

APPENDIX 2

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2022 through April 30, 2023

The April 30, 2023, 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 ten months ended April 30, 2023, shows a total difference of \$3,490,296 or 62.5% variance under budget. One line item or activity in the statement accounts for the difference. Professional fees were \$3,279,763 or 70.3% under budget.

No Capital assets have been purchased during the first ten months of the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2023

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$112,257	\$ -	\$ 112,257
Due From Special Deposit Fund	\$400,000		\$400,000
Prepaid items	\$7,147	-	7,147
	519,404	-	519,404
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 519,404	-	\$ 519,404
Liabilities			
Liabilities:			
Accounts payable	7,992	-	7,992
Accrued salaries and benefits	35,940	-	35,940
Other accrued expenses	518,695		518,695
Compensated absences	0	\$69,905	69,905
	-	-	-
Total liabilities	\$ 562,627	\$ 69,905	\$ 632,532
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	7,147	(7,147)	-
Unreserved, undesignated	(50,370)	50,370	-
	-	-	-
Fund Total fund balance	(43,223)	43,223	-
Total liabilities and fund balance	\$ 519,404		
Net Position:			
Unrestricted		(73,149)	(73,149)
Total Net Position		\$ (73,149)	\$ (73,149)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2023

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,950,000	-	\$ 1,950,000
General revenues:			
Investment earnings	36	-	36
Miscellaneous Income	0	-	-
Total Revenues	1,950,036	-	1,950,036
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	675,455	-	675,455
Legal and professional services	1,387,467	-	1,387,467
Travel	6,108	-	6,108
Insurance	17,517	-	17,517
Other	10,027	-	10,027
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	2,096,574	-	2,096,574
Change in fund balance/net position	(146,538)	-	(146,538)
Fund balance/net position - July 1, 2022	143,294	(\$69,905)	73,389
Fund balance/net position - April 30, 2023	\$ (3,244)	\$ (69,905)	\$ (73,149)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2023

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$5,586,870	\$1,950,000	\$ (3,636,870)
Investment earnings	\$0	\$36	36
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$5,586,870</u>	<u>\$1,950,036</u>	<u>(3,636,834)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	827,640	675,455	152,185
Legal and professional services	4,667,230	1,387,467	3,279,763
Travel	15,000	6,108	8,892
Office expenses	2,000	1,719	281
Insurance	20,000	17,517	2,483
Other	55,000	\$8,307	46,693
Capital outlay	-	-	-
Total expenditures	<u>5,586,870</u>	<u>2,096,574</u>	<u>3,490,296</u>
Change in fund balance	<u>\$ -</u>	(146,538)	\$ (146,538)
Fund balance - July 1, 2022		<u>143,294</u>	
Fund balance April 30, 2023		<u>\$ (3,244)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2023

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$68,966	\$ -	\$ 68,966
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$8,898	-	8,898
	77,864	-	77,864
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 77,864	-	\$ 77,864
Liabilities			
Liabilities:			
Accounts payable	401,380	-	401,380
Accrued salaries and benefits	35,940	-	35,940
Other accrued expenses	6,244		6,244
Compensated absences	0	\$69,905	69,905
	-	-	-
Total liabilities	\$ 443,564	\$ 69,905	\$ 513,469
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	8,898	(8,898)	-
Unreserved, undesignated	(374,598)	374,598	-
	-	-	-
Fund Total fund balance	(365,700)	365,700	-
Total liabilities and fund balance	\$ 77,864		
Net Position:			
Unrestricted		(395,626)	(395,626)
Total Net Position		\$ (395,626)	\$ (395,626)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2023

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,450,000	-	\$ 1,450,000
General revenues:			
Investment earnings	30	-	30
Miscellaneous Income	0	-	-
Total Revenues	1,450,030	-	1,450,030
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	623,921	-	623,921
Legal and professional services	1,264,045	-	1,264,045
Travel	5,714	-	5,714
Insurance	15,765	-	15,765
Other	9,601	-	9,601
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	1,919,045	-	1,919,045
Change in fund balance/net position	(469,015)	-	(469,015)
Fund balance/net position - July 1, 2022	143,294	(\$69,905)	73,389
Fund balance/net position - March 31, 2023	\$ (325,721)	\$ (69,905)	\$ (395,626)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2023

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$5,028,183	\$1,450,000	\$ (3,578,183)
Investment earnings	\$0	\$30	30
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$5,028,183</u>	<u>\$1,450,030</u>	<u>(3,578,153)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	744,876	623,921	120,955
Legal and professional services	4,200,507	1,264,045	2,936,462
Travel	13,500	5,714	7,786
Office expenses	1,800	1,638	162
Insurance	18,000	15,765	2,235
Other	49,500	\$7,963	41,537
Capital outlay	-	-	-
Total expenditures	<u>5,028,183</u>	<u>1,919,045</u>	<u>3,109,138</u>
Change in fund balance	<u>\$ -</u>	(469,015)	\$ (469,015)
Fund balance - July 1, 2022		<u>143,294</u>	
Fund balance March 31, 2023		<u>\$ (325,721)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2023

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$196,199	\$ -	\$ 196,199
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$12,402	-	12,402
	208,601	-	208,601
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 208,601	-	\$ 208,601
Liabilities			
Liabilities:			
Accounts payable	150,452	-	150,452
Accrued salaries and benefits	35,940	-	35,940
Other accrued expenses	104,968		104,968
Compensated absences	0	\$69,905	69,905
	-	-	-
Total liabilities	\$ 291,360	\$ 69,905	\$ 361,265
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	12,402	(12,402)	-
Unreserved, undesignated	(95,161)	95,161	-
	-	-	-
Fund I Total fund balance	(82,759)	82,759	-
Total liabilities and fund balance	\$ 208,601		
Net Position:			
Unrestricted		(112,687)	(112,687)
Total Net Position		\$ (112,687)	\$ (112,687)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2023

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,250,000	-	\$ 1,250,000
General revenues:			
Investment earnings	17	-	17
Miscellaneous Income	0	-	-
	1,250,017	-	1,250,017
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	514,112	-	514,112
Legal and professional services	895,698	-	895,698
Travel	5,714	-	5,714
Insurance	12,262	-	12,262
Other	8,308	-	8,308
Capital outlay - Fixed Assets	-	-	-
	1,436,093	-	1,436,093
Change in fund balance/net position	(186,076)	-	(186,076)
Fund balance/net position - July 1, 2022	143,294	(\$69,905)	73,389
Fund balance/net position - January 31, 2023	\$ (42,782)	\$ (69,905)	\$ (112,687)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2023

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$3,910,809	\$1,250,000	\$ (2,660,809)
Investment earnings	\$0	\$17	17
Miscellaneous Income	-	\$0	-
Total revenues	\$3,910,809	\$1,250,017	(2,660,792)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	579,348	514,112	65,236
Legal and professional services	3,267,061	895,698	2,371,363
Travel	10,500	5,714	4,786
Office expenses	1,400	1,022	378
Insurance	14,000	12,262	1,738
Other	38,500	\$7,285	31,215
Capital outlay	-	-	-
Total expenditures	3,910,809	1,436,093	2,474,716
Change in fund balance	\$ -	(186,076)	\$ (186,076)
Fund balance - July 1, 2022		143,294	
Fund balance January 31, 2023		\$ (42,782)	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2023

	General Fund	Adjustments	Statement of Net Assets
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets:			
Cash	(\$10,383)	\$ -	\$ (10,383)
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$10,650	-	10,650
	<u>267</u>	<u>-</u>	<u>267</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 267</u>	<u>-</u>	<u>\$ 267</u>
Liabilities			
Liabilities:			
Accounts payable	143,806	-	143,806
Accrued salaries and benefits	35,940	-	35,940
Other accrued expenses	34,010		34,010
Compensated absences	0	\$69,905	69,905
	<u>0</u>	<u>\$69,905</u>	<u>69,905</u>
Total liabilities	<u>\$ 213,756</u>	<u>\$ 69,905</u>	<u>\$ 283,661</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	10,650	(10,650)	-
Unreserved, undesignated	(224,139)	224,139	-
	<u>(213,489)</u>	<u>213,489</u>	<u>-</u>
Fund I Total fund balance	<u>(213,489)</u>	<u>213,489</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 267</u>		
Net Position:			
Unrestricted		<u>(243,416)</u>	<u>(243,416)</u>
Total Net Position		<u>\$ (243,416)</u>	<u>\$ (243,416)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2023

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,250,000	-	\$ 1,250,000
General revenues:			
Investment earnings	23	-	23
Miscellaneous Income	0	-	-
Total Revenues	1,250,023	-	1,250,023
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	569,319	-	569,319
Legal and professional services	969,039	-	969,039
Travel	5,714	-	5,714
Insurance	14,013	-	14,013
Other	8,743	-	8,743
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	1,566,828	-	1,566,828
Change in fund balance/net position	(316,805)	-	(316,805)
Fund balance/net position - July 1, 2022	143,294	(\$69,905)	73,389
Fund balance/net position - February 28, 2023	\$ (173,511)	\$ (69,905)	\$ (243,416)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2023

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$4,469,496	\$1,250,000	\$ (3,219,496)
Investment earnings	\$0	\$23	23
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$4,469,496</u>	<u>\$1,250,023</u>	<u>(3,219,473)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	662,112	569,319	92,793
Legal and professional services	3,733,784	969,039	2,764,745
Travel	12,000	5,714	6,286
Office expenses	1,600	1,116	484
Insurance	16,000	14,013	1,987
Other	44,000	\$7,627	36,373
Capital outlay	-	-	-
Total expenditures	<u>4,469,496</u>	<u>1,566,828</u>	<u>2,902,668</u>
Change in fund balance	<u>\$ -</u>	(316,805)	\$ (316,805)
Fund balance - July 1, 2022		<u>143,294</u>	
Fund balance February 28, 2023		<u>\$ (173,511)</u>	