

APPENDIX 2

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2025 through August 31, 2025

The August 31, 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 two months ended August 31, 2025 shows a total difference of \$368,214 or 37.3% variance under budget. One line item or activity in the statement account for the majority of the difference. Professional fees were \$363,747 or 44.0% 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, 2025

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$174,832	\$ -	\$ 174,832
Due From Special Deposit Fund	\$400,000		\$400,000
Prepaid items	\$223	-	223
	<u>575,055</u>	<u>-</u>	<u>575,055</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 575,055</u>	<u>-</u>	<u>\$ 575,055</u>
Liabilities			
Liabilities:			
Accounts payable	201,592	-	201,592
Accrued salaries and benefits	32,743	-	32,743
Other accrued expenses	270,525		270,525
Compensated absences	<u>0</u>	<u>\$87,211</u>	<u>87,211</u>
Total liabilities	<u>\$ 504,860</u>	<u>\$ 87,211</u>	<u>\$ 592,071</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	223	(223)	-
Unreserved, undesignated	<u>69,972</u>	<u>(69,972)</u>	<u>-</u>
Total fund balance	<u>70,195</u>	<u>(70,195)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 575,055</u>		
Net Position:			
Unrestricted		<u>(17,020)</u>	<u>(17,020)</u>
Total Net Position		<u>\$ (17,020)</u>	<u>\$ (17,020)</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, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 600,000	-	\$ 600,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	600,000	-	600,000
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	150,533	-	150,533
Legal and professional services	463,515	-	463,515
Travel	1,171	-	1,171
Insurance	3,503	-	3,503
Other	1,225	-	1,225
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	619,948	-	619,948
Change in fund balance/net position	(19,948)	-	(19,948)
Fund balance/net position - July 1, 2025	90,139	(\$87,211)	2,928
Fund balance/net position - August 31, 2025	\$ 70,191	\$ (87,211)	\$ (17,020)

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, 2025

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$988,162	\$600,000	\$ (388,162)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$988,162</u>	<u>\$600,000</u>	<u>(388,162)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	147,512	150,533	(3,021)
Legal and professional services	827,262	463,515	363,747
Travel	6,000	1,171	4,829
Office expenses	400	236	164
Insurance	3,788	3,503	285
Other	3,200	\$989	2,211
Capital outlay	-	-	-
Total expenditures	<u>988,162</u>	<u>619,948</u>	<u>368,214</u>
Change in fund balance	<u>\$ -</u>	(19,948)	\$ (19,948)
Fund balance - July 1, 2025		<u>90,139</u>	
Fund balance August 31, 2025		<u>\$ 70,191</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, 2025

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$293,495	\$ -	\$ 293,495
Due From Special Deposit Fund	\$120,000		\$120,000
Prepaid items	\$1,975	-	1,975
	<u>415,470</u>	<u>-</u>	<u>415,470</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 415,470</u>	<u>-</u>	<u>\$ 415,470</u>
Liabilities			
Liabilities:			
Accounts payable	95,370	-	95,370
Accrued salaries and benefits	32,743	-	32,743
Other accrued expenses	509,161		509,161
Compensated absences	<u>0</u>	<u>\$87,211</u>	<u>87,211</u>
Total liabilities	<u>\$ 637,274</u>	<u>\$ 87,211</u>	<u>\$ 724,485</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	1,975	(1,975)	-
Unreserved, undesignated	<u>(223,779)</u>	<u>223,779</u>	<u>-</u>
Total fund balance	<u>(221,804)</u>	<u>221,804</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 415,470</u>		
Net Position:			
Unrestricted		<u>(309,019)</u>	<u>(309,019)</u>
Total Net Position		<u>\$ (309,019)</u>	<u>\$ (309,019)</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, 2025

	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	72,895	-	72,895
Legal and professional services	235,441	-	235,441
Travel	1,043	-	1,043
Insurance	1,752	-	1,752
Other	816	-	816
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	311,947	-	311,947
Change in fund balance/net position	(311,947)	-	(311,947)
Fund balance/net position - July 1, 2025	90,139	(\$87,211)	2,928
Fund balance/net position - July 31, 2025	\$ (221,808)	\$ (87,211)	\$ (309,019)

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, 2025

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$494,081	\$0	\$ (494,081)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$494,081</u>	<u>\$0</u>	<u>(494,081)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	73,756	72,895	861
Legal and professional services	413,631	235,441	178,190
Travel	3,000	1,043	1,957
Office expenses	200	82	118
Insurance	1,894	1,752	142
Other	1,600	\$734	866
Capital outlay	-	-	-
Total expenditures	<u>494,081</u>	<u>311,947</u>	<u>182,134</u>
Change in fund balance	<u>\$ -</u>	<u>(311,947)</u>	<u>\$ (311,947)</u>
Fund balance - July 1, 2025		<u>90,139</u>	
Fund balance July 31, 2025		<u>\$ (221,808)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION

Discussion and Analysis of Unaudited Financial Statements

For the Period July 1, 2024 through June 30, 2025

The June 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 twelve months ended June 30, 2025 shows a total difference of \$2,394,137 or 40.3% variance under budget. One activity accounts for the majority of the difference. Legal and Professional services were under budget by \$2,405,015 or 48.3%

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, 2025

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$107,803	\$ -	\$ 107,803
Due From Special Deposit Fund	\$870,000		\$870,000
Prepaid items	\$3,727	-	3,727
	<u>981,530</u>	<u>-</u>	<u>981,530</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 981,530</u>	<u>-</u>	<u>\$ 981,530</u>
Liabilities			
Liabilities:			
Accounts payable	489,164	-	489,164
Accrued salaries and benefits	32,743	-	32,743
Other accrued expenses	369,481		369,481
Compensated absences	0	\$87,211	87,211
	<u>0</u>	<u>\$87,211</u>	<u>87,211</u>
Total liabilities	<u>\$ 891,388</u>	<u>\$ 87,211</u>	<u>\$ 978,599</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	3,727	(3,727)	-
Unreserved, undesignated	86,415	(86,415)	-
	<u>90,142</u>	<u>(90,142)</u>	<u>-</u>
Total fund balance	<u>90,142</u>	<u>(90,142)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 981,530</u>		
Net Position:			
Unrestricted		2,928	2,928
Total Net Position		<u>\$ 2,928</u>	<u>\$ 2,928</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, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 3,570,000	-	\$ 3,570,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	<u>3,570,000</u>	<u>-</u>	<u>3,570,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	914,047	19,126	933,173
Legal and professional services	2,570,557	-	2,570,557
Travel	32,119	-	32,119
Insurance	22,422	-	22,422
Other	7,990	-	7,990
Capital outlay - Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>3,547,135</u>	<u>19,126</u>	<u>3,566,261</u>
Change in fund balance/net position	22,865	(19,126)	3,739
Fund balance/net position - July 1, 2024	<u>67,274</u>	<u>(\$68,085)</u>	<u>(811)</u>
Fund balance/net position - June 30, 2025	<u>\$ 90,139</u>	<u>\$ (87,211)</u>	<u>\$ 2,928</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, 2025

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$5,941,272	\$3,570,000	\$ (2,371,272)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$5,941,272</u>	<u>\$3,570,000</u>	<u>(2,371,272)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	885,072	914,047	(28,975)
Legal and professional services	4,975,572	2,570,557	2,405,015
Travel	36,000	32,119	3,881
Office expenses	2,700	1,659	1,041
Insurance	22,728	22,422	306
Other	19,200	\$6,332	12,868
Capital outlay	-	-	-
Total expenditures	<u>5,941,272</u>	<u>3,547,135</u>	<u>2,394,137</u>
Change in fund balance	<u>\$ -</u>	22,865	\$ 22,865
 Fund balance - July 1, 2024		<u>67,274</u>	
Fund balance June 30, 2025		<u>\$ 90,139</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, 2025

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	(\$199,833)	\$ -	\$ (199,833)
Due From Special Deposit Fund	\$500,000		\$500,000
Prepaid items	\$6,880	-	6,880
	<u>307,047</u>	<u>-</u>	<u>307,047</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 307,047</u>	<u>-</u>	<u>\$ 307,047</u>
Liabilities			
Liabilities:			
Accounts payable	500,229	-	500,229
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	243,015		243,015
Compensated absences	<u>0</u>	<u>\$73,095</u>	<u>73,095</u>
Total liabilities	<u>\$ 777,563</u>	<u>\$ 73,095</u>	<u>\$ 850,658</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	6,880	(6,880)	-
Unreserved, undesignated	<u>(477,396)</u>	<u>477,396</u>	<u>-</u>
Total fund balance	<u>(470,516)</u>	<u>470,516</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 307,047</u>		
Net Position:			
Unrestricted		<u>(543,613)</u>	<u>(543,613)</u>
Total Net Position		<u>\$ (543,613)</u>	<u>\$ (543,613)</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, 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	843,944	5,010	848,954
Legal and professional services	2,335,870	-	2,335,870
Travel	32,119	-	32,119
Insurance	19,269	-	19,269
Other	6,590	-	6,590
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	<u>3,237,792</u>	<u>5,010</u>	<u>3,242,802</u>
Change in fund balance/net position	(537,792)	(5,010)	(542,802)
Fund balance/net position - July 1, 2024	67,274	(\$68,085)	(811)
Fund balance/net position - May 31, 2025	<u>\$ (470,518)</u>	<u>\$ (73,095)</u>	<u>\$ (543,613)</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, 2025

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$5,445,191	\$2,700,000	\$ (2,745,191)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$5,445,191</u>	<u>\$2,700,000</u>	<u>(2,745,191)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	811,316	843,944	(32,628)
Legal and professional services	4,559,941	2,335,870	2,224,071
Travel	33,000	32,119	881
Office expenses	2,500	1,373	1,127
Insurance	20,834	19,269	1,565
Other	17,600	\$5,218	12,382
Capital outlay	-	-	-
Total expenditures	<u>5,445,191</u>	<u>3,237,792</u>	<u>2,207,399</u>
Change in fund balance	<u>\$ -</u>	<u>(537,792)</u>	<u>\$ (537,792)</u>
Fund balance - July 1, 2024		<u>67,274</u>	
Fund balance May 31, 2025		<u>\$ (470,518)</u>	