

APPENDIX 2

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2019 through April 30, 2020

The April 30, 2020 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, 2020 shows a total difference of \$968,094 or 33.4% variance under budget. Professional fees account for the majority of the difference. Under budget by \$966,190 or 42.3%.

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, 2020

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$248,086	\$ -	\$ 248,086
Due From Special Deposit Fund	\$0		
Prepaid items	\$356	-	356
	248,442	-	248,442
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 248,442	-	\$ 248,442
Liabilities			
Liabilities:			
Accounts payable	0	-	-
Accrued salaries and benefits	24,496	-	24,496
Other accrued expenses	392,884		392,884
Compensated absences	0	\$49,833	49,833
	0	\$49,833	49,833
Total liabilities	\$ 417,380	\$ 49,833	\$ 467,213
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	356	(356)	-
Unreserved, undesignated	(169,294)	169,294	-
	(168,938)	168,938	-
Total fund balance	(168,938)	168,938	-
Total liabilities and fund balance	\$ 248,442		
Net Position:			
Unrestricted		(218,775)	(218,775)
Total Net Position		\$ (218,775)	\$ (218,775)

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, 2020

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,725,000	-	\$ 1,725,000
General revenues			
Investment earnings	7	-	7
Miscellaneous Income	0	-	-
Total Revenues	<u>1,725,007</u>	<u>-</u>	<u>1,725,007</u>
Expenditures/Expenses:			
Prison health care administration and oversight			
Current:			
Salaries and benefits	586,953	-	586,953
Legal and professional services	1,318,170	-	1,318,170
Travel	4,372	-	4,372
Insurance	13,283	-	13,283
Other	7,068	-	7,068
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	<u>1,929,846</u>	<u>-</u>	<u>1,929,846</u>
Change in fund balance/net position	(204,839)	-	(204,839)
Fund balance/net position - July 1, 2019	<u>35,897</u>	<u>(\$49,833)</u>	<u>(13,936)</u>
Fund balance/net position - April 30, 2020	<u>\$ (168,942)</u>	<u>\$ (49,833)</u>	<u>\$ (218,775)</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, 2020

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,897,940	\$1,725,000	\$ (1,172,940)
Investment earnings	50	57	7
Miscellaneous income	-	50	-
Total revenues	<u>\$2,897,940</u>	<u>\$1,725,007</u>	<u>(1,172,933)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	563,080	586,953	(23,873)
Legal and professional services	2,284,360	1,318,170	966,190
Travel	15,000	4,372	10,628
Office expenses	4,250	1,470	2,780
Telephone and network insurance	-	-	-
Other	17,000	13,283	3,717
Other	14,250	\$5,599	8,651
Capital outlay	-	-	-
Total expenditures	<u>2,897,940</u>	<u>1,929,846</u>	<u>968,094</u>
Change in fund balance	<u>\$ -</u>	<u>(204,839)</u>	<u>\$ (204,839)</u>
Fund balance - July 1, 2019		<u>35,897</u>	
Fund balance April 30, 2020		<u>\$ (168,942)</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, 2020

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$188,528	\$ -	\$ 188,528
Due From Special Deposit Fund	\$0		
Prepaid items	\$2,486	-	2,486
	191,014	-	191,014
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 191,014	-	\$ 191,014
Liabilities			
Liabilities:			
Accounts payable	101,747	-	101,747
Accrued salaries and benefits	24,496	-	24,496
Other accrued expenses	116,727		116,727
Compensated absences	0	\$49,833	49,833
	-	-	-
Total liabilities	\$ 242,970	\$ 49,833	\$ 292,803
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	2,486	(2,486)	-
Unreserved, undesignated	(54,442)	54,442	-
	-	-	-
Total fund balance	(51,956)	51,956	-
Total liabilities and fund balance	\$ 191,014		
Net Position:			
Unrestricted		(101,793)	(101,793)
Total Net Position		\$ (101,793)	\$ (101,793)

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, 2020

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,500,000	-	\$ 1,500,000
General revenues:			
Investment earnings	7	-	7
Miscellaneous Income	0	-	-
Total Revenues	1,500,007	-	1,500,007
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	518,709	-	518,709
Legal and professional services	1,046,328	-	1,046,328
Travel	4,372	-	4,372
Insurance	11,807	-	11,807
Other	6,648	-	6,648
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	1,587,864	-	1,587,864
Change in fund balance/net position	(87,857)	-	(87,857)
Fund balance/net position - July 1, 2019	35,897	(\$49,833)	(13,936)
Fund balance/net position - March 31, 2020	\$ (51,960)	\$ (49,833)	\$ (101,793)

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, 2020

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,608,146	\$1,500,000	\$ (1,108,146)
Investment earnings	\$0	\$7	7
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,608,146</u>	<u>\$1,500,007</u>	<u>(1,108,139)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	506,772	518,709	(11,937)
Legal and professional services	2,055,924	1,046,328	1,009,596
Travel	13,500	4,372	9,128
Office expenses	3,825	1,470	2,355
Telephone and network	-	-	-
Insurance	15,300	11,807	3,493
Other	12,825	55,179	7,646
Capital outlay	-	-	-
Total expenditures	<u>2,608,146</u>	<u>1,587,864</u>	<u>1,020,282</u>
Change in fund balance	<u>\$ -</u>	<u>(87,857)</u>	<u>\$ (87,857)</u>
Fund balance - July 1, 2019		<u>35,897</u>	
Fund balance March 31, 2020		<u>\$ (51,960)</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 29, 2020

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$244,292	\$ -	\$ 244,292
Due From Special Deposit Fund	\$0		
Prepaid items	\$4,199	-	4,199
	248,491	-	248,491
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 248,491	-	\$ 248,491
Liabilities			
Liabilities:			
Accounts payable	73,236	-	73,236
Accrued salaries and benefits	24,496	-	24,496
Other accrued expenses	80,245		80,245
Compensated absences	0	\$49,833	49,833
	177,977	49,833	227,810
Total liabilities	\$ 177,977	\$ 49,833	\$ 227,810
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	4,199	(4,199)	-
Unreserved, undesignated	66,315	(66,315)	-
	70,514	(70,514)	-
Total fund balance	70,514	(70,514)	-
Total liabilities and fund balance	\$ 248,491		
Net Position:			
Unrestricted		20,678	20,678
Total Net Position		\$ 20,678	\$ 20,678

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the eight months ended
 February 29, 2020

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,500,000	-	\$ 1,500,000
General revenues:			
Investment earnings	7	-	7
Miscellaneous Income	0	-	-
Total Revenues	<u>1,500,007</u>	<u>-</u>	<u>1,500,007</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	461,297	-	461,297
Legal and professional services	983,332	-	983,332
Travel	4,372	-	4,372
Insurance	10,331	-	10,331
Other	6,061	-	6,061
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	<u>1,465,393</u>	<u>-</u>	<u>1,465,393</u>
Change in fund balance/net position	34,614	-	34,614
Fund balance/net position - July 1, 2019	<u>35,897</u>	<u>(\$49,833)</u>	<u>(13,936)</u>
Fund balance/net position - February 29, 2020	<u>\$ 70,511</u>	<u>\$ (49,833)</u>	<u>\$ 20,678</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 29, 2020

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,318,352	\$1,500,000	\$ (818,352)
Investment earnings	50	57	7
Miscellaneous Income	-	50	-
Total revenues	<u>\$2,318,352</u>	<u>\$1,500,007</u>	<u>(818,345)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	450,464	461,297	(10,833)
Legal and professional services	1,827,488	983,332	844,156
Travel	12,000	4,372	7,628
Office expenses	3,400	1,313	2,087
Telephone and network	-	-	-
Insurance	13,600	10,331	3,269
Other	11,400	\$4,748	6,652
Capital outlay	-	-	-
Total expenditures	<u>2,318,352</u>	<u>1,465,393</u>	<u>852,959</u>
Change in fund balance	<u>\$ -</u>	<u>34,614</u>	<u>\$ 34,614</u>
Fund balance - July 1, 2019		<u>35,897</u>	
Fund balance February 29, 2020		<u>\$ 70,511</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, 2020

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$239,779	\$ -	\$ 239,779
Due From Special Deposit Fund	\$0		
Prepaid items	\$6,259	-	6,259
	246,038	-	246,038
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 246,038	-	\$ 246,038
Liabilities			
Liabilities:			
Accounts payable	179,360	-	179,360
Accrued salaries and benefits	24,496	-	24,496
Other accrued expenses	43,908		43,908
Compensated absences	0	\$49,833	49,833
	-	\$49,833	49,833
Total liabilities	\$ 247,764	\$ 49,833	\$ 297,597
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	6,259	(6,259)	-
Unreserved, undesignated	-	7,985	-
	(7,985)	7,985	-
Total fund balance	(1,726)	1,726	-
Total liabilities and fund balance	\$ 246,038		
Net Position:			
Unrestricted		(51,561)	(51,561)
Total Net Position		\$ (51,561)	\$ (51,561)

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, 2020

	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	7	-	7
Miscellaneous Income	0	-	-
Total Revenues	1,300,007	-	1,300,007
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	403,811	-	403,811
Legal and professional services	916,174	-	916,174
Travel	4,372	-	4,372
Insurance	8,855	-	8,855
Other	4,419	-	4,419
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	1,337,632	-	1,337,632
Change in fund balance/net position	(37,625)	-	(37,625)
Fund balance/net position - July 1, 2019	35,897	(\$49,833)	(13,936)
Fund balance/net position - January 31, 2020	\$ (1,728)	\$ (49,833)	\$ (51,561)

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, 2020

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,028,558	\$1,300,000	\$ (728,558)
Investment earnings	\$0	\$7	7
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,028,558</u>	<u>\$1,300,007</u>	<u>(728,551)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	394,156	403,811	(9,655)
Legal and professional services	1,599,052	916,174	682,878
Travel	10,500	4,372	6,128
Office expenses	2,975	1,219	1,756
Telephone and network	-	-	-
Insurance	11,900	8,855	3,045
Other	9,975	\$3,200	6,775
Capital outlay	-	-	-
Total expenditures	<u>2,028,558</u>	<u>1,337,632</u>	<u>690,926</u>
Change in fund balance	<u>\$ -</u>	<u>(37,625)</u>	<u>\$ (37,625)</u>
Fund balance - July 1, 2019		<u>35,897</u>	
Fund balance January 31, 2020		<u>\$ (1,728)</u>	