

APPENDIX 2

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2024 through April 30, 2025

The April 30, 2025, 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, 2025, shows a total difference of \$2,202,465 or 44.6% variance under budget. One line item or activity account for the majority of the difference. Professional fees were \$2,218,744 or 53.6% 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, 2025

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$647,065	\$ -	\$ 647,065
Due From Special Deposit Fund	\$500,000		\$500,000
Prepaid items	\$7,407	-	7,407
	<u>1,154,472</u>	<u>-</u>	<u>1,154,472</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,154,472</u>	<u>-</u>	<u>\$ 1,154,472</u>
Liabilities			
Liabilities:			
Accounts payable	0	-	-
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	1,113,786		1,113,786
Compensated absences	0	\$73,095	73,095
	<u>0</u>	<u>\$73,095</u>	<u>73,095</u>
Total liabilities	<u>\$ 1,148,105</u>	<u>\$ 73,095</u>	<u>\$ 1,221,200</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	7,407	(7,407)	-
Unreserved, undesignated	(1,040)	1,040	-
	<u>6,367</u>	<u>(6,367)</u>	<u>-</u>
Total fund balance	<u>6,367</u>	<u>(6,367)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,154,472</u>		
Net Position:			
Unrestricted		(44,166)	(44,166)
Total Net Position		<u>\$ (44,166)</u>	<u>\$ (44,166)</u>

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, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 2,700,000	-	\$ 2,700,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	<u>2,700,000</u>	<u>-</u>	<u>2,700,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	772,657	5,010	777,667
Legal and professional services	1,917,566	-	1,917,566
Travel	24,404	-	24,404
Insurance	17,517	-	17,517
Other	6,202	-	6,202
Capital outlay - Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>2,738,345</u>	<u>5,010</u>	<u>2,743,355</u>
Change in fund balance/net position	(38,345)	(5,010)	(43,355)
Fund balance/net position - July 1, 2024	<u>67,274</u>	<u>(\$68,085)</u>	<u>(811)</u>
Fund balance/net position - April 30, 2025	<u>\$ 28,929</u>	<u>\$ (73,095)</u>	<u>\$ (44,166)</u>

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, 2025

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$4,940,810	\$2,700,000	\$ (2,240,810)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$4,940,810</u>	<u>\$2,700,000</u>	<u>(2,240,810)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	737,560	772,657	(35,097)
Legal and professional services	4,136,310	1,917,566	2,218,744
Travel	30,000	24,404	5,596
Office expenses	2,000	1,219	781
Insurance	18,940	17,517	1,423
Other	16,000	\$4,983	11,017
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,940,810</u>	<u>2,738,345</u>	<u>2,202,465</u>
Change in fund balance	<u>\$ -</u>	(38,345)	\$ (38,345)
 Fund balance - July 1, 2024		<u>67,274</u>	
Fund balance April 30, 2025		<u>\$ 28,929</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, 2025

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$378,209	\$ -	\$ 378,209
Due From Special Deposit Fund	\$500,000		\$500,000
Prepaid items	\$9,158	-	9,158
	<u>887,367</u>	<u>-</u>	<u>887,367</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 887,367</u>	<u>-</u>	<u>\$ 887,367</u>
Liabilities			
Liabilities:			
Accounts payable	170,536	-	170,536
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	1,019,542		1,019,542
Compensated absences	<u>0</u>	<u>\$68,085</u>	<u>68,085</u>
Total liabilities	<u>\$ 1,224,397</u>	<u>\$ 68,085</u>	<u>\$ 1,292,482</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	9,158	(9,158)	-
Unreserved, undesignated	- <u>(346,188)</u>	<u>346,188</u>	<u>-</u>
Total fund balance	<u>(337,030)</u>	<u>337,030</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 887,367</u>		
Net Position:			
Unrestricted		<u>(382,555)</u>	<u>(382,555)</u>
Total Net Position		<u>\$ (382,555)</u>	<u>\$ (382,555)</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, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 2,150,000	-	\$ 2,150,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	<u>2,150,000</u>	<u>-</u>	<u>2,150,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	701,087	-	701,087
Legal and professional services	1,784,692	-	1,784,692
Travel	24,404	-	24,404
Insurance	15,765	-	15,765
Other	5,795	-	5,795
Capital outlay - Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>2,531,744</u>	<u>-</u>	<u>2,531,744</u>
Change in fund balance/net position	(381,744)	-	(381,744)
Fund balance/net position - July 1, 2024	<u>67,274</u>	<u>(\$68,085)</u>	<u>(811)</u>
Fund balance/net position - March 31, 2025	<u>\$ (314,470)</u>	<u>\$ (68,085)</u>	<u>\$ (382,555)</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, 2025

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$4,446,729	\$2,150,000	\$ (2,296,729)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$4,446,729</u>	<u>\$2,150,000</u>	<u>(2,296,729)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	663,804	701,087	(37,283)
Legal and professional services	3,722,679	1,784,692	1,937,987
Travel	27,000	24,404	2,596
Office expenses	1,800	1,166	634
Insurance	17,046	15,765	1,281
Other	14,400	\$4,629	9,771
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,446,729</u>	<u>2,531,744</u>	<u>1,914,985</u>
Change in fund balance	<u>\$ -</u>	(381,744)	\$ (381,744)
 Fund balance - July 1, 2024		<u>67,274</u>	
Fund balance March 31, 2025		<u>\$ (314,470)</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, 2025

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$512,897	\$ -	\$ 512,897
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$10,910	-	10,910
	<u>523,807</u>	<u>-</u>	<u>523,807</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 523,807</u>	<u>-</u>	<u>\$ 523,807</u>
Liabilities			
Liabilities:			
Accounts payable	46,415	-	46,415
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	872,001		872,001
Compensated absences	0	\$68,085	68,085
	<u>-</u>	<u>\$68,085</u>	<u>68,085</u>
Total liabilities	<u>\$ 952,735</u>	<u>\$ 68,085</u>	<u>\$ 1,020,820</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	10,910	(10,910)	-
Unreserved, undesignated	- (439,837)	439,837	-
	<u>(428,927)</u>	<u>428,927</u>	<u>-</u>
Total fund balance	<u>(428,927)</u>	<u>428,927</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 523,807</u>		
Net Position:			
Unrestricted		(497,015)	(497,015)
Total Net Position		<u>\$ (497,015)</u>	<u>\$ (497,015)</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, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,650,000	-	\$ 1,650,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
	<u>1,650,000</u>	<u>-</u>	<u>1,650,000</u>
Total Revenues			
	<u>1,650,000</u>	<u>-</u>	<u>1,650,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	625,427	-	625,427
Legal and professional services	1,478,837	-	1,478,837
Travel	22,835	-	22,835
Insurance	14,013	-	14,013
Other	5,091	-	5,091
	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay - Fixed Assets			
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>2,146,204</u>	<u>-</u>	<u>2,146,204</u>
Change in fund balance/net position	(496,204)	-	(496,204)
Fund balance/net position - July 1, 2024	<u>67,274</u>	<u>(\$68,085)</u>	<u>(811)</u>
Fund balance/net position - February 28, 2025	<u>\$ (428,930)</u>	<u>\$ (68,085)</u>	<u>\$ (497,015)</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, 2025

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$3,952,648	\$1,650,000	\$ (2,302,648)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,952,648</u>	<u>\$1,650,000</u>	<u>(2,302,648)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	590,048	625,427	(35,379)
Legal and professional services	3,309,048	1,478,837	1,830,211
Travel	24,000	22,835	1,165
Office expenses	1,600	1,019	581
Insurance	15,152	14,013	1,139
Other	12,800	\$4,072	8,728
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,952,648</u>	<u>2,146,204</u>	<u>1,806,444</u>
Change in fund balance	<u>\$ -</u>	(496,204)	\$ (496,204)
Fund balance - July 1, 2024		<u>67,274</u>	
Fund balance February 28, 2025		<u>\$ (428,930)</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, 2025

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$387,186	\$ -	\$ 387,186
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$12,662	-	12,662
	399,847	-	399,847
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
Total assets	<u>\$ 399,847</u>	-	<u>\$ 399,847</u>
Liabilities			
Liabilities:			
Accounts payable	54,645	-	54,645
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	704,273		704,273
Compensated absences	0	\$68,085	68,085
Total liabilities	<u>\$ 793,237</u>	<u>\$ 68,085</u>	<u>\$ 861,322</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	12,662	(12,662)	-
Unreserved, undesignated	- (406,051)	406,051	-
Total fund balance	<u>(393,389)</u>	<u>393,389</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 399,847</u>		
Net Position:			
Unrestricted		(461,476)	(461,476)
Total Net Position		<u>\$ (461,476)</u>	<u>\$ (461,476)</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, 2025

	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	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	549,767	-	549,767
Legal and professional services	1,172,983	-	1,172,983
Travel	21,267	-	21,267
Insurance	12,262	-	12,262
Other	4,387	-	4,387
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	<u>1,760,665</u>	<u>-</u>	<u>1,760,665</u>
Change in fund balance/net position	(460,665)	-	(460,665)
Fund balance/net position - July 1, 2024	<u>67,274</u>	<u>(\$68,085)</u>	<u>(811)</u>
Fund balance/net position - January 31, 2025	<u>\$ (393,391)</u>	<u>\$ (68,085)</u>	<u>\$ (461,476)</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, 2025

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$3,458,567	\$1,300,000	\$ (2,158,567)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,458,567</u>	<u>\$1,300,000</u>	<u>(2,158,567)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	516,292	549,767	(33,475)
Legal and professional services	2,895,417	1,172,983	1,722,434
Travel	21,000	21,267	(267)
Office expenses	1,400	873	527
Insurance	13,258	12,262	996
Other	11,200	\$3,514	7,686
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,458,567</u>	<u>1,760,665</u>	<u>1,697,902</u>
Change in fund balance	<u>\$ -</u>	(460,665)	\$ (460,665)
Fund balance - July 1, 2024		<u>67,274</u>	
Fund balance January 31, 2025		<u>\$ (393,391)</u>	