

APPENDIX 2

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

The June 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 twelve months ended June 30, 2023 shows a total difference of \$4,173,950 or 62.3% variance under budget. Legal and Professional services account for the majority of the difference. Under budget by \$3,897,273 or 69.6%.

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, 2023

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$154,375	\$ -	\$ 154,375
Due From Special Deposit Fund	\$330,000		\$330,000
Prepaid items	\$3,726	-	3,726
	488,101	-	488,101
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 488,101	-	\$ 488,101
Liabilities			
Liabilities:			
Accounts payable	153,731	-	153,731
Accrued salaries and benefits	23,630	-	23,630
Other accrued expenses	207,671		207,671
Compensated absences	0	\$69,905	69,905
	-	\$69,905	69,905
Total liabilities	\$ 385,032	\$ 69,905	\$ 454,937
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	3,726	(3,726)	-
Unreserved, undesignated	99,343	(99,343)	-
	-	-	-
Fund Total fund balance	103,069	(103,069)	-
Total liabilities and fund balance	\$ 488,101		
Net Position:			
Unrestricted		73,143	73,143
Total Net Position		\$ 73,143	\$ 73,143

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, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 2,530,000	-	\$ 2,530,000
General revenues:			
Investment earnings	48	-	48
Miscellaneous Income	<u>0</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,530,048</u>	<u>-</u>	<u>2,530,048</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	783,887	-	783,887
Legal and professional services	1,703,403	-	1,703,403
Travel	8,993	-	8,993
Insurance	22,137	-	22,137
Other	11,875	-	11,875
Capital outlay - Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>2,530,294</u>	<u>-</u>	<u>2,530,294</u>
Change in fund balance/net position	(246)	-	(246)
Fund balance/net position - July 1, 2022	<u>143,294</u>	<u>(\$69,905)</u>	<u>73,389</u>
Fund balance/net position - June 30, 2023	<u>\$ 143,048</u>	<u>\$ (69,905)</u>	<u>\$ 73,143</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, 2023

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$6,704,244	\$2,530,000	\$ (4,174,244)
Investment earnings	\$0	\$48	48
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$6,704,244</u>	<u>\$2,530,048</u>	<u>(4,174,196)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	993,168	783,887	209,281
Legal and professional services	5,600,676	1,703,403	3,897,273
Travel	18,000	8,993	9,007
Office expenses	2,400	2,094	306
Insurance	24,000	22,137	1,863
Other	66,000	\$9,781	56,219
Capital outlay	-	-	-
Total expenditures	<u>6,704,244</u>	<u>2,530,294</u>	<u>4,173,950</u>
Change in fund balance	<u>\$ -</u>	(246)	\$ (246)
Fund balance - July 1, 2022		<u>143,294</u>	
Fund balance June 30, 2023		<u>\$ 143,048</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, 2023

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$43,816	\$ -	\$ 43,816
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$6,595	-	6,595
	<u>50,411</u>	<u>-</u>	<u>50,411</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 50,411</u>	<u>-</u>	<u>\$ 50,411</u>
Liabilities			
Liabilities:			
Accounts payable	201,135	-	201,135
Accrued salaries and benefits	35,940	-	35,940
Other accrued expenses	106,028		106,028
Compensated absences	0	\$69,905	69,905
	<u>0</u>	<u>\$69,905</u>	<u>69,905</u>
Total liabilities	<u>\$ 343,103</u>	<u>\$ 69,905</u>	<u>\$ 413,008</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	6,595	(6,595)	-
Unreserved, undesignated	(299,287)	299,287	-
	<u>(292,692)</u>	<u>292,692</u>	<u>-</u>
Fund Total fund balance	<u>(292,692)</u>	<u>292,692</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 50,411</u>		
Net Position:			
Unrestricted		(322,618)	(322,618)
Total Net Position		<u>\$ (322,618)</u>	<u>\$ (322,618)</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, 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	43	-	43
Miscellaneous Income	0	-	-
Total Revenues	1,950,043	-	1,950,043
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	733,784	-	733,784
Legal and professional services	1,574,660	-	1,574,660
Travel	7,827	-	7,827
Insurance	19,268	-	19,268
Other	10,511	-	10,511
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	2,346,050	-	2,346,050
Change in fund balance/net position	(396,007)	-	(396,007)
Fund balance/net position - July 1, 2022	143,294	(\$69,905)	73,389
Fund balance/net position - May 31, 2023	\$ (252,713)	\$ (69,905)	\$ (322,618)

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, 2023

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$6,145,557	\$1,950,000	\$ (4,195,557)
Investment earnings	\$0	\$43	43
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$6,145,557</u>	<u>\$1,950,043</u>	<u>(4,195,514)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	910,404	733,784	176,620
Legal and professional services	5,133,953	1,574,660	3,559,293
Travel	16,500	7,827	8,673
Office expenses	2,200	1,839	361
Insurance	22,000	19,268	2,732
Other	60,500	\$8,672	51,828
Capital outlay	-	-	-
Total expenditures	<u>6,145,557</u>	<u>2,346,050</u>	<u>3,799,507</u>
Change in fund balance	<u>\$ -</u>	(396,007)	\$ (396,007)
Fund balance - July 1, 2022		<u>143,294</u>	
Fund balance May 31, 2023		<u>\$ (252,713)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2023 through August 31, 2023

The August 31, 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 two months ended August 31, 2023 shows a total difference of \$326,424 or 46.0% variance under budget. One line item or activity in the statement account for the majority of the difference. Professional fees were \$279,167 or 51.59% 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 one month ended
July 31, 2023

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$130,016	\$ -	\$ 130,016
Due From Special Deposit Fund	\$130,000		\$130,000
Prepaid items	\$1,775	-	1,775
	261,791	-	261,791
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 261,791	-	\$ 261,791
Liabilities			
Liabilities:			
Accounts payable	91,851	-	91,851
Accrued salaries and benefits	23,630	-	23,630
Other accrued expenses	235,073		235,073
Compensated absences	0	\$69,905	69,905
	-	-	-
Total liabilities	\$ 350,554	\$ 69,905	\$ 420,459
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	1,775	(1,775)	-
Unreserved, undesignated	(90,538)	90,538	-
	-	-	-
Fund Total fund balance	(88,763)	88,763	-
Total liabilities and fund balance	\$ 261,791		
Net Position:			
Unrestricted		(118,691)	(118,691)
Total Net Position		\$ (118,691)	\$ (118,691)

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, 2023

	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	-	-
	0	-	0
Total Revenues	0	-	0
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	59,356	-	59,356
Legal and professional services	130,215	-	130,215
Travel	28	-	28
Insurance	1,752	-	1,752
Other	482	-	482
Capital outlay - Fixed Assets	-	-	-
	-	-	-
Total Expenditures/Expenses	191,834	-	191,834
Change in fund balance/net position	(191,834)	-	(191,834)
Fund balance/net position - July 1, 2023	143,048	(\$69,905)	73,143
Fund balance/net position - July 31, 2023	\$ (48,786)	\$ (69,905)	\$ (118,691)

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, 2023

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$354,839	\$0	\$ (354,839)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	\$354,839	\$0	(354,839)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	77,473	59,356	18,117
Legal and professional services	270,916	130,215	140,701
Travel	1,850	28	1,822
Office expenses	200	85	115
Insurance	1,900	1,752	148
Other	2,500	\$397	2,103
Capital outlay	-	-	-
Total expenditures	354,839	191,834	163,005
Change in fund balance	\$ -	(191,834)	\$ (191,834)
Fund balance - July 1, 2023		143,048	
Fund balance July 31, 2023		\$ (48,786)	

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, 2023

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$214,714	\$ -	\$ 214,714
Due From Special Deposit Fund	\$265,000		\$265,000
Prepaid items	\$22,183	-	22,183
	<u>501,897</u>	<u>-</u>	<u>501,897</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 501,897</u>	<u>-</u>	<u>\$ 501,897</u>
Liabilities			
Liabilities:			
Accounts payable	18,765	-	18,765
Accrued salaries and benefits	23,630	-	23,630
Other accrued expenses	354,683		354,683
Compensated absences	0	\$69,905	69,905
	<u>0</u>	<u>\$69,905</u>	<u>69,905</u>
Total liabilities	<u>\$ 397,078</u>	<u>\$ 69,905</u>	<u>\$ 466,983</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	22,183	(22,183)	-
Unreserved, undesignated	82,636	(82,636)	-
	<u>104,819</u>	<u>(104,819)</u>	<u>-</u>
Fund Total fund balance	<u>104,819</u>	<u>(104,819)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 501,897</u>		
Net Position:			
Unrestricted		74,893	74,893
Total Net Position		<u>\$ 74,893</u>	<u>\$ 74,893</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, 2023

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 385,000	-	\$ 385,000
General revenues:			
Investment earnings	4	-	4
Miscellaneous Income	0	-	-
	385,004	-	385,004
Total Revenues			
	385,004	-	385,004
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	115,640	-	115,640
Legal and professional services	262,665	-	262,665
Travel	28	-	28
Insurance	3,503	-	3,503
Other	1,417	-	1,417
Capital outlay - Fixed Assets	-	-	-
	383,254	-	383,254
Total Expenditures/Expenses			
	383,254	-	383,254
Change in fund balance/net position	1,750	-	1,750
Fund balance/net position - July 1, 2023	143,048	(\$69,905)	73,143
Fund balance/net position - August 31, 2023	\$ 144,798	\$ (69,905)	\$ 74,893

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, 2023

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$709,678	\$385,000	\$ (324,678)
Investment earnings	\$0	\$4	4
Miscellaneous Income	-	\$0	-
Total revenues	\$709,678	\$385,004	(324,674)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	154,946	115,640	39,306
Legal and professional services	541,832	262,665	279,167
Travel	3,700	28	3,672
Office expenses	400	173	227
Insurance	3,800	3,503	297
Other	5,000	\$1,245	3,755
Capital outlay	-	-	-
Total expenditures	709,678	383,254	326,424
Change in fund balance	\$ -	1,750	\$ 1,750
Fund balance - July 1, 2023		143,048	
Fund balance August 31, 2023		\$ 144,798	