

APPENDIX 2

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2021 through June 30, 2022

The June 30, 2022 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Assets and General Fund Balance (Balance Sheet) and a Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance (Revenues and Expenses). In lieu of comparing net asset and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the twelve months ended June 30, 2022 shows a total difference of \$3,441,027 or 42.1% variance under budget. Legal and Professional fees account for the majority of the difference. Under budget by \$3,512,575 or 51.4%.

No Capital assets have been purchased during the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the twelve months ended
June 30, 2022

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$194,432	\$ -	\$ 194,432
Due From Special Deposit Fund	\$325,000		\$325,000
Prepaid items	\$8,503	-	8,503
	<u>527,935</u>	<u>-</u>	<u>527,935</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 527,935</u>	<u>-</u>	<u>\$ 527,935</u>
Liabilities			
Liabilities:			
Accounts payable	169,570	-	169,570
Accrued salaries and benefits	35,940	-	35,940
Other accrued expenses	209,752		209,752
Compensated absences	<u>0</u>	<u>\$102,847</u>	<u>102,847</u>
Total liabilities	<u>\$ 415,262</u>	<u>\$ 102,847</u>	<u>\$ 518,109</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	8,503	(8,503)	-
Unreserved, undesignated	<u>104,170</u>	<u>(104,170)</u>	<u>-</u>
Total fund balance	<u>112,673</u>	<u>(112,673)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 527,935</u>		
Net Position:			
Unrestricted		<u>9,827</u>	<u>9,827</u>
Total Net Position		<u>\$ 9,827</u>	<u>\$ 9,827</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the twelve months ended
June 30, 2022

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 4,725,000	-	\$ 4,725,000
General revenues:			
Investment earnings	5	-	5
Miscellaneous Income	0	-	-
Total Revenues	4,725,005	-	4,725,005
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	1,251,971	(10,803)	1,241,168
Legal and professional services	3,317,621	-	3,317,621
Travel	20,487	-	20,487
Insurance	20,567	-	20,567
Other	114,087	-	114,087
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	4,724,733	(10,803)	4,713,930
Change in fund balance/net position	272	10,803	11,075
Fund balance/net position - July 1, 2021	112,402	(\$113,650)	(1,248)
Fund balance/net position - June 30, 2022	\$ 112,674	\$ (102,847)	\$ 9,827

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the twelve months ended
June 30, 2022

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$8,165,760	\$4,725,000	\$ (3,440,760)
Investment earnings	\$0	\$5	5
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$8,165,760</u>	<u>\$4,725,005</u>	<u>(3,440,755)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	1,275,564	1,251,971	23,593
Legal and professional services	6,830,196	3,317,621	3,512,575
Travel	18,000	20,487	(2,487)
Office expenses	2,400	2,153	247
Insurance	21,600	20,567	1,033
Other	18,000	\$111,935	(93,935)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>8,165,760</u>	<u>4,724,733</u>	<u>3,441,027</u>
Change in fund balance	<u>\$ -</u>	272	\$ 272

Fund balance - July 1, 2021	<u>112,402</u>
Fund balance June 30, 2022	<u>\$ 112,674</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eleven months ended
May 31, 2022

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$487,492	\$ -	\$ 487,492
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$8,455	-	8,455
	<u>495,947</u>	<u>-</u>	<u>495,947</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 495,947</u>	<u>-</u>	<u>\$ 495,947</u>
Liabilities			
Liabilities:			
Accounts payable	302,553	-	302,553
Accrued salaries and benefits	51,079	-	51,079
Other accrued expenses	(5,503)		(5,503)
Compensated absences	0	\$118,116	118,116
	<u>0</u>	<u>\$118,116</u>	<u>118,116</u>
Total liabilities	<u>\$ 348,129</u>	<u>\$ 118,116</u>	<u>\$ 466,245</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	8,455	(8,455)	-
Unreserved, undesignated	139,363	(139,363)	-
	<u>147,818</u>	<u>(147,818)</u>	<u>-</u>
Total fund balance	<u>147,818</u>	<u>(147,818)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 495,947</u>		
Net Position:			
Unrestricted		29,702	29,702
Total Net Position		<u>\$ 29,702</u>	<u>\$ 29,702</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eleven months ended
May 31, 2022

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 4,400,000	-	\$ 4,400,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	<u>4,400,000</u>	<u>-</u>	<u>4,400,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	1,174,951	4,466	1,179,417
Legal and professional services	3,048,889	-	3,048,889
Travel	13,495	-	13,495
Insurance	18,815	-	18,815
Other	108,435	-	108,435
Capital outlay - Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>4,364,584</u>	<u>4,466</u>	<u>4,369,050</u>
Change in fund balance/net position	35,416	(4,466)	30,950
Fund balance/net position - July 1, 2021	<u>112,402</u>	<u>(\$113,650)</u>	<u>(1,248)</u>
Fund balance/net position - May 31, 2022	<u>\$ 147,818</u>	<u>\$ (118,116)</u>	<u>\$ 29,702</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eleven months ended
May 31, 2022

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$7,485,280	\$4,400,000	\$ (3,085,280)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$7,485,280</u>	<u>\$4,400,000</u>	<u>(3,085,280)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	1,169,267	1,174,951	(5,684)
Legal and professional services	6,261,013	3,048,889	3,212,124
Travel	16,500	13,495	3,005
Office expenses	2,200	1,699	501
Insurance	19,800	18,815	985
Other	16,500	\$106,736	(90,236)
Capital outlay	-	-	-
Total expenditures	<u>7,485,280</u>	<u>4,364,584</u>	<u>3,120,696</u>
Change in fund balance	<u>\$ -</u>	35,416	\$ 35,416
Fund balance - July 1, 2021		<u>112,402</u>	
Fund balance May 31, 2022		<u>\$ 147,818</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2022 through August 31, 2022

The August 31, 2022 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Assets and General Fund Balance (Balance Sheet) and a Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance (Revenues and Expenses). In lieu of comparing net asset and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the two months ended August 31, 2022 shows a total difference of \$751,464 or 67.3% variance under budget. One line item or activity in the statement account for the majority of the difference. Professional fees were \$736,207 or 78.9% under budget.

No Capital assets have been purchased during the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2022

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>	
Revenues:				
State of California appropriation to Receivership	\$1,117,374	\$350,000	\$ (767,374)	
Investment earnings	\$0	\$0	-	
Miscellaneous Income	-	\$0	-	
Total revenues	<u>\$1,117,374</u>	<u>\$350,000</u>	<u>(767,374)</u>	
Expenditures:				
Prison health care administration and oversight:				
Current:				
Salaries and benefits	165,528	166,742	(1,214)	-1%
Legal and professional services	933,446	197,239	736,207	78.9%
Travel	3,000	(349)	3,349	112%
Office expenses	400	189	211	53%
Insurance	4,000	3,503	497	12%
Other	11,000	(\$1,415)	12,415	113%
Capital outlay	-	-	-	#DIV/0!
Total expenditures	<u>1,117,374</u>	<u>365,910</u>	<u>751,464</u>	67.3%
Change in fund balance	<u>\$ -</u>	(15,910)	\$ (15,910)	
Fund balance - July 1, 2022		<u>112,674</u>		365,910
Fund balance August 31, 2022		<u>\$ 96,764</u>		\$ 1,536,345
				\$ 1,170,435
				\$350,000
				\$ 1,351,380
				\$ (1,001,380)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2022

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,117,374	\$350,000	\$ (767,374)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,117,374</u>	<u>\$350,000</u>	<u>(767,374)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	165,528	166,742	(1,214)
Legal and professional services	933,446	197,239	736,207
Travel	3,000	(349)	3,349
Office expenses	400	189	211
Insurance	4,000	3,503	497
Other	11,000	(\$1,415)	12,415
Capital outlay	-	-	-
Total expenditures	<u>1,117,374</u>	<u>365,910</u>	<u>751,464</u>
Change in fund balance	<u>\$ -</u>	(15,910)	\$ (15,910)

Fund balance - July 1, 2022

112,674

Fund balance August 31, 2022

\$ 96,764

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2022

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$428,244	\$ -	\$ 428,244
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$26,960	-	26,960
	<u>455,204</u>	<u>-</u>	<u>455,204</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 455,204</u>	<u>-</u>	<u>\$ 455,204</u>
Liabilities			
Liabilities:			
Accounts payable	0	-	-
Accrued salaries and benefits	35,940	-	35,940
Other accrued expenses	322,501		322,501
Compensated absences	0	\$102,847	102,847
	<u>0</u>	<u>\$102,847</u>	<u>102,847</u>
Total liabilities	<u>\$ 358,441</u>	<u>\$ 102,847</u>	<u>\$ 461,288</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	26,960	(26,960)	-
Unreserved, undesignated	69,803	(69,803)	-
	<u>96,763</u>	<u>(96,763)</u>	<u>-</u>
Total fund balance	<u>96,763</u>	<u>(96,763)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 455,204</u>		
Net Position:			
Unrestricted		(6,083)	(6,083)
Total Net Position		<u>\$ (6,083)</u>	<u>\$ (6,083)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2022

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 350,000	-	\$ 350,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	<u>350,000</u>	<u>-</u>	<u>350,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	166,742	-	166,742
Legal and professional services	197,239	-	197,239
Travel	(349)	-	(349)
Insurance	3,503	-	3,503
Other	(1,226)	-	(1,226)
Capital outlay - Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>365,910</u>	<u>-</u>	<u>365,910</u>
Change in fund balance/net position	(15,910)	-	(15,910)
Fund balance/net position - July 1, 2022	<u>112,674</u>	<u>(\$102,847)</u>	<u>9,827</u>
Fund balance/net position - August 31, 2022	<u>\$ 96,764</u>	<u>\$ (102,847)</u>	<u>\$ (6,083)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the one month ended
July 31, 2022

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ -	-	\$ -
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	0	-	0
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	82,582	-	82,582
Legal and professional services	85,094	-	85,094
Travel	(642)	-	(642)
Insurance	1,752	-	1,752
Other	562	-	562
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	169,347	-	169,347
Change in fund balance/net position	(169,347)	-	(169,347)
Fund balance/net position - July 1, 2022	112,674	(\$102,847)	9,827
Fund balance/net position - July 31, 2022	\$ (56,673)	\$ (102,847)	\$ (159,520)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the one month ended
July 31, 2022

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$269,941	\$ -	\$ 269,941
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$6,552	-	6,552
	<u>276,493</u>	<u>-</u>	<u>276,493</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 276,493</u>	<u>-</u>	<u>\$ 276,493</u>
Liabilities			
Liabilities:			
Accounts payable	78,493	-	78,493
Accrued salaries and benefits	35,940	-	35,940
Other accrued expenses	218,734		218,734
Compensated absences	0	\$102,847	102,847
	<u>-</u>	<u>\$102,847</u>	<u>102,847</u>
Total liabilities	<u>\$ 333,167</u>	<u>\$ 102,847</u>	<u>\$ 436,014</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	6,552	(6,552)	-
Unreserved, undesignated	(63,226)	63,226	-
	<u>(56,674)</u>	<u>56,674</u>	<u>-</u>
Total fund balance	<u>(56,674)</u>	<u>56,674</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 276,493</u>		
Net Position:			
Unrestricted		(159,520)	(159,520)
Total Net Position		<u>\$ (159,520)</u>	<u>\$ (159,520)</u>