

APPENDIX 2

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2024 through December 31, 2024

The December 31, 2024, 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 six months ended December 31, 2024, shows a total difference of \$1,440,706 or 48.6% variance under budget. One line item or activity account for the majority of the difference. Professional fees were \$1,465,823 or 59.1% under budget.

No Capital assets have been purchased during the first six 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 six months ended
December 31, 2024

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$551,800	\$ -	\$ 551,800
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$15,238	-	15,238
	<u>567,038</u>	-	<u>567,038</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 567,038</u>	<u>-</u>	<u>\$ 567,038</u>
Liabilities			
Liabilities:			
Accounts payable	77,281	-	77,281
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	611,942		611,942
Compensated absences	0	\$68,085	68,085
	<u>723,542</u>	<u>\$ 68,085</u>	<u>\$ 791,627</u>
Total liabilities	<u>\$ 723,542</u>	<u>\$ 68,085</u>	<u>\$ 791,627</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	15,238	(15,238)	-
Unreserved, undesignated	(171,742)	171,742	-
	<u>(156,504)</u>	<u>156,504</u>	<u>-</u>
Fund Total fund balance	<u>(156,504)</u>	<u>156,504</u>	<u>-</u>
	<u>\$ 567,038</u>		
Total liabilities and fund balance	<u>\$ 567,038</u>		
Net Position:			
Unrestricted		(224,590)	(224,590)
		<u>(224,590)</u>	<u>(224,590)</u>
Total Net Position		<u>\$ (224,590)</u>	<u>\$ (224,590)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,300,000	-	\$ 1,300,000
General revenues:			
Investment earnings	1	-	1
Miscellaneous Income	0	-	-
	1,300,001	-	1,300,001
Total Revenues			
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	472,994	-	472,994
Legal and professional services	1,015,963	-	1,015,963
Travel	20,387	-	20,387
Insurance	10,510	-	10,510
Other	3,926	-	3,926
Capital outlay - Fixed Assets	-	-	-
	1,523,780	-	1,523,780
Total Expenditures/Expenses			
Change in fund balance/net position	(223,779)	-	(223,779)
Fund balance/net position - July 1, 2024	67,274	(\$68,085)	(811)
Fund balance/net position - December 31, 2024	\$ (156,505)	\$ (68,085)	\$ (224,590)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2024

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,964,486	\$1,300,000	\$ (1,664,486)
Investment earnings	\$0	\$1	1
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,964,486</u>	<u>\$1,300,001</u>	<u>(1,664,485)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	442,536	472,994	(30,458)
Legal and professional services	2,481,786	1,015,963	1,465,823
Travel	18,000	20,387	(2,387)
Office expenses	1,200	833	367
Insurance	11,364	10,510	854
Other	9,600	\$3,093	6,507
Capital outlay	-	-	-
Total expenditures	<u>2,964,486</u>	<u>1,523,780</u>	<u>1,440,706</u>
Change in fund balance	<u>\$ -</u>	<u>(223,779)</u>	<u>\$ (223,779)</u>
Fund balance - July 1, 2024		<u>67,274</u>	
Fund balance December 31, 2024		<u>\$ (156,505)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2024

	General Fund	Adjustments	Statement of Net Assets
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets:			
Cash	\$361,450	\$ -	\$ 361,450
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$16,990	-	16,990
	<u>378,440</u>	<u>-</u>	<u>378,440</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 378,440</u>	<u>-</u>	<u>\$ 378,440</u>
Liabilities			
Liabilities:			
Accounts payable	53,068	-	53,068
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	500,858		500,858
Compensated absences	0	\$68,085	68,085
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 588,245</u>	<u>\$ 68,085</u>	<u>\$ 656,330</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	16,990	(16,990)	-
Unreserved, undesignated	-	226,795	-
	<u> </u>	<u> </u>	<u> </u>
Fund Total fund balance	<u>(209,805)</u>	<u>209,805</u>	<u>-</u>
	<u>\$ 378,440</u>		
Net Position:			
Unrestricted		<u>(277,890)</u>	<u>(277,890)</u>
Total Net Position		<u>\$ (277,890)</u>	<u>\$ (277,890)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 950,000	-	\$ 950,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	<u>950,000</u>	<u>-</u>	<u>950,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	392,687	-	392,687
Legal and professional services	805,189	-	805,189
Travel	17,103	-	17,103
Insurance	8,758	-	8,758
Other	3,343	-	3,343
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	<u>1,227,079</u>	<u>-</u>	<u>1,227,079</u>
Change in fund balance/net position	(277,079)	-	(277,079)
Fund balance/net position - July 1, 2024	<u>67,274</u>	<u>(\$68,085)</u>	<u>(811)</u>
Fund balance/net position - November 30, 2024	<u>\$ (209,805)</u>	<u>\$ (68,085)</u>	<u>\$ (277,890)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2024

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,470,405	\$950,000	\$ (1,520,405)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,470,405</u>	<u>\$950,000</u>	<u>(1,520,405)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	368,780	392,687	(23,907)
Legal and professional services	2,068,155	805,189	1,262,966
Travel	15,000	17,103	(2,103)
Office expenses	1,000	773	227
Insurance	9,470	8,758	712
Other	8,000	\$2,569	5,431
Capital outlay	-	-	-
Total expenditures	<u>2,470,405</u>	<u>1,227,079</u>	<u>1,243,326</u>
Change in fund balance	<u>\$ -</u>	(277,079)	\$ (277,079)
Fund balance - July 1, 2024		<u>67,274</u>	
Fund balance November 30, 2024		<u>\$ (209,805)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2024

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$169,190	\$ -	\$ 169,190
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$18,742	-	18,742
	187,932	-	187,932
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 187,932	-	\$ 187,932
Liabilities			
Liabilities:			
Accounts payable	110,405	-	110,405
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	408,213		408,213
Compensated absences	0	\$68,085	68,085
	-	-	-
Total liabilities	\$ 552,937	\$ 68,085	\$ 621,022
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	18,742	(18,742)	-
Unreserved, undesignated	(383,747)	383,747	-
	-	-	-
Fund Total fund balance	(365,005)	365,005	-
Total liabilities and fund balance	\$ 187,932		
Net Position:			
Unrestricted		(433,091)	(433,091)
Total Net Position		\$ (433,091)	\$ (433,091)

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

October 31, 2024

	<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	\$ 550,000	-	\$ 550,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
	<u>550,000</u>	<u>-</u>	<u>550,000</u>
Total Revenues			
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	315,479	-	315,479
Legal and professional services	642,384	-	642,384
Travel	14,571	-	14,571
Insurance	7,007	-	7,007
Other	2,838	-	2,838
Capital outlay - Fixed Assets	-	-	-
	<u>982,280</u>	<u>-</u>	<u>982,280</u>
Total Expenditures/Expenses			
Change in fund balance/net position	(432,280)	-	(432,280)
Fund balance/net position - July 1, 2024	67,274	(\$68,085)	(811)
Fund balance/net position - October 31, 2024	<u>\$ (365,006)</u>	<u>\$ (68,085)</u>	<u>\$ (433,091)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the four months ended
 October 31, 2024

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,976,324	\$550,000	\$ (1,426,324)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	\$1,976,324	\$550,000	(1,426,324)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	295,024	315,479	(20,455)
Legal and professional services	1,654,524	642,384	1,012,140
Travel	12,000	14,571	(2,571)
Office expenses	800	661	139
Insurance	7,576	7,007	569
Other	6,400	\$2,177	4,223
Capital outlay	-	-	-
Total expenditures	1,976,324	982,280	994,044
Change in fund balance	\$ -	(432,280)	\$ (432,280)
Fund balance - July 1, 2024		67,274	
Fund balance October 31, 2024		\$ (365,006)	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2024

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$20,705	\$ -	\$ 20,705
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$20,493	-	20,493
	41,198	-	41,198
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	\$0	-
Total assets	\$ 41,198	-	\$ 41,198
Liabilities			
Liabilities:			
Accounts payable	107,021	-	107,021
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	311,454		311,454
Compensated absences	0	\$68,085	68,085
	-	\$68,085	68,085
Total liabilities	\$ 452,794	\$ 68,085	\$ 520,879
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	20,493	(20,493)	-
Unreserved, undesignated	-	432,089	-
	(411,596)	411,596	-
Fund Total fund balance	(411,596)	411,596	-
Total liabilities and fund balance	\$ 41,198		
Net Position:			
Unrestricted		(479,682)	(479,682)
Total Net Position		\$ (479,682)	\$ (479,682)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 250,000	-	\$ 250,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Revenues			
	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	235,406	-	235,406
Legal and professional services	477,177	-	477,177
Travel	8,640	-	8,640
Insurance	5,255	-	5,255
Other	2,393	-	2,393
Capital outlay - Fixed Assets	-	-	-
	<u>728,871</u>	<u>-</u>	<u>728,871</u>
Total Expenditures/Expenses			
	<u>728,871</u>	<u>-</u>	<u>728,871</u>
Change in fund balance/net position	(478,871)	-	(478,871)
Fund balance/net position - July 1, 2024	67,274	(\$68,085)	(811)
Fund balance/net position - September 30, 2024	<u>\$ (411,597)</u>	<u>\$ (68,085)</u>	<u>\$ (479,682)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the three months ended
 September 30, 2024

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,482,243	\$250,000	\$ (1,232,243)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	\$1,482,243	\$250,000	(1,232,243)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	221,268	235,406	(14,138)
Legal and professional services	1,240,893	477,177	763,716
Travel	9,000	8,640	360
Office expenses	600	621	(21)
Insurance	5,682	5,255	427
Other	4,800	\$1,773	3,027
Capital outlay	-	-	-
Total expenditures	1,482,243	728,871	753,372
Change in fund balance	\$ -	(478,871)	\$ (478,871)
Fund balance - July 1, 2024		67,274	
Fund balance September 30, 2024		\$ (411,597)	