ALTA CALIFORNIA REGIONAL CENTER, INC.
Sacramento, California

EXHIBITS FOR GOVERNMENTAL AGENCIES
JUNE 30, 2015

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Thompson Noble Company LLP
Certified Public Accountants
1555 River Park Drive, Suite 201
Sacramento, CA 95815

INDEPENDENT AUDITORS' REPORT

Board of Directors
Alta California Regional Center, Inc.
Sacramento, California

We have audited the accompanying financial statements of Alta California Regional Center, Inc. (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alta California Regional Center, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 January 11, 2016, on our consideration of Alta California Regional Center, Inc.'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 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 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 Alta California Regional Center, Inc.'s internal control over financial reporting and compliance.

Thompson Noble Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 11, 2016

ALTA CALIFORNIA REGIONAL CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	June 30, 2015	June 30, 2014
Current Assets:		
Cash, unrestricted	$ 220,936	$ 222,817
Cash, donor restricted	144,884	-
Cash, restricted State of California	4,128,505	13,154,107
Claims receivable - State of California:		
Claims net of advances	21,412,368	10,871,485
Receivables from Intermediate Care Facilities	870,011	1,408,446
Receivables client support	787,138	669,074
Prepaid expenses	269,648	22,278
	26,833,490	26,348,207
Other Assets:		
Claims receivable - State of California:		
Accrued vacation benefits	2,450,000	2,240,000
Deferred rent liability	1,330,000	1,338,100
Accrued pension benefits liability	12,678,407	-
Cash - held in trust	19,712	80,642
	16,478,119	3,658,742
	$ 44,311,609	$ 30,006,949

LIABILITIES AND NET ASSETS

	2015	2014
Current Liabilities:		
Accounts payable	$ 27,443,547	$ 25,967,934
Other Liabilities:		
Accrued vacation benefits	2,450,000	2,240,000
Deferred rent liability	1,330,600	1,338,100
Accrued pension benefit liability	12,678,407	-
Unexpended client support	43,835	238,098
	16,502,242	3,816,198
	43,945,789	29,784,132
Net Assets:		
Unrestricted Net Assets	220,936	222,817
Temporarily Restricted Net Assets	144,884	-
	365,820	222,817
	$ 44,311,609	$ 30,006,949

See the accompanying notes and independent accountants' audit report

ALTA CALIFORNIA REGIONAL CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015 AND 2014

	Year Ended	
	June 30, 2015	June 30, 2014
Support and Revenue:		
Contracts - State of California	$ 317,734,187	$ 296,036,091
Contributions	2,728	7,179
Contributions, restricted	144,884	-
Supplemental services income	4,324,007	4,337,232
Other income	150	600
Investment income	38,543	70,269
	322,244,499	300,451,371
Expenses:		
Program services:		
Developmental services	318,591,858	297,185,560
Supporting services:		
General and administrative	3,509,638	3,268,151
	322,101,496	300,453,711
Increase (Decrease) in Net Assets	143,003	(2,340)
Net Assets at Beginning of Year	222,817	225,157
Net Assets at End of Year	$ 365,820	$ 222,817

See the accompanying notes and independent accountants' audit report

ALTA CALIFORNIA REGIONAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services	Supporting Services	
	Consumer Services	General and Administrative	Combined
Salaries	$ 20,717,536	$ 2,117,213	$ 22,834,749
Employee benefits, payroll taxes, etc.	7,306,785	824,495	8,131,280
	28,024,321	2,941,708	30,966,029
Purchase of Services:			
Out-of-home	63,519,520	-	63,519,520
Day programs	68,981,087	-	68,981,087
Transportation	28,489,010	-	28,489,010
Respite	16,145,993	-	16,145,993
Other	109,064,889	-	109,064,889
Equipment and facility maintenance	68,351	5,024	73,375
Equipment rental	110,820	12,313	123,133
Facility rental	1,982,270	214,478	2,196,748
Consultant fees	69,117	94,436	163,553
Communications	354,858	40,954	395,812
General office expense	135,911	15,160	151,071
Printing	12,983	1,442	14,425
Insurance	198,566	22,063	220,629
Interest expense	-	-	-
Board expense	3,482	7,473	10,955
Legal fees	143,836	44,892	188,728
Professional fees	40,500	4,500	45,000
Equipment purchases	147,641	16,758	164,399
Travel/training	588,344	11,170	599,514
Data processing	294,276	33,655	327,931
General expenses	119,653	32,898	152,551
Utilities	33,556	3,728	37,284
ARCA dues	62,874	6,986	69,860
	290,567,537	567,930	291,135,467
	$ 318,591,858	$ 3,509,638	$ 322,101,496

See the accompanying notes and independent accountants' audit report

ALTA CALIFORNIA REGIONAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Program Services	Supporting Services	
	Consumer Services	General and Administrative	Combined
Salaries	$ 19,578,604	$ 1,895,822	$ 21,474,426
Employee benefits, payroll taxes, etc.	7,163,441	805,723	7,969,164
	26,742,045	2,701,545	29,443,590
Purchase of Services:			
Out-of-home	58,757,938	-	58,757,938
Day programs	66,056,188	-	66,056,188
Transportation	26,350,194	-	26,350,194
Respite	13,957,481	-	13,957,481
Other	101,367,915	-	101,367,915
Equipment and facility maintenance	78,325	6,799	85,124
Equipment rental	119,378	13,820	133,198
Facility rental	1,810,918	200,784	2,011,702
Consultant fees	52,538	86,491	139,029
Communications	254,117	28,003	282,120
General office expense	143,296	16,777	160,073
Printing	11,338	1,354	12,692
Insurance	187,152	20,795	207,947
Interest expense	-	-	-
Board expense	3,709	13,438	17,147
Legal fees	144,535	83,704	228,239
Professional fees	40,500	4,500	45,000
Equipment purchases	70,680	8,093	78,773
Travel/training	537,985	9,101	547,086
Data processing	265,148	38,807	303,955
General expenses	133,154	22,068	155,222
Utilities	33,549	4,575	38,124
ARCA dues	67,477	7,497	74,974
	270,443,515	566,606	271,010,121
	$ 297,185,560	$ 3,268,151	$ 300,453,711

See the accompanying notes and independent accountants' audit report

ALTA CALIFORNIA REGIONAL CENTER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015 AND 2014

	2015			2014
	Unrestricted	Restricted	Combined	Combined
Cash Flow from Operating Activities:				
Change in net assets	$ (1,881)	$ 144,884	$ 143,003	$ (2,340)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Decrease (increase) in cash - held in trust	-	60,930	60,930	(67,576)
Decrease (increase) in claims receivable	-	(10,540,883)	(10,540,883)	2,587,413
Decrease (increase) in receivables from Intermediate Care Facilities	-	538,435	538,435	(19,813)
Increase in receivables client support	-	(118,064)	(118,064)	(271,894)
Decrease (increase) in prepaid expenses	-	(247,370)	(247,370)	5,124
Increase (decrease) in unexpended client support	-	(194,263)	(194,263)	154,552
Increase in accounts payable	-	1,475,613	1,475,613	3,070,780
Net cash provided (used) by operating activities	(1,881)	(8,880,718)	(8,882,599)	5,456,246
Cash Flow from Investing Activities:				
Net cash used by investing activities	-	-	-	-
Cash Flow from Financing Activities:				
Net cash used by financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,881)	(8,880,718)	(8,882,599)	5,456,246
Cash and cash equivalents at beginning of year	222,817	13,154,107	13,376,924	7,920,678
Cash and cash equivalents at end of year	$ 220,936	$ 4,273,389	$ 4,494,325	$13,376,924

Supplemental Disclosures of Cash Flow Information:

Cash Paid during the year for:

	2015	2014
Interest expense	$ -	$ -
Income tax expenses	$ -	$ -

See the accompanying notes and independent accountants' audit report

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

Organization

Alta California Regional Center, Inc. (the Center) was incorporated as a nonprofit corporation in May 1970. The Center was organized in accordance with the provisions of the Lanterman Developmental Disabilities Services Act (the Act) of the Welfare and Institutions Code of the State of California. In accordance with the Act, the Center provides diagnostic evaluations, client service coordination and life long planning services for persons with developmental disabilities and their families.

The Center is governed by the Center's board of directors. To comply with the Act the Center's board of directors includes persons with developmental disabilities, or their parents or legal guardians who receive services from the Center and a client service provider who provides services to the Center's clients.

The Center primarily contracts with the Department of Developmental Services, State of California (DDS) to fund the operations of the regional center and provide services to clients with disabilities residing within the counties of Alpine, Colusa, El Dorado, Nevada, Placer, Sacramento, Sierra, Sutter, Yolo and Yuba. The annual level of funding is dependent on the State of California budget.

Basis of Presentation

The presentation for the statements of financial position, activities and change in net assets, functional expenses and cash flows follows the recommendations of the Financial Accounting Standards Board for *Financial Statements of Not-for-Profit Organizations*.

The books and records are maintained in accordance with generally accepted accounting principles in the United States of America and mutually agreed to procedures by the Department of Developmental Services, State of California whereby certain expenditures are recorded as an expense in accordance with the terms of the contracts with the State of California.

All cash accounts, receivables, prepaid expenses, liabilities and advances relating to the contracts with the Department of Developmental Services are segregated from the other activity of the Center and are restricted by the terms of the contract.

Concentration of Labor

Approximately 70% of the employees of the Center are represented by a union for collective bargaining purposes. Periodically the collective bargaining agreement is subject to renegotiation.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

Contributions

Contributions received can be recorded as unrestricted, temporarily restricted, or permanently restricted funds. All contributions received by the Center are considered to be available for general use unless otherwise specifically restricted by the donor. The net assets reported as unrestricted as of June 30, 2015 are $220,936 and for 2014 are $222,817, which are the result of private contributions not covered by the Center's contracts with the State of California. The Center received temporarily restricted contributions of $144,884 during the year ended June 30, 2015 and none of the temporarily restricted assets were used during the year.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could vary from the estimates that were assumed in preparing the financial statements. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Receivables from Intermediate Care Facility Vendors

The Centers for Medicare and Medicaid Services (CMS) has approved federal financial participation in the funding of the day and transportation services provided by Intermediate Care Facilities. The Center is reimbursed for services provided for the Center' clients from the vendor once the vendor has received payment of federal funds through the Department of Developmental Services. The net receivable at June 30, 2015 was $870,011 and at June 30, 2014 was $1,408,446.

Equipment

The Center owns no real or personal property. Equipment which is purchased with funds contracted through the State of California remain the property of the State of California. The Department of Developmental Service's equipment management system guidelines are to capitalize 1) non-expendable equipment with a unit cost of $5,000 or more, 2) sensitive property, and 3) non-specialized adaptive property. The cost basis of the capitalized property utilized by the Center and owned by the State of California is $1,141,674.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

Tax Status

The Center has received tax-exempt status from the Internal Revenue Service and the California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of California, respectively.

The Center is subject to potential tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitation for federal taxes is three years and for California purposes four years.

Cash and Cash Equivalents and Concentration of Credit Risk

For purposes of the statements of cash flows, the Center considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Center maintains cash balances in its bank accounts in excess of federally insured amounts.

Contract and Accounts Receivable

Claims receivables result from providing services pursuant to the contract with the Department of Developmental Services (DDS). Other receivables are for client support expected to be received from other sources. No allowance for doubtful accounts is necessary since all balances will become collectible from the Department of Developmental Services as long as the Center spends within its budget.

Accrued Pension Benefit Liability

Beginning in 2015, the Center recorded the unfunded actuarial accrued liability disclosed in Footnote 3 as an accrued pension benefit liability. However, such benefits are not reimbursed in accordance with mutually agreed upon procedures pursuant to the contract with the Department of Developmental Services. In these financial statements, the Center has recorded a corresponding receivable from the Department of Developmental Services for accrued pension benefits to reflect the future reimbursement of such benefits. The Center has no reason to expect that the contract with the State of California will ever be terminated, however, the current contract stipulates that at termination the State shall pay accrued benefits submitted and approved by the State at the time of termination.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

Accrued Vacation Benefits

The Center has accrued a liability for leave benefits earned in accordance with generally accepted accounting principles. However, such benefits are not reimbursed in accordance with mutually agreed upon procedures pursuant to the contract with the Department of Developmental Services. In these financial statements, the Center has recorded a corresponding receivable from the Department for accrued leave benefits to reflect the future reimbursement of such benefits. The estimated accrual for unfunded leave benefits at June 30, 2015 and 2014 was $2,450,000 and $2,240,000, respectively.

Functional Allocation of Expenses

The statements of functional expenses allocate expenses to the program and supporting service categories based on a direct method for purchase of services, salaries and related expenses. Operating expenses are allocated to the program and supporting services based on the relative benefits received.

Deferred Rent Liability

The Center leases office facilities under lease agreements that are subject to scheduled acceleration of rental payments. The scheduled rent increases are amortized evenly over the life of the leases. The deferred rent liability represents the difference between the cash payments made and the amount expensed since inception of the lease. The Center has recorded a receivable from the State for the deferred rent liability to reflect the future reimbursement of the additional rent expense recognized.

Advertising

Advertising production and communication costs are expensed as they are incurred.

Reclassifications

Certain accounts in the prior year totals have been reclassified for comparative purposes to conform with the presentation in the current year financial statement which have no effect on the overall presentation of the financial statements.

NOTE 2 - CONTRACTS - STATE OF CALIFORNIA:

Each year the Center contracts with the State of California, Department of Developmental Services under separate contract agreements for each year. Under the terms of the contracts, the funded expenditures are not to exceed $318,896,821 and $299,945,105 for the contract years ending June 30, 2015 and 2014, respectively. The activity of each year is accounted for separately. The activity

NOTE 2 - CONTRACTS - STATE OF CALIFORNIA (continued):

of the prior years is not reflected in these financial statements, except the net of the receivables and advances. For financial statement presentation, to the extent there are claims, advances have been offset against the claims receivable as follows:

	June 30, 2015	June 30, 2014
Contract receivables - current contract	$ 76,611,487	$ 85,791,386
Contract receivables - prior contracts	2,589,259	268,111
Contract advance - current contract	(55,463,378)	(72,870,266)
Contract advance - prior contracts	(2,325,000)	(2,317,746)
	$ 21,412,368	$ 10,871,485

In accordance with the terms of the contract with the Department of Developmental Services, an audit may be performed by DDS auditors. In the opinion of the Center's management these audits would not have a material effect on the operations of the Center or the financial statements for the years ended June 30, 2015 and 2014.

The Center makes every effort to comply with the terms of the contract with DDS and not exceed the annual budget. In the event the Center expenditures exceed the budget for the contract year, the Center would look to DDS to reallocate surplus funds within the state-wide regional center system to supplement the deficit. Should the state-wide system result in a deficit, DDS would need to report to and seek additional funding from Governor and the State Legislature of California.

NOTE 3 - RETIREMENT PLANS:

Defined Benefit Pension Plan

The Center participates in the California Public Employee's Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions and other requirements are established by state statutes within the Public Employees' Retirement Law. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814.

NOTE 3 - RETIREMENT PLANS (continued):

Funding Policy
Active plan members are required to contribute 7% of their annual covered salaries for employees hired before January 1, 2013 and 6.25% of covered salaries for employees after January 1, 2013. The Center contributes the full required contributions for plan members up to the actuarially determined contribution necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2015 was 9.36% and June 30, 2014 was 9.525%. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost
For the year ended June 30, 2015, the Center's annual pension cost was $1,918,320 and the employer actually contributed $1,918,320. For the year ended June 30, 2014, the Center's annual pension cost was $1,889,884 and the employer actually contributed $1,889,884. The following is a summary of principal assumptions and methods used to determine the required annual contribution:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.5% (net of administrative expenses)
Inflation	2.75%
Payroll Growth	3.00%

Under this method, projected benefits are determined for all members and the associate liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

NOTE 3 - RETIREMENT PLANS (continued):

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. Commencing with the June 30, 2013 valuation all new gains or losses are tracked and amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp-down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes), changes in actuarial assumptions, or changes actuarial methodology are amortized separately over a 20-year period with a 5 year ramp up at the beginning and 5 year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of 5 years. If the plan's accrued liability exceeds the market value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability. An exception has been made for the change in asset value from actuarial to market value in this valuation. The CalPERS Board approved a 30-year amortization with a 5-year ramp-up/ramp-down for only this change in method.

The following schedule shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll (beginning with 6/30/2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy):

Valuation Date	Entry Age Normal Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll Funding	Unfunded Actuarial Liability as Percent of Payroll
6/30/2011	$ 51,761,906	$ 43,914,920	$ 7,846,986	84.8%	$ 18,287,117	42.9%
6/30/2012	$ 56,309,724	$ 48,323,815	$ 7,985,909	88.8%	$ 17,761,906	45.7%
6/30/2013	$ 61,944,819	$ 48,238,527	$ 13,706,292	77.9%	$ 18,973,558	72.2%
6/30/2014	$ 71,009,494	$ 58,331,087	$ 12,678,407	82.1%	$ 20,400,492	62.1%

NOTE 3 - RETIREMENT PLANS (continued):

The asset allocation shown below reflects the CalPERS fund in total as of June 30, 2014. The assets of the Center's plan are part of the CalPERS fund and are invested accordingly:

Asset Class	Current Allocation	Target Allocation
Global Equity	52.5 %	50.0 %
Private Equity	10.4	14.0
Global Fixed Income	19.5	17.0
Liquidity	3.0	4.0
Real Assets	9.8	11.0
Inflation Sensitive Assets	3.3	4.0
Absolute Return Strategy	1.5	0.0
	100.0 %	100.0 %

Other Plans: The Center has established a defined contribution retirement account for eligible employees who elected not to participate in the CalPERS retirement plan. The Center deposits a non-elective employer contribution currently set at 8% of the employees annual salary. Pension costs less forfeitures for the year ended June 30, 2015 and 2014 were $45,559 and $88,967, respectively.

NOTE 4 - CASH - CLIENT TRUST FUNDS AND UNEXPENDED CLIENT SUPPORT:

The Center functions as custodian for the receipt of certain governmental payments and resulting disbursements made on behalf of regional center clients. The cash balances are segregated from the operating cash accounts of the Center and are restricted for client support. The following is a summary of operating activity not reported in the statements of activities:

	June 30, 2015	June 30, 2014
Support:		
Social Security and other client support	$ 544,964	$ 404,127
Disbursements:		
Board and care	$ 472,357	$ 323,997
Other disbursements	72,607	80,130
	$ 544,964	$ 404,127

NOTE 5 - LEASE COMMITMENTS:

The Center is obligated under certain operating leases for office equipment, field and main office facilities. The lease terms expire in various years through 2022. The terms of the leases provide for payment of minimum annual rent, insurance, and property taxes. In the event DDS does not renew its annual contract, the leases described above become cancelable by the Center.

The following is a schedule by year of future estimated minimum rental payments required under operating leases that have remaining lease terms in excess of one year:

	Facility Leases	Office Equipment
June 30, 2016	$ 2,216,000	$ 104,000
June 30, 2017	$ 1,908,000	$ -
June 30, 2018	$ 1,934,000	$ -
June 30, 2019	$ 1,889,000	$ -
June 30, 2020	$ 1,886,000	$ -

Facility and equipment lease costs for the year ended June 30, 2015 and 2014 was $2,322,149 and $2,203,329, respectively.

NOTE 6 - LINE OF CREDIT:

The Center established a unsecured revolving line of credit (ACRC Working Capital Loan) with a financial institution for $23,000,000. On June 30, 2015 and 2014 all of the credit line was available. Interest payments are due monthly at a variable rate of interest, calculated at an annual rate equal to 2.0% plus the one month LIBOR rate. On June 30, 2015 the interest rate was 2.1875%. The credit line matures on September 5, 2015.

NOTE 7 - FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is 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 measurement assumes that the transaction to sell the asset or transfer the liability occurs in

NOTE 7 - FAIR VALUE MEASUREMENTS (continued):

the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The Center's financial instruments are cash, cash donor restricted, cash held in trust, claims receivable, receivables client support, receivables from Intermediate Care Facilities, prepaid expenses, accounts payable, accrued vacation benefits, deferred rent liability, accrued pension liability and unexpended client support which approximates their values based on their short-term nature.

NOTE 8 - SUBSEQUENT EVENTS:

The management of the Center has reviewed the results of operations for the period of time from its year end June 30, 2015 through January 11, 2016, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

ALTA CALIFORNIA REGIONAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor, Pass Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Grantee Contract or Award Number	Award Amount	Federal Expenditures
Pass-through programs:					
U.S Department of Education, State of California, Department of Developmental Services					
Infant and Toddlers with Disabilities	84.181	N/A	HD-1499001	$1,550,948	$1,550,948

Basis of Accounting:
The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

See independent accountants' audit report.

Thompson Noble Company LLP
Certified Public Accountants
1555 River Park Drive, Suite 201
Sacramento, CA 95815

INDEPENDENT AUDITORS' REPORT 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*

Board of Directors
Alta California Regional Center, Inc.
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Alta California Regional Center, Inc.(a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alta California Regional Center's internal control over financial reporting (internal control) in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alta California Regional Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the Center'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 would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alta California Regional Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standard*s.

Purpose of the 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 organizations's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standard*s in considering the organizations's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson Noble Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 11, 2016

Thompson Noble Company LLP
Certified Public Accountants
1555 River Park Drive, Suite 201
Sacramento, CA 95815

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Alta California Regional Center, Inc.
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Alta California Regional Center, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Alta California Regional Center's major federal programs for the year ended June 30, 2015. Alta California Regional Center, Inc.'s major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alta California Regional Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alta California Regional Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Alta California Regional Center's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Alta California Regional Center Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Alta California Regional Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Alta California Regional Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion the effectiveness of Alta California Regional Center's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Thompson Noble Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 11, 2016

ALTA CALIFORNIA REGIONAL CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Alta California Regional Center, Inc. (Page 1-2).

2. No significant deficiencies or weaknesses in internal controls relating to the audit of the financial statements were disclosed as a result of the audit (No report).

3. No instances of noncompliance material to the financial statements of Alta California Regional Center, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed as a result of the audit (Page 19-20).

4. No significant deficiencies or instances of noncompliance were disclosed during the audit on internal controls over major federal award programs as reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 (Page 21 -23).

5. The auditor's report on compliance for major federal programs for Alta California Regional Center, Inc. expresses an unmodified opinion on all major programs (Page 21-23).

6. No audit findings relative to the major federal award programs for Alta California Regional Center, Inc. are reported in this schedule.

7. The programs tested as major programs include: Infant and Toddlers with Disabilities Program (CFDA No. 84.181).

8. The threshold used for distinguishing between Type A and B programs was $300,000.

9. For the purpose of determining the threshold of testing of Single Audit programs, Alta California Regional Center does not qualify as a low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS

None