net change in operating assets and liabilities		
Premiums receivable	42,514,475	(65,429,712)
Reinsurance recoveries receivable	(1,284,670)	2,943,972
Other receivables	(141,525,918)	(1,749,982)
Prepaid expenses	511,343	762,064
Accounts payable and accrued expenses	3,707,211	(1,401,296)
Claims payable	70,511,229	(10,242,991)
Payable to other governmental agencies, hospital fee, and directed payments payables	63,637,431	95,900,695
Other liabilities	(771,969)	(3,258,220)
Net pension liability/asset	143,421	(1,973,465)
Net cash provided by operating activities	$ 118,977,143	$ 45,087,617
Supplemental cash-flow disclosure		
Cash paid during the year for premium tax	$ 98,844,320	$ 120,466,514
Lease assets as a result of implementation of *GASB 87*	$ -	$ 74,063
Lease liabilities as a result of implementation of *GASB 87*	$ -	$ 72,989
Subscription assets as a result of implementation of *GASB 96*	$ 3,750,035	$ 4,671,831
Subscription liabilities as a result of implementation of *GASB 96*	$ 3,769,419	$ 4,670,317

See accompanying notes.

Note 1 – Organization

Alameda Alliance for Health is a licensed health maintenance organization that operates in Alameda County (the "County"). The County's Board of Supervisors established Alameda Alliance for Health in March 1994 in accordance with the State of California Welfare and Institutions Code (the "Code") Section 14087.54. This legislation provides that Alameda Alliance for Health is a public entity, separate and apart from the County and is not considered an agency, division, or department of the County. Alameda Alliance for Health is not governed by, nor is it subject to, the Charter of the County and is not subject to the County's policies or operational rules. Alameda Alliance for Health received its Knox-Keene license in September 1995 and commenced operations in January 1996.

Alameda Alliance for Health operated the Alameda Alliance Joint Powers Authority (the "JPA"), a licensed health maintenance organization that operates in the County (collectively the "Alliance"). The County's Board of Supervisors established the JPA in October 2005 in accordance with Section 14087.54. This legislation provides that the JPA was also a public entity, separate and apart from the County, and was not an agency, division, or department of the County. The JPA was not governed by, nor was it subject to, the Charter of the County and was not subject to the County's policies or operational rules. The JPA received its Knox-Keene license and commenced operations in December 2005. Alameda Alliance for Health and the JPA had a mutual guarantee agreement, ensuring mutual solvency for the two organizations. In September 2020, both parties agreed to dissolve the JPA and transfer existing business of the JPA to Alameda Alliance for Health's license. Subsequently, California Department of Managed Care, the licensing body, approved the surrender of the JPA license effective July 31, 2021.

The mission and purpose of Alameda Alliance for Health is to improve the quality of life of its members and people throughout its diverse community by collaborating with provider partners in delivering high-quality, accessible, and affordable health care services. As participants of the safety-net system, Alameda Alliance for Health recognizes and seeks to collaboratively address social determinants of health as it serves Alameda County. No individual or entity has any ownership interest in Alameda Alliance for Health and all accumulated net position is available to invest in programs consistent with its mission.

Alameda Alliance for Health contracts with the California Department of Health Care Services ("CDHCS") to receive funding to provide health care services to the Medi-Cal eligible County residents who are enrolled as members of Alameda Alliance for Health ("CDHCS Contract"). The CDHCS Contract specifies capitation rates that may be adjusted annually. CDHCS revenue is paid monthly and is based upon contracted rates and actual Medi-Cal enrollment. Alameda Alliance for Health, in turn, has contracted with hospitals, physicians, and community-based organizations whereby capitation payments (agreed-upon monthly payments per member) and fee-for-service payments are made in return for contracted health care services for its members. These contracts are typically evergreen and contain annual rate change provisions, termination clauses, and risk-sharing provisions.

The original JPA entity contracted with the Public Authority of Alameda County to provide health coverage to In-Home Supportive Service home care workers in the County via the Group Care program. Due to the dissolution of the JPA, the Group Care program is assigned to Alameda Alliance for Health with previous contract terms. The contract is automatically renewed on an annual basis, absent adequate written notice to terminate by either party. No written notice of termination was provided by either party during the year ended June 30, 2023 and 2022, except for the change of assignment.

In September 2009, CDHCS implemented Assembly Bill No. 1422 (“AB 1422”) or Managed Care Organization (“MCO”) premium tax. This program imposes an assessment on Alameda Alliance for Health’s capitation and premium revenue. The proceeds from the tax are appropriated from the Children’s Health and Human Services Special Fund to the State Department of Health Care Services for specified purposes. This provision was effective retroactively to January 1, 2009, and continued through June 30, 2013. The provisions of AB 1422 were continued, a higher tax rate implemented, and a sales tax replaced the premium tax, via Senate Bill (“SB”) 78, beginning July 1, 2013 through June 30, 2016. On March 1, 2016, SB X2-2 established a new MCO provider tax, to be administered by CDHCS, effective July 1, 2016 through July 1, 2019. The tax would be assessed by CDHCS on licensed health care service plans, managed care plans contracted with CDHCS to provide Medi-Cal services, and alternate health care service plans (“AHCSP”), as defined, except as excluded by the bill. This bill would establish applicable taxing tiers and per enrollee amounts for the 2016–2017, 2017–2018, and 2018–2019 fiscal years for Medi-Cal enrollees, AHCSP enrollees, and all other enrollees, as defined. On September 27, 2019, Assembly Bill 115 (Chapter 348, Statutes 2019) authorized DHCS to implement a modified MCO tax model on specified health plans, which was approved by the federal Centers for Medicare & Medicaid Services on April 3, 2020. The effective date range for this approval is January 1, 2020 through December 31, 2022. On June 29, 2023, Assembly Bill 119 (Chapter 13, Statues of 2023) reimposed the MCO premium tax effective April 1, 2023 through December 31, 2026, and it has not been approved by Centers for Medicare & Medicaid Services as of June 30, 2023.

Commencing in June 2010, CDHCS implemented a supplemental revenue or intra-governmental transfer program. This program assesses fees on the revenue of participating providers. CDHCS uses these assessments to obtain matching federal funds, which are returned to participating Alliance providers through Alameda Alliance for Health’s administration. Alameda Alliance for Health received supplemental medical revenue of $76,456,322 and $45,172,648 for the years ended June 30, 2023 and 2022, respectively, representing the assessment and matching funds, net of MCO premium tax of $0 for the years ended June 30, 2023 and 2022. Related liabilities are recorded under payable to other governmental agencies, hospital fee, and directed payments payables in the statements of net position as of June 30, 2023 and 2022.

On September 8, 2010, the California State Legislature ratified Assembly Bill No. 1653, which established a Hospital Quality Assurance Fee ("HQAF") program allowing additional drawdown of federal funding to be used for increased payments to general acute care hospitals for inpatient services rendered to Medi-Cal beneficiaries. Pursuant to Section 14167.6 (a), CDHCS increased capitation payments to Medi-Cal managed health care plans retroactive for the months of April 2009 through December 2010. Additionally, Medi-Cal managed care plans are required to adhere to the following regarding the distribution of the increased capitation rates with HQAF funding: Section 14167.6 (h)(1), "Each managed health care plan shall expend 100 percent of any increased capitation payments it receives under this section on hospital services"; and, Section 14167.10 (a), "Each managed health care plan receiving increased capitation payments under Section 14167.6 shall expend increased capitation payments on hospital services within 30 days of receiving the increased capitation payments." These payments were received and distributed in the manner as prescribed as a pass-through to revenue. The payments did have an effect on the overall AB 1422 gross premium tax paid. In April of 2011, California approved SB 90, which extended the HQAF through June 30, 2012. SB 335, signed into law in September of 2011, extended the HQAF portion of SB 90 for an additional 30 months through December 31, 2013. SB 239, signed into law in October of 2013, extended the HQAF portion of SB 90 for an additional 36 months through December 31, 2016. In November of 2016, California approved Proposition 52, which made SB 239 permanent and also created HQAF V. The program period for HQAF V is from January 1, 2017 through June 30, 2019. The program period for HQAF VI and VII is from July 1, 2019 through December 31, 2021 and January 1, 2022 through December 31, 2022, respectively. Alameda Alliance for Health received HQAF payments of $0 and $47,690,348 for the years ended June 30, 2023 and 2022, respectively, net of MCO premium tax of $0 for the years ended June 30, 2023 and 2022.

Beginning with the July 1, 2017 rating period, CDHCS implemented managed care Directed Payments: 1) Private Hospital Directed Payment ("PHDP"), 2) Designated Public Hospital Enhanced Payment Program ("EPP"), and 3) Designated Public Hospital Quality Incentive Pool ("QIP"). (1) For PHDP, CDHCS will direct Managed Care Plans ("MCP") to reimburse private hospitals as defined in the Welfare and Institutions Code 14169.51, based on actual utilization of contracted services. The enhanced payment is contingent upon hospitals providing adequate access to service, including primary, specialty, and inpatient (both tertiary and quaternary) care. The total funding available for the enhanced contracted payments are limited to a predetermined amount (pool). (2) For EPP Pools, CDHCS has directed MCPs to reimburse California's 21 Designated Public Hospitals ("DPHs") and University of California systems for network contracted services, enhanced by either a uniform percentage or dollar increment based on actual utilization of network contracted services. (3) For QIP, CDHCS has directed the MCPs to make QIP payments tied to performance on designated performance metrics in four strategic categories: primary care, specialty care, inpatient care, and resource utilization. The payments are linked to the delivery of services under the MCP contracts and increase the amount of funding tied to quality outcomes. To receive QIP payments, the DPHs must achieve specified improvement targets, which grow more difficult through year-over-year improvement or sustained high-performance requirements. The total funding available for the QIP payments will be limited to a predetermined amount (pool).

Beginning January 1, 2022, CDHCS began implementing California Advancing and Innovating Medi-Cal ("CalAIM") to modernize the state of California's Medi-Cal Program. CalAIM requires managed care plans to implement a whole-system, person-centered strategy that focuses on wellness and prevention, including assessments of each enrollee's health risks and health-related social needs, and provide care management and care transitions across delivery systems and settings. CalAIM is expected to provide additional new funding to the Alameda Alliance for Health and increase expenses, the total magnitude of which is unknown at this time.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Alameda Alliance for Health's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989, and the California Code of Regulations, Title 2, Section 1131, State Controller's *Minimum Audit Requirements* for California Special Districts and the State Controller's Office prescribed reporting guidelines.

Proprietary fund accounting – Alameda Alliance for Health utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and the financial statements are prepared using the economic resources measurement focus.

Use of estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Claims payable, useful lives of fixed assets, discount rate of premiums receivable, fair value of investments, discount rate, useful lives, and lease terms of leases and subscription assets, and net pension asset/liability represent significant estimates. Actual results could differ from those estimates.

Cash and cash equivalents – Alameda Alliance for Health considers all highly-liquid instruments with a maturity of three months or less at the time of purchase to be cash and cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value. At June 30, 2023 and 2022, Alameda Alliance for Health's cash deposits had cash and cash equivalents balances reflected in the balance sheet of $35,220,849 and $12,245,641, respectively, and bank balances of $49,435,537 and $30,095,823, respectively. Of the bank balances at June 30, 2023 and 2022, $49,279,341 and $29,871,867, respectively, were not covered by federal depository insurance.

Investments – Alameda Alliance for Health adopted GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), effective July 1, 2016. GASB 72 requires Alameda Alliance for Health to use valuation techniques that are appropriate under the circumstances and are consistent with the market approach, the cost approach, or the income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

Other receivables – Other receivables includes interest receivable, certain incentive receivables, and pass-through program receivables. Incentive amounts and pass-through program amounts are also recorded as a liability in payable to other governmental agencies, hospital fee, and direct payments payables on the statements of net position.

Concentration of credit risk – Alameda Alliance for Health is highly dependent upon the State of California for its revenues. The vast majority of accounts receivable and revenue are from the State of California. Loss of the contracts with the State of California due to nonrenewal or legislative decisions that impact program funding or result in discontinuation could materially affect the financial position of Alameda Alliance for Health.

As of June 30, 2023 and 2022, Alameda Alliance for Health had premiums receivable of $148,645,937 and $191,160,412, respectively, due from the State of California. For the years ended June 30, 2023 and 2022, Alameda Alliance for Health recognized capitation and premium revenue of $1,483,904,606 and $1,289,508,026, respectively, from the State of California.

Restricted cash – Alameda Alliance for Health is required by the California Department of Managed Health Care to restrict cash having a fair value of at least $300,000 for the payment of member claims in the event of its insolvency. The amounts recorded were $350,000 at June 30, 2023 and 2022. Restricted cash is comprised of U.S. Treasury securities and is stated at fair value.

Capital assets – Capital assets include land, building and improvements, furniture and equipment, and computer hardware and software. Capital assets are recorded at cost. Depreciation and amortization of building and improvements, furniture and equipment, computer hardware, and computer software is calculated using the straight-line method over 3 to 40 years, which approximates the estimated useful lives of the assets. Alameda Alliance for Health capitalizes capital expenditures over $5,000 that will have a useful life of three or more years.

Alameda Alliance for Health evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

Lease assets – Alameda Alliance for Health has recorded lease assets as a result of implementing GASB Statement No. 87, *Leases* (“GASB 87”). The lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The lease assets are amortized on a straight-line basis over the life of the related lease.

Lease liabilities – Alameda Alliance for Health recognizes lease contracts or equivalents that have a term exceeding one year that meet the definition of an other than short-term lease. Alameda Alliance for Health uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using Alameda Alliance for Health’s incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

The following is a summary of changes in lease liabilities, net for the years ended June 30:

	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
2023	$ 2,633,053	$ -	$ 999,005	$ 1,634,048	$ 818,032

	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
2022	$ 3,281,327	$ 72,989	$ 721,263	$ 2,633,053	$ 795,172

Subscription assets – Alameda Alliance for Health has recorded subscription assets as a result of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). The subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any contract payments made to the subscription-based information technology arrangement ("SBITA") vendor at the commencement of the subscription term, capitalizable initial implementation cost, less any incentive payments received from the SBITA vendor at the commencement of the subscription term. The subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Subscription liabilities – Alameda Alliance for Health entered into various agreements for information technology ("IT") subscriptions. These agreements range in terms up to year 2026. In fiscal year 2023, the total subscription payments were $2,957,634. Variable payments based upon the use of the underlying IT asset are not fixed in substance — therefore, these payments are not included in subscription assets or subscription liabilities. There were no variable subscription expenses and payments in fiscal years ended June 30, 2023 or 2022. Alameda Alliance for Health is in the process of entering into additional subscription agreements that have yet to commence as of June 30, 2023.

Alameda Alliance for Health recognizes contracts or equivalents that have a term exceeding one year with cumulative future payments on the contract exceeding $20,000 per year that meet the definition of an other than short-term lease. Alameda Alliance for Health uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the Alameda Alliance for Health's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

The following is a summary of changes in subscription liabilities, net for the years ended June 30:

	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
2023	$ 3,356,557	$ 3,769,419	$ 2,823,310	$ 4,302,666	$ 2,022,336

	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
2022	$ 4,422,317	$ 248,000	$ 1,313,760	$ 3,356,557	$ 1,301,742

Net position – Net position is classified as invested in capital assets, restricted or unrestricted. Invested in capital assets represents investments in land, building and improvements, furniture and equipment, computer hardware, and computer software, net of depreciation and amortization. Restricted net position is for specific operating activities and represents the total cash balances that are restricted in their use as they represent monies received that must only be utilized for a specified purpose. It also pertains to external constraints placed on net position by law. Unrestricted net position consists of net position that does not meet the definition of restricted or invested in capital assets.

Capitation and premium revenue – Capitation and premium revenue includes amounts received from the CDHCS for Medi-Cal members and from Alameda County for In-Home Supportive Services (“IHSS”) home care workers.

Capitation and premium revenue is recorded as revenue in the month for which enrollees are entitled to health care services. Medi-Cal eligibility of enrollees is determined by Alameda County Social Services Agency and validated by the State of California. The State of California provides Alameda Alliance for Health the validated monthly eligibility file of program enrollees who are continuing, newly added, or terminated from the program in support of capitation revenue for the respective month. A portion of revenues received from the CDHCS is subject to possible retroactive adjustments. Management has made provisions for estimated retroactive adjustments. IHSS eligibility of enrollees is determined by Alameda County Public Authority (“Public Authority”). The Public Authority provides Alameda Alliance for Health the validated monthly eligibility file of program enrollees who are continuing, newly added, or terminated from the IHSS program. Once Alameda Alliance for Health receives current-month enrollment data, Alameda Alliance for Health issues an invoice to Alameda County Social Services for monthly premium revenue.

Effective with the enrollment of the Adult Expansion population per the Affordable Care Act on January 1, 2014, Alameda Alliance for Health is subject to CDHCS requirements to meet a minimum 85% medical loss ratio (“MLR”) for this population. Specifically, Alameda Alliance for Health will be required to expend at least 85% of the Medi-Cal capitation revenue received for this population on allowable medical expenses as defined by CDHCS. In the event Alameda Alliance for Health expends less than the 85% requirement, Alameda Alliance for Health will be required to return to CDHCS the difference between the minimum threshold and the actual allowed medical expenses. At June 30, 2023, and 2022, the accrued payable back to CDHCS, which is included in payable to other governmental agencies, hospital fee, and directed payments payables in the accompanying statements of net position, was $0.

Premium deficiencies – Alameda Alliance for Health performs periodic analyses of its expected future medical expenses and maintenance costs to determine whether such costs will exceed anticipated future revenues under its contracts. Should expected costs exceed anticipated revenues, a premium deficiency reserve is recorded. Management determined that no premium deficiency reserves were needed at June 30, 2023 and 2022.

Health care expense recognition and claims payable – The cost of health care services is recognized in the period provided and includes an estimate of the cost of services that have been incurred but not yet reported. The estimate for reserves for claims is based on actuarial projections of hospital and other costs using historical analysis of claims paid and authorization and admission data. Estimates are monitored and reviewed and, as settlements are made or estimates adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions.

Operating revenues and expenses – Alameda Alliance for Health's statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. The primary operating revenue is derived from capitation and other sources in support of providing health care services to its members. Operating expenses are all expenses incurred to provide such health care services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities, net of interest income, and from contributions received for purposes other than capital asset acquisition.

Insurance coverage – Alameda Alliance for Health maintains its general liability insurance coverage through outside insurers in the form of "claims-made" policies. Should the "claims-made" policies not be renewed or replaced with equivalent insurance, claims related to the occurrences during the terms of the "claims-made" policies but reported subsequent to the termination of the insurance contract may be uninsured. These policies were renewed subsequent to year end. Physicians and hospitals that Alameda Alliance for Health contract with are required to maintain their own malpractice insurance coverage.

Income taxes – Alameda Alliance for Health is a public entity established pursuant to Section 14087.54 of the Code and is further subject to the provisions of Ordinance No. 0-94-13 and related resolutions of the Board of Supervisors of the County. As a public entity defined by Internal Revenue Code Section 115, Alameda Alliance for Health is exempt from federal and state income taxes.

New accounting pronouncements – GASB 96 provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). GASB 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Alameda Alliance for Health adopted GASB 96 as of July 1, 2022, applied retrospectively. Alameda Alliance for Health calculated and recognized subscription assets, net, of $3,351,665 and subscription liabilities of $3,356,557 as of June 30, 2022. There was no material impact to beginning net position from the adoption of GASB 96.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. This Statement requires that (1) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (2) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (3) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Statement is effective for fiscal years beginning after June 15, 2023. Alameda Alliance for Health is currently evaluating the impact of the adoption of this standard on its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government entity should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. The Statement amends the existing requirements to disclose only the net change in the liability instead of the gross additions and deductions to the liability. This Statement is effective for fiscal years beginning after December 15, 2023. Alameda Alliance for Health is currently evaluating the impact of the adoption of this standard on its financial statements.

Reclassifications – Certain reclassifications of prior years' balances have been made to conform with the current year presentations. Such reclassifications did not affect the total increase in net position or total current or noncurrent assets or liabilities.

Note 3 – Investments

At June 30, 2023 and 2022, Alameda Alliance for Health's investments consisted of money market funds, commercial paper, U.S. government agency bonds, corporate bonds, and certificate of deposits.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Alameda Alliance for Health manages risk of market value fluctuations due to overall changes in the general level of interest rates by complying with California Government Code Section 53600.5. As of June 30, 2023 and 2022, most of Alameda Alliance for Health's investments have maturities of less than one year.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. The following are the credit ratings for each investment type at June 30, 2023:

Description	Fair value	Unrated	AAA	AA+	AA	AA-	A+	A	A-
Investments in:									
Commercial paper	$ 130,194,877	$ 63,244,877	$ 66,950,000	$ -	$ -	$ -	$ -	$ -	$ -
Certificate of deposits	123,325,693	123,325,693	-	-	-	-	-	-	-
Government and agency discount issues	53,971,000	53,971,000	-	-	-	-	-	-	-
Corporate and foreign bonds	63,190,705	-	6,929,621	4,550,421	10,893,111	2,242,261	6,997,992	9,387,184	22,190,115
Money market funds	67,042,827	-	67,042,827	-	-	-	-	-	-
Total investments	$ 437,725,102	$ 240,541,570	$ 140,922,448	$ 4,550,421	$ 10,893,111	$ 2,242,261	$ 6,997,992	$ 9,387,184	$ 22,190,115

The following are the credit ratings for each investment type at June 30, 2022:

Description	Fair value	Unrated	AAA	AA+	AA	AA-	A+	A	A-
Investments in:									
Commercial paper	$ 189,355,100	$ 91,605,100	$ 97,750,000	$ -	$ -	$ -	$ -	$ -	$ -
Certificate of deposits	42,530,405	42,530,405	-	-	-	-	-	-	-
Corporate and foreign bonds	48,238,442	-	7,055,305	4,608,842	2,331,365	2,282,848	11,739,191	9,467,609	10,753,282
U.S. Treasury bills	49,985,500	49,985,500	-	-	-	-	-	-	-
Money market funds	124,115	-	124,115	-	-	-	-	-	-
Total investments	$ 330,233,562	$ 184,121,005	$ 104,929,420	$ 4,608,842	$ 2,331,365	$ 2,282,848	$ 11,739,191	$ 9,467,609	$ 10,753,282

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Alameda Alliance for Health's investments as a percentage of its portfolio at June 30, 2023 were as follows:

Investment	Issuer	Percentage of portfolio	
Commercial paper	Various	30.0	%
Certificate of deposits	Various	28.0	
Government and agency discount issues	Various	12.0	
Corporate and foreign bonds	Various	15.0	
Money market funds	Various	15.0	
		100	%

Alameda Alliance for Health's investments as a percentage of its portfolio at June 30, 2022 were as follows:

Investment	Issuer	Percentage of portfolio	
Commercial paper	Various	56.0	%
Certificate of deposits	Various	13.0	
Corporate and foreign bonds	Various	15.0	
U.S. Treasury bills	Various	15.0	
Money market funds	Various	1.0	
		100	%

Note 4 – Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables present fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis at June 30:

Description	Level 1	Level 2	Level 3	2023
Investments in:				
Corporate and foreign bonds	$ -	$ 63,190,705	$ -	$ 63,190,705
Total investments subject to fair value hierarchy	$ -	$ 63,190,705	$ -	63,190,705
Investments and restricted cash not subject to fair value hierarchy				
Commercial paper				$ 130,194,877
Certificate of deposits				123,675,693
Government and agency discount issues				53,971,000
Money market funds				67,042,827
Total investments and restricted cash				$ 438,075,102

Description	Level 1	Level 2	Level 3	2022
Investments in:				
Corporate and foreign bonds	$ -	$ 48,238,442	$ -	$ 48,238,442
Total investments subject to fair value hierarchy	$ -	$ 48,238,442	$ -	48,238,442
Investments and restricted cash not subject to fair value hierarchy				
Commercial paper				$ 189,355,100
Certificate of deposits				42,880,405
U.S. Treasury bills				49,985,500
Money market funds				124,115
Total investments and restricted cash				$ 330,583,562

Note 5 – Capital Assets

Capital asset additions, retirements, and balances for the years ended June 30, 2023 and 2022 were as follows:

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Land	$ 1,557,283	$ -	$ -	$ -	$ 1,557,283
Building and improvements	9,434,743	23,992	-	-	9,458,735
Furniture and equipment	1,692,672	-	-	-	1,692,672
Computer hardware	5,955,356	286,756	-	-	6,242,112
Computer software	18,716,195	28,099	-	-	18,744,294
Total capital assets	37,356,249	338,847	-	-	37,695,096
Building and improvements	(6,170,489)	(359,817)	-	-	(6,530,306)
Furniture and equipment	(1,691,235)	(1,439)	-	-	(1,692,674)
Computer hardware	(5,140,284)	(396,615)	-	-	(5,536,899)
Computer software	(18,681,011)	(36,235)	-	-	(18,717,246)
Total accumulated depreciation	(31,683,019)	(794,106)	-	-	(32,477,125)
Net capital assets	$ 5,673,230	$ (455,259)	$ -	$ -	$ 5,217,971

	Balance July 1, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Capital assets					
Land	$ 1,557,283	$ -	$ -	$ -	$ 1,557,283
Building and improvements	8,950,354	420,774	-	63,615	9,434,743
Furniture and equipment	1,692,672	-	-	-	1,692,672
Computer hardware	5,955,356	-	-	-	5,955,356
Computer software	18,716,195	-	-	-	18,716,195
Construction in progress	63,615	-	-	(63,615)	-
Total capital assets	36,935,475	420,774	-	-	37,356,249
Less accumulated depreciation for					
Building and improvements	(5,644,593)	(525,896)	-	-	(6,170,489)
Furniture and equipment	(1,683,134)	(8,101)	-	-	(1,691,235)
Computer hardware	(4,692,906)	(447,378)	-	-	(5,140,284)
Computer software	(18,642,707)	(38,304)	-	-	(18,681,011)
Total accumulated depreciation	(30,663,340)	(1,019,679)	-	-	(31,683,019)
Net capital assets	$ 6,272,135	$ (598,905)	$ -	$ -	$ 5,673,230

Note 6 – Claims Payable

Alameda Alliance for Health estimates claims payable based on historical claims payment and other relevant information. Estimates are monitored and reviewed, and as settlements are made or estimates are adjusted, differences are reflected in current operations. Such estimates are subject to impact of changes in the regulatory environment. The following is a reconciliation of the claims payable liability for the years ended June 30, 2023 and 2022:

	2023	2022
Balance, July 1	$ 132,693,097	$ 132,104,827
Incurred - current	1,028,604,522	1,020,312,017
Paid		
Current	(847,363,184)	(893,101,753)
Prior	(110,730,109)	(126,621,994)
Balance, June 30	$ 203,204,326	$ 132,693,097

As noted in the table above, $1,028,604,522 and $1,020,312,017 in medical claims were incurred for the years ended June 30, 2023 and 2022, respectively, which are reflected in medical services in the statements of revenues, expenses, and changes in net position.

Claims payable liability increased by $70,511,229 in comparison to the previous year as a result of increased volume in fee for service claims due to increased enrollment.

Note 7 – Leases

Alameda Alliance for Health is a lessee for noncancellable lease of office space and equipment with lease terms through 2025. There are no residual value guarantees included in the measurement of Alameda Alliance for Health's lease liability nor recognized as an expense for the years ended June 30, 2023 and 2022. Alameda Alliance for Health does not have any commitments that were incurred at the commencement of the leases. Alameda Alliance for Health is not subject to variable payments. No termination penalties were incurred for the years ended June 30, 2023 and 2022.

Alameda Alliance for Health has the following lease assets activities for the years ended June 30, 2023 and 2022:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
Lease assets				
Office space	$ 3,695,670	$ -	$ -	$ 3,695,670
Equipment	329,351	-	329,351	-
Total lease assets	4,025,021	-	329,351	3,695,670
Less accumulated amoritzation				
Office space	1,503,324	751,661	-	2,254,985
Equipment	82,584	51,554	134,138	-
Total accumulated amoritzation	1,585,908	803,215	134,138	2,254,985
Net lease assets	$ 2,439,113	$ (803,215)	$ 195,213	$ 1,440,685

	Balance July 1, 2021	Increase	Decrease	Balance June 30, 2022
Lease assets				
Office space	$ 3,695,670	$ -	$ -	$ 3,695,670
Equipment	262,947	74,063	7,659	329,351
Total lease assets	3,958,617	74,063	7,659	4,025,021
Less accumulated amoritzation				
Office space	751,662	751,662	-	1,503,324
Equipment	45,223	45,020	7,659	82,584
Total accumulated amoritzation	796,885	796,682	7,659	1,585,908
Net lease assets	$ 3,161,732	$ (722,619)	$ -	$ 2,439,113

For the years ended June 30, 2023 and 2022, Alameda Alliance for Health recognized $803,215 and $796,682, respectively, in amortization expense.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 818,032	$ 73,948	$ 891,980
2025	816,016	24,062	840,078
	$ 1,634,048	$ 98,010	$ 1,732,058

Alameda Alliance for Health evaluated the lease assets for impairment and determined there was no impairment for the years ended June 30, 2023 and 2022.

Note 8 – Subscription Based Information Technology Arrangements

Alameda Alliance for Health has the following subscription assets activities for the years ended June 30, 2023 and 2022:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
Subscription assets	$ 4,671,831	$ 3,750,035	$ 563,519	$ 7,858,347
Less accumulated amoritzation	1,320,166	2,040,700	563,519	2,797,347
Subscription assets, net	$ 3,351,665	$ 1,709,335	$ -	$ 5,061,000

	Balance July 1, 2021	Increase	Decrease	Balance June 30, 2022
Subscription assets	$ 4,422,317	$ 249,514	$ -	$ 4,671,831
Less accumulated amoritzation	-	1,320,166	-	1,320,166
Subscription assets, net	$ 4,422,317	$ (1,070,652)	$ -	$ 3,351,665

For the year ended June 30, 2023 and 2022, Alameda Alliance for Health recognized $2,040,700 and $1,320,166, respectively, in amortization expense.

The future principal and interest subscription payments as of June 30, 2023, were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 2,022,336	$ 142,281	$ 2,164,617
2025	1,851,076	75,336	1,926,412
2026	429,254	7,485	436,739
	$ 4,302,666	$ 225,102	$ 4,527,768

Alameda Alliance for Health evaluated the subscription assets for impairment and determined there was no impairment for the years ended June 30, 2023 and 2022.

Note 9 – Medical Reinsurance (“Stop-Loss Insurance”)

Alameda Alliance for Health has entered into certain reinsurance (“stop-loss”) agreements with third parties in order to limit its losses on individual claims. Under the terms of these agreements, the third parties will reimburse Alameda Alliance for Health certain proportions of the cost of each member’s hospital, professional, and out-of-area services, excluding those that are capitated, in excess of specified deductibles ranging from $600,000 per contract, up to a maximum of $5,000,000 per member per contract year. Reinsurance premiums are recorded as other health care expenses and recoveries are recorded as a reduction of these expenses. Stop-loss recoveries exceeded premiums by $189,748 in 2023 and 1,621,466 in 2022.

Note 10 – Employee Benefit Plans

Pension Plan

Alameda Alliance for Health has a defined contribution employee benefit plan (the “Plan”). The Plan is named the Alameda Alliance for Health Money Purchase Pension Plan and is administered by Alameda Alliance for Health. The Board of Governors has the authority to establish and amend benefit provisions and contribution requirements. All employees who have met certain service requirements are eligible to participate. During the years ended June 30, 2023 and 2022, Alameda Alliance for Health contributed 5% of each eligible employee’s gross compensation to certain investment vehicles chosen by the employee. Contributions are subject to limitations on annual compensation and annual contributions per Internal Revenue Code Section 401(a)(17). Contributions to the Plan are made by Alameda Alliance for Health at the discretion of the Board of Governors. Employees do not contribute to this Plan. Employees become vested with respect to Alameda Alliance for Health’s contributions ratably over five years.

CalPERS Plan

Plan description – Effective January 1, 1999, Alameda Alliance for Health joined the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. Copies of the CalPERS annual financial report may be obtained from its Executive Office: 400 Q Street, Sacramento, California 95811.

Benefits provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one full year of full-time employment. Members with five years of total service are eligible to retire at age 50 or age 52 depending on benefit level with statutorily reduced benefits. All members are eligible for nonduty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS plan provisions and benefits in effect at June 30, 2023 and 2022 are summarized as follows:

	Hire date prior to January 1, 2013	Hire date on or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 to 67	52 to 67
Monthly benefits as a % of eligible compensation	1.1% to 3.1%	1.0% to 2.6%
Required employee contribution rates	7.0%	7.5%
Required employer contribution rates	7.55% (2023); 8.04%(2022)	7.55% (2023); 8.04%(2022)

Employees covered – At June 30, 2023 and 2022, the following employees were covered by the CalPERS plan:

	2023	2022
Active	369	344
Terminated	393	375
Transferred	50	43
Retired and beneficiaries	44	37
Total participants	856	799

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Net pension liability/asset – Alameda Alliance for Health's net pension liability/asset for the CalPERS plan is measured as the total pension liability/asset, less the pension's fiduciary net position. The net pension liability at June 30, 2023 is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The net pension asset at June 30, 2022 is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension asset/liability is shown below.

The total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry age actuarial cost method
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.80%
Investment rate of return	7.00% net of pension plan investment and administrative expenses; includes inflation
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.50% until purchasing power protection allowance floor on purchasing power applies; 2.50% thereafter

The total pension asset in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00% net of pension plan investment and administrative expenses; includes inflation
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.50% until purchasing power protection allowance floor on purchasing power applies; 2.50% thereafter

The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. All other actuarial assumptions used in the 2016 and 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study can be obtained at the CalPERS website.

Change of assumptions – GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), paragraph 68 states that the long-term rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. For the June 30, 2022 and 2021 measurement date, there were changes in demographic assumptions and inflation rate.

Discount rate – The discount rate used to measure the total pension liability/asset at June 30, 2023 and 2022 was 6.90% and 7.15%, respectively, for the CalPERS plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress-tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans would run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress-test results are presented in a detailed report called “GASB Crossover Testing Report”, which can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make the required contributions as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11 to 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one-quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Current Target Allocation	Real Return [1, 2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

(1) An expected inflation rate of 2.30% was used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

The changes in the net pension liability (asset) for the years ended June 30, 2023 and 2022 were as follows:

	June 30, 2022		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balance at June 30, 2021	$ 52,284,335	$ 50,619,159	$ 1,665,176
Changes during the year			
Service cost	4,185,392	-	4,185,392
Interest on the total pension liability	3,849,519	-	3,849,519
Differences between expected and actual experience	(123,957)	-	(123,957)
Contributions - employer	-	2,577,504	(2,577,504)
Contributions - employees	-	2,177,896	(2,177,896)
Net investment income	-	11,801,998	(11,801,998)
Benefit payments, including refunds of employee contributions	(827,293)	(827,293)	-
Administrative expense	-	(50,565)	50,565
Net change in total pension liability (asset)	7,083,661	15,679,540	(8,595,879)
Balance at June 30, 2022	$ 59,367,996	$ 66,298,699	$ (6,930,703)

	June 30, 2022		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balance at June 30, 2021	$ 52,284,335	$ 50,619,159	$ 1,665,176
Changes during the year			
Service cost	4,185,392	-	4,185,392
Interest on the total pension liability	3,849,519	-	3,849,519
Differences between expected and actual experience	(123,957)	-	(123,957)
Contributions - employer	-	2,577,504	(2,577,504)
Contributions - employees	-	2,177,896	(2,177,896)
Net investment income	-	11,801,998	(11,801,998)
Benefit payments, including refunds of employee contributions	(827,293)	(827,293)	-
Administrative expense	-	(50,565)	50,565
Net change in total pension liability (asset)	7,083,661	15,679,540	(8,595,879)
Balance at June 30, 2022	$ 59,367,996	$ 66,298,699	$ (6,930,703)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following presents the net pension liability for the CalPERS plan as of June 30, 2023 and 2022, calculated using the discount rate, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	June 30, 2023		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net pension liability (asset)	$ 17,520,967	$ 5,286,448	$ (4,512,722)

	June 30, 2022		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net pension liability (asset)	$ 2,693,075	$ (6,930,703)	$(14,678,629)

Pension plan fiduciary net position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension expense and deferred outflows/inflows of resources related to pensions – For the year ended June 30, 2023, Alameda Alliance for Health recognized pension expense of $3,518,688, included in marketing, general, and administrative expenses. At June 30, 2023, Alameda Alliance for Health reported deferred outflows of resources and deferred inflows of resources related to the CalPERS plan from the following sources:

Deferred outflows of resources as of June 30, 2023	
Changes of assumptions	$ 2,394,971
Differences between expected and actual experience	144,605
Net difference between projected and actual earnings on pension plan investments	3,495,747
Total	$ 6,035,323
Deferred inflows of resources as of June 30, 2023	
Changes of assumptions	$ (7,568)
Differences between expected and actual experience	(170,953)
Total	$ (178,521)
Contributions between the measurement date and fiscal year end recognized as deferred outflows of resources	$ 3,237,269

For the year ended June 30, 2022, Alameda Alliance for Health recognized pension expense of $750,782 included in marketing, general, and administrative expenses. At June 30, 2021, Alameda Alliance for Health reported deferred outflows of resources and deferred inflows of resources related to the CalPERS plan from the following sources:

Deferred outflows of resources as of June 30, 2022	
Changes of assumptions	$ 43,372
Differences between expected and actual experience	307,219
Total	$ 350,591
Deferred inflows of resources as of June 30, 2022	
Changes of assumptions	$ (83,264)
Differences between expected and actual experience	(177,682)
Net difference between projected and actual earnings on pension plan investments	(5,822,724)
Total	$ (6,083,670)
Contributions between the measurement date and fiscal year end recognized as deferred outflows of resources	$ 2,753,420

Alameda Alliance for Health reported $3,237,269 and $2,753,420 as deferred outflows of resources related to contributions made subsequent to the measurement date for the years ended June 30, 2023 and 2022, respectively. This amount is recognized as a reduction/increase of net pension liability for the measurement period ended June 30, 2022 and 2021, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to the CalPERS plan will be recognized in future pension expense as follows:

Year Ending June 30,	
2024	$ 1,269,387
2025	$ 1,083,204
2026	$ 907,579
2027	$ 2,539,170
2028	$ 57,066

At June 30, 2023 and 2022, Alameda Alliance for Health had no outstanding amount of contributions to the pension plan required for the years ended June 30, 2023 and 2022.

Deferred compensation plan – Alameda Alliance for Health offers its employees a deferred compensation plan with Voya Financial created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is available to all employees and permits them to defer a portion of their salary. No employer contribution to the plan is required. Deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Note 11 – Tangible Net Equity

As a limited license plan under the Knox-Keene Health Care Services Plan Act of 1975, Alameda Alliance for Health is required to maintain a minimum level of tangible net equity and working capital. The required tangible net equity is $42,723,743 and $38,089,979 at June 30, 2023 and 2022, respectively. The tangible net equity of Alameda Alliance for Health is $323,957,041 and $230,624,302 at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, management believes Alameda Alliance for Health was in compliance with their tangible net equity regulatory requirement.

Note 12 – Risk Management

Alameda Alliance for Health is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illness; natural disasters; and employee health, dental, and accident benefits. Alameda Alliance for Health carries commercial insurance for claims arising from such matters and no settled claims have ever exceeded Alameda Alliance for Health's commercial coverage.

Note 13 – Commitments and Contingencies

Alameda Alliance for Health is aware of certain asserted and unasserted legal claims. While the outcome cannot be determined at this time after consultation with legal counsel, it is management's opinion that the liability, if any, from these actions will not have a material adverse effect on Alameda Alliance for Health's financial position or results of operations.

Note 14 – Health Care Reform

There are various proposals at the federal and state levels that could, among other things, significantly change member eligibility, payment rates, or benefits. The ultimate outcome of these proposals, including the potential effects of or changes to health care reform that will be enacted cannot presently be determined.

Supplementary Information

Alameda Alliance for Health
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

	2023	2022	2021	2020	2019	2018	2017	2016
Measurement period	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Total pension liability								
Service cost	$ 5,155,510	$ 4,185,392	$ 3,861,461	$ 3,625,677	$ 3,233,750	$ 2,936,812	$ 2,378,725	$ 2,192,498
Interest on total pension liability	4,436,588	3,849,519	3,397,686	2,999,802	2,582,178	2,275,291	2,016,770	1,844,544
Changes of assumptions	2,979,110	-	-	-	(386,048)	2,212,057	-	(545,758)
Difference between expected and actual experience	(68,674)	(123,957)	(109,296)	713,029	102,040	(731,181)	(1,285,655)	(97,677)
Benefit payments, including refunds of employee contributions	(1,115,629)	(827,293)	(1,128,346)	(1,010,155)	(757,893)	(811,011)	(581,326)	(604,984)
Net change in total pension liability	11,386,905	7,083,661	6,021,505	6,328,353	4,774,027	5,881,968	2,528,514	2,788,623
Total pension liability beginning of fiscal year	59,367,996	52,284,335	46,262,830	39,934,477	35,160,450	29,278,482	26,749,968	23,961,345
Total pension liability end of fiscal year	$ 70,754,901	$ 59,367,996	$ 52,284,335	$ 46,262,830	$ 39,934,477	$ 35,160,450	$ 29,278,482	$ 26,749,968
Plan fiduciary net position								
Contributions - employer	$ 2,891,418	$ 2,577,504	$ 2,110,925	$ 1,984,998	$ 1,854,342	$ 1,541,099	$ 1,252,041	$ 1,099,813
Contributions - employee	2,555,143	2,177,896	1,912,291	1,741,232	1,583,972	1,373,631	1,157,507	1,054,870
Net investment income	(5,119,878)	11,801,998	2,358,305	2,700,240	2,987,504	3,330,394	153,646	571,106
Benefit payments, including refunds of employee contributions	(1,115,629)	(827,293)	(1,128,346)	(1,010,155)	(757,893)	(811,011)	(581,326)	(604,984)
Net plan to plan resource movement	-	-	-	-	(92)	-	-	-
Administrative expense	(41,300)	(50,565)	(64,045)	(28,575)	(53,808)	(43,022)	(16,561)	(30,578)
Other miscellaneous income (expense)	-	-	-	92	(102,182)	-	-	-
Net change in fiduciary net position	(830,246)	15,679,540	5,189,130	5,387,832	5,511,843	5,391,091	1,965,307	2,090,227
Plan fiduciary net position beginning of fiscal year	66,298,699	50,619,159	45,430,029	40,042,197	34,530,354	29,139,263	27,173,956	25,083,729
Plan fiduciary net position end of fiscal year	$ 65,468,453	$ 66,298,699	$ 50,619,159	$ 45,430,029	$ 40,042,197	$ 34,530,354	$ 29,139,263	$ 27,173,956
Plan net pension liability (asset)	$ 5,286,448	$ (6,930,703)	$ 1,665,176	$ 832,801	$ (107,720)	$ 630,096	$ 139,219	$ (423,988)
Plan fiduciary net position as a percentage of the total pension liability	92.53%	111.67%	96.82%	98.20%	100.27%	98.21%	99.52%	101.59%
Covered employee payroll	$ 32,942,554	$ 28,904,639	$ 26,466,489	$ 24,934,165	$ 22,106,576	$ 19,552,678	$ 17,110,667	$ 15,964,019
Plan net pension liability (asset) as a percentage of covered payroll	16.05%	-23.98%	6.29%	3.34%	-0.49%	3.22%	0.81%	-2.66%

Alameda Alliance for Health
Schedule of Pension Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement period	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Actuarially determined contribution	$ 2,891,418	$ 2,577,504	$ 2,110,925	$ 1,984,998	$ 1,854,342	$ 1,541,099	$ 1,252,041	$ 1,099,813	$ 1,179,808
Contributions in relation to the actuarially determined contribution	(2,891,418)	(2,577,504)	(2,110,925)	(1,984,998)	(1,854,342)	(1,541,099)	(1,252,041)	(1,099,813)	(1,179,808)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 32,942,554	$ 28,904,639	$ 26,466,489	$ 24,934,165	$ 22,106,576	$ 19,552,678	$ 17,110,667	$ 19,552,678	$ 17,110,667
Contributions as a percentage of covered employee payroll	8.78%	8.92%	7.98%	7.96%	8.39%	7.88%	7.32%	6.89%	7.40%

Alameda Alliance for Health
Statement of Revenues and Expenses – AC Care Connect
For the Year Ended June 30, 2022

Contract Number: 15764
Contract Amount: $8,684,669
Contract Period: July 1, 2019 - December 31, 2021

	2022*
Revenues	
Care Connect revenue (95%)	$ 495,110
Care Connect administrative revenue (5%)	359,819
Total revenues	854,929
Expenses	
Care Connect CB-CME payments	241,149
Total expenses	241,149
Net income	$ 613,780

* Amounts shown are for the period July 1, 2021 - June 30, 2022.

AC Care Connect contract ended on December 31, 2021.

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Governors
Alameda Alliance for Health

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alameda Alliance for Health, which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alameda Alliance for Health's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alameda Alliance for Health's internal control. Accordingly, we do not express an opinion on the effectiveness of Alameda Alliance for Health's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alameda Alliance for Health's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

San Francisco, California
October 17, 2023