

APPENDIX 2

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

The December 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 six months ended December 31, 2025, shows a total difference of \$1,464,872 or 44.1% variance under budget. One line item or activity account for the majority of the difference. Professional fees were \$1,401,547 or 50.2% 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, 2025

	General Fund	Adjustments	Government Wide
Assets			
Current assets:			
Cash	\$88,570	\$ -	\$ 88,570
Due From Special Deposit Fund	\$400,000		\$400,000
Prepaid items	\$15,577	-	15,577
	<u>504,147</u>	<u>-</u>	<u>504,147</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 504,147</u>	<u>-</u>	<u>\$ 504,147</u>
Liabilities			
Current liabilities:			
Accounts payable	(452)	-	(452)
Accrued salaries and benefits	32,743	-	32,743
Other accrued expenses	459,208		459,208
Compensated absences , current	0	\$48,739	48,739
	<u>-</u>	<u>\$48,739</u>	<u>48,739</u>
Total current liabilities	<u>\$ 491,499</u>	<u>\$ 48,739</u>	<u>\$ 540,238</u>
Long-term liabilities:			
Compensated absences , long-term		53,759	53,759
	<u>-</u>	<u>53,759</u>	<u>53,759</u>
Total liabilities	<u>\$ 491,499</u>	<u>\$ 102,498</u>	<u>\$ 593,997</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	15,577	(15,577)	-
Unreserved, undesignated	(2,929)	2,929	-
	<u>-</u>	<u>2,929</u>	<u>-</u>
Total fund balance	<u>12,648</u>	<u>(12,648)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 504,147</u>		
Net Position:			
Unrestricted		(89,852)	(89,852)
		<u>(89,852)</u>	<u>(89,852)</u>
Total Net Position		<u>\$ (89,852)</u>	<u>\$ (89,852)</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, 2025

	General Fund	Adjustments	Government Wide
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,750,000	-	\$ 1,750,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	1,750,000	-	1,750,000
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	440,236	-	440,236
Legal and professional services	1,389,779	-	1,389,779
Travel	9,321	-	9,321
Insurance	10,510	-	10,510
Other	3,643	-	3,643
	-	-	-
Total Expenditures/Expenses	1,853,488	-	1,853,488
Change in fund balance/net position	(103,488)	-	(103,488)
Fund balance/net position - July 1, 2025	116,134	\$102,498	13,636
Fund balance/net position - December 31, 2025	\$ 12,646	\$ 102,498	\$ (89,852)

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, 2025

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$3,318,360	\$1,750,000	\$ (1,568,360)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,318,360</u>	<u>\$1,750,000</u>	<u>(1,568,360)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	486,732	440,236	46,496
Legal and professional services	2,791,326	1,389,779	1,401,547
Travel	18,000	9,321	8,679
Office expenses	1,200	637	563
Insurance	11,502	10,510	992
Other	9,600	\$3,006	6,594
Capital outlay	-	-	-
Total expenditures	<u>3,318,360</u>	<u>1,853,488</u>	<u>1,464,872</u>
Change in fund balance	<u>\$ -</u>	(103,488)	\$ (103,488)
Fund balance - July 1, 2025		<u>116,134</u>	
Fund balance December 31, 2025		<u>\$ 12,646</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, 2025

	General Fund	Adjustments	Government Wide
Assets			
Current assets:			
Cash	\$403,068	\$ -	\$ 403,068
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$17,328	-	17,328
	<u>420,396</u>	<u>-</u>	<u>420,396</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 420,396</u>	<u>-</u>	<u>\$ 420,396</u>
Liabilities			
Current liabilities:			
Accounts payable	570,915	-	570,915
Accrued salaries and benefits	32,743	-	32,743
Other accrued expenses	217,904		217,904
Compensated absences , current	0	\$48,739	48,739
	<u>\$ 821,562</u>	<u>\$ 48,739</u>	<u>\$ 870,301</u>
Long-term liabilities:			
Compensated absences , long-term		53,759	53,759
Total liabilities	<u>\$ 821,562</u>	<u>\$ 102,498</u>	<u>\$ 924,060</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	17,328	(17,328)	-
Unreserved, undesignated	- (418,494)	418,494	-
	<u>(401,166)</u>	<u>401,166</u>	<u>-</u>
Total fund balance	<u>(401,166)</u>	<u>401,166</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 420,396</u>		
Net Position:			
Unrestricted		(503,666)	(503,666)
Total Net Position		<u>\$ (503,666)</u>	<u>\$ (503,666)</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, 2025

	General Fund	Adjustments	Government Wide
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,000,000	-	\$ 1,000,000
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	0	-	-
Total Revenues	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	367,064	-	367,064
Legal and professional services	1,129,398	-	1,129,398
Travel	9,701	-	9,701
Insurance	8,758	-	8,758
Other	2,381	-	2,381
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>1,517,302</u>	<u>-</u>	<u>1,517,302</u>
Change in fund balance/net position	(517,302)	-	(517,302)
Fund balance/net position - July 1, 2025	<u>116,134</u>	<u>\$102,498</u>	<u>13,636</u>
Fund balance/net position - November 30, 2025	<u>\$ (401,168)</u>	<u>\$ 102,498</u>	<u>\$ (503,666)</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, 2025

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,765,300	\$1,000,000	\$ (1,765,300)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,765,300</u>	<u>\$1,000,000</u>	<u>(1,765,300)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	405,610	367,064	38,546
Legal and professional services	2,326,105	1,129,398	1,196,707
Travel	15,000	9,701	5,299
Office expenses	1,000	597	403
Insurance	9,585	8,758	827
Other	8,000	\$1,785	6,215
Capital outlay	-	-	-
Total expenditures	<u>2,765,300</u>	<u>1,517,302</u>	<u>1,247,998</u>
Change in fund balance	<u>\$ -</u>	(517,302)	\$ (517,302)

Fund balance - July 1, 2025	<u>116,134</u>
Fund balance November 30, 2025	<u>\$ (401,168)</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, 2025

	General Fund	Adjustments	Government Wide
Assets			
Current assets:			
Cash	\$89,080	\$ -	\$ 89,080
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$19,080	-	19,080
	<u>108,160</u>	<u>-</u>	<u>108,160</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 108,160</u>	<u>-</u>	<u>\$ 108,160</u>
Liabilities			
Current liabilities:			
Accounts payable	458,682	-	458,682
Accrued salaries and benefits	32,743	-	32,743
Other accrued expenses	79,357		79,357
Compensated absences , current	0	\$48,739	48,739
	<u>570,782</u>	<u>48,739</u>	<u>619,521</u>
Total current liabilities	<u>\$ 570,782</u>	<u>\$ 48,739</u>	<u>\$ 619,521</u>
Long-term liabilities:			
Compensated absences , long-term		53,759	53,759
	<u>570,782</u>	<u>102,498</u>	<u>673,280</u>
Total liabilities	<u>\$ 570,782</u>	<u>\$ 102,498</u>	<u>\$ 673,280</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	19,080	(19,080)	-
Unreserved, undesignated	- (481,702)	481,702	-
	<u>(462,622)</u>	<u>462,622</u>	<u>-</u>
Total fund balance	<u>(462,622)</u>	<u>462,622</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 108,160</u>		
Net Position:			
Unrestricted		(565,122)	(565,122)
Total Net Position		<u>\$ (565,122)</u>	<u>\$ (565,122)</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, 2025

	General Fund	Adjustments	Government Wide
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	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	295,695	-	295,695
Legal and professional services	867,124	-	867,124
Travel	6,889	-	6,889
Insurance	7,007	-	7,007
Other	2,043	-	2,043
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>1,178,758</u>	<u>-</u>	<u>1,178,758</u>
Change in fund balance/net position	(578,758)	-	(578,758)
Fund balance/net position - July 1, 2025	<u>116,134</u>	<u>\$102,498</u>	<u>13,636</u>
Fund balance/net position - October 31, 2025	<u>\$ (462,624)</u>	<u>\$ 102,498</u>	<u>\$ (565,122)</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, 2025

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,212,240	\$600,000	\$ (1,612,240)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,212,240</u>	<u>\$600,000</u>	<u>(1,612,240)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	324,488	295,695	28,793
Legal and professional services	1,860,884	867,124	993,760
Travel	12,000	6,889	5,111
Office expenses	800	543	257
Insurance	7,668	7,007	661
Other	6,400	\$1,500	4,900
Capital outlay	-	-	-
Total expenditures	<u>2,212,240</u>	<u>1,178,758</u>	<u>1,033,482</u>
Change in fund balance	<u>\$ -</u>	<u>(578,758)</u>	<u>\$ (578,758)</u>
Fund balance - July 1, 2025		<u>116,134</u>	
Fund balance October 31, 2025		<u>\$ (462,624)</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, 2025

	General Fund	Adjustments	Government Wide
Assets			
Current assets:			
Cash	\$262,467	\$ -	\$ 262,467
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$20,832	-	20,832
	<u>283,299</u>	<u>-</u>	<u>283,299</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 283,299</u>	<u>-</u>	<u>\$ 283,299</u>
Liabilities			
Current liabilities:			
Accounts payable	98,411	-	98,411
Accrued salaries and benefits	32,743	-	32,743
Other accrued expenses	357,865		357,865
Compensated absences , current	0	\$48,739	48,739
	<u>0</u>	<u>\$48,739</u>	<u>48,739</u>
Total current liabilities	<u>\$ 489,019</u>	<u>\$ 48,739</u>	<u>\$ 537,758</u>
Long-term liabilities:			
Compensated absences , long-term		53,759	53,759
	<u>0</u>	<u>53,759</u>	<u>53,759</u>
Total liabilities	<u>\$ 489,019</u>	<u>\$ 102,498</u>	<u>\$ 591,517</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	20,832	(20,832)	-
Unreserved, undesignated	(226,552)	226,552	-
	<u>(205,720)</u>	<u>205,720</u>	<u>-</u>
Total fund balance	<u>(205,720)</u>	<u>205,720</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 283,299</u>		
Net Position:			
Unrestricted		(308,218)	(308,218)
Total Net Position		<u>\$ (308,218)</u>	<u>\$ (308,218)</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, 2025

	General Fund	Adjustments	Government Wide
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	223,431	-	223,431
Legal and professional services	687,526	-	687,526
Travel	3,982	-	3,982
Insurance	5,255	-	5,255
Other	1,659	-	1,659
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	921,854	-	921,854
Change in fund balance/net position	(321,854)	-	(321,854)
Fund balance/net position - July 1, 2025	116,134	\$102,498	13,636
Fund balance/net position - September 30, 2025	\$ (205,720)	\$ 102,498	\$ (308,218)

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, 2025

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,659,180	\$600,000	\$ (1,059,180)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,659,180</u>	<u>\$600,000</u>	<u>(1,059,180)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	243,366	223,431	19,935
Legal and professional services	1,395,663	687,526	708,137
Travel	9,000	3,982	5,018
Office expenses	600	414	186
Insurance	5,751	5,255	496
Other	4,800	\$1,245	3,555
Capital outlay	-	-	-
Total expenditures	<u>1,659,180</u>	<u>921,854</u>	<u>737,326</u>
Change in fund balance	<u>\$ -</u>	<u>(321,854)</u>	<u>\$ (321,854)</u>

Fund balance - July 1, 2025

116,134

Fund balance September 30, 2025

\$ (205,720)