

APPENDIX 2

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

The June 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 twelve months ended June 30, 2020 shows a total difference of \$905,509 or 26.0% variance under budget. Legal and Professional fees account for the majority of the difference. Under budget by \$923,122 or 33.7%.

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, 2020

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	(\$218,730)	\$ -	\$ (218,730)
Due From Special Deposit Fund	\$625,000		
Prepaid items	\$2,953	-	2,953
	<u>409,223</u>	<u>-</u>	<u>(215,777)</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 409,223</u>	<u>-</u>	<u>\$ (215,777)</u>
Liabilities			
Liabilities:			
Accounts payable	288,284	-	288,284
Accrued salaries and benefits	32,671	-	32,671
Other accrued expenses	18,871		18,871
Compensated absences	0	\$55,342	55,342
	<u>-</u>	<u>55,342</u>	<u>55,342</u>
Total liabilities	<u>\$ 339,826</u>	<u>\$ 55,342</u>	<u>\$ 395,168</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	2,953	(2,953)	-
Unreserved, undesignated	66,444	(66,444)	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>69,397</u>	<u>(69,397)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 409,223</u>		
Net Position:			
Unrestricted		8,543	8,543
Total Net Position		<u>\$ 8,543</u>	<u>\$ 8,543</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, 2020

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions			
State of California appropriation to Receivership	\$ 2,600,000	-	\$ 2,600,000
General revenues:			
Investment earnings	7	-	7
Miscellaneous Income	0	-	-
Total Revenues	<u>2,600,007</u>	<u>-</u>	<u>2,600,007</u>
Expenditures/Expenses:			
Prison health care administration and oversight			
Current:			
Salaries and benefits	722,466	-	722,466
Legal and professional services	1,818,110	-	1,818,110
Travel	4,465	-	4,465
Insurance	18,064	-	18,064
Other	8,914	-	8,914
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	<u>2,572,019</u>	<u>-</u>	<u>2,572,019</u>
Change in fund balance/net position	27,988	-	27,988
Fund balance/net position - July 1, 2019	35,897	(55,342)	(19,445)
Fund balance/net position - June 30, 2020	<u>\$ 63,885</u>	<u>\$ (55,342)</u>	<u>\$ 8,543</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, 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	\$3,477,528	\$2,600,000	\$ (877,528)
Investment earnings	\$0	\$7	7
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,477,528</u>	<u>\$2,600,007</u>	<u>(877,521)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	675,696	722,466	(46,769)
Legal and professional services	2,741,232	1,818,110	923,122
Travel	18,000	4,465	13,535
Office expenses	5,100	2,105	2,995
Telephone and network	-	-	-
Insurance	20,400	18,064	2,336
Other	17,100	\$6,809	10,291
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,477,528</u>	<u>2,572,019</u>	<u>905,509</u>
Change in fund balance	<u>\$ -</u>	<u>27,988</u>	<u>\$ 27,988</u>
 Fund balance - July 1, 2019		<u>35,897</u>	
Fund balance June 30, 2020		<u>\$ 63,885</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, 2020

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	(\$61,023)	\$ -	\$ (61,023)
Due From Special Deposit Fund	\$0		
Prepaid items	(\$1,812)	-	(1,812)
	(62,835)	-	(62,835)
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
Total assets	<u>\$ (62,835)</u>	<u>-</u>	<u>\$ (62,835)</u>
Liabilities			
Liabilities:			
Accounts payable	241,067	-	241,067
Accrued salaries and benefits	24,496	-	24,496
Other accrued expenses	109,173		109,173
Compensated absences	0	\$49,833	49,833
Total liabilities	<u>\$ 374,736</u>	<u>\$ 49,833</u>	<u>\$ 424,569</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	(1,812)	1,812	-
Unreserved, undesignated	(435,759)	435,759	-
Total fund balance	<u>(437,571)</u>	<u>437,571</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ (62,835)</u>		
Net Position:			
Unrestricted		(487,408)	(487,408)
Total Net Position		<u>\$ (487,408)</u>	<u>\$ (487,408)</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, 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	1,725,007	-	1,725,007
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	654,409	-	654,409
Legal and professional services	1,517,019	-	1,517,019
Travel	4,465	-	4,465
Insurance	14,759	-	14,759
Other	7,827	-	7,827
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	2,198,479	-	2,198,479
Change in fund balance/net position	(473,472)	-	(473,472)
Fund balance/net position - July 1, 2019	35,897	(\$49,833)	(13,936)
Fund balance/net position - May 31, 2020	\$ (437,575)	\$ (49,833)	\$ (487,408)

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, 2020

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$3,187,734	\$1,725,000	\$ (1,462,734)
Investment earnings	\$0	\$7	7
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,187,734</u>	<u>\$1,725,007</u>	<u>(1,462,727)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	619,388	654,409	(35,021)
Legal and professional services	2,512,796	1,517,019	995,777
Travel	16,500	4,465	12,035
Office expenses	4,675	1,790	2,885
Telephone and network	-	-	-
Insurance	18,700	14,759	3,941
Other	15,675	\$6,038	9,637
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,187,734</u>	<u>2,198,479</u>	<u>989,255</u>
Change in fund balance	<u>\$ -</u>	<u>(473,472)</u>	<u>\$ (473,472)</u>

Fund balance July 1, 2019 35,897

Fund balance May 31, 2020 \$ (437,575)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2020 through August 31, 2020

The August 31, 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 two months ended August 31, 2020 shows a total difference of \$181,027 or 38.4% variance under budget. One line item or activity in the statement account for the majority of the difference. Professional fees were \$178,750 or 58.9% under budget.

No Capital assets have been purchased during the first two 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 two months ended
August 31, 2020

	<u>Draft Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$470,942	\$250,000	\$ (220,942)
Investment earnings	\$0	\$0	-
Miscellaneous income	-	\$0	-
Total revenues	<u>\$470,942</u>	<u>\$250,000</u>	<u>(220,942)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	157,144	162,044	(4,900)
Legal and professional services	303,348	124,598	178,750
Travel	3,000	276	2,724
Office expenses	750	423	327
Telephone and network	-	-	-
Insurance	3,600	1,476	2,124
Other	3,100	\$1,098	2,002
Capital outlay	-	-	-
Total expenditures	<u>470,942</u>	<u>289,915</u>	<u>181,027</u>
Change in fund balance	<u>\$ -</u>	<u>(39,915)</u>	<u>\$ (39,915)</u>
Fund balance - July 1, 2020		<u>63,885</u>	
Fund balance August 31, 2020		<u>\$ 23,970</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, 2020

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	(\$197,542)	\$ -	\$ (197,542)
Due From Special Deposit Fund	\$325,000		
Prepaid items	\$16,750	-	16,750
	<u>144,208</u>	-	<u>(180,792)</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 144,208</u>	<u>-</u>	<u>\$ (180,792)</u>
Liabilities			
Liabilities:			
Accounts payable	0	-	-
Accrued salaries and benefits	32,671	-	32,671
Other accrued expenses	82,054		82,054
Compensated absences	0	\$55,342	55,342
	<u>0</u>	<u>55,342</u>	<u>55,342</u>
Total liabilities	<u>\$ 114,725</u>	<u>\$ 55,342</u>	<u>\$ 170,067</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	16,750	(16,750)	-
Unreserved, undesignated	12,733	(12,733)	-
	<u>29,483</u>	<u>(29,483)</u>	<u>-</u>
Total fund balance	<u>29,483</u>	<u>(29,483)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 144,208</u>		
Net Position:			
Unrestricted		(31,372)	(31,372)
Total Net Position		<u>\$ (31,372)</u>	<u>\$ (31,372)</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, 2020

	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	-	-
Total Revenues	250,000	-	250,000
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	162,044	-	162,044
Legal and professional services	124,598	-	124,598
Travel	276	-	276
Insurance	1,476	-	1,476
Other	1,521	-	1,521
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	289,915	-	289,915
Change in fund balance/net position	(39,915)	-	(39,915)
Fund balance/net position July 1, 2020	63,885	(\$55,342)	8,543
Fund balance/net position August 31, 2020	\$ 23,970	\$ (55,342)	\$ (31,372)

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, 2020

	<u>Draft Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$235,471	\$230,000	\$ 14,529
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$235,471</u>	<u>\$230,000</u>	<u>14,529</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	78,572	70,419	8,153
Legal and professional services	151,674	69,598	82,076
Travel	1,500	-	1,500
Office expenses	375	26	349
Telephone and network	-	-	-
Insurance	1,800	-	1,800
Other	1,550	\$435	1,115
Capital outlay	-	-	-
Total expenditures	<u>235,471</u>	<u>140,478</u>	<u>94,993</u>
Change in fund balance	<u>\$ -</u>	109,522	\$ 109,522
 Fund balance - July 1, 2020		<u>63,885</u>	
Fund balance July 31, 2020		<u>\$ 173,407</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, 2020

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	(\$25,884)	\$ -	\$ (25,884)
Due From Special Deposit Fund	\$325,000		
Prepaid items	\$752	-	752
	<u>299,868</u>	<u>-</u>	<u>(25,132)</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 299,868</u>	<u>-</u>	<u>\$ (25,132)</u>
Liabilities			
Liabilities:			
Accounts payable	50,166	-	50,166
Accrued salaries and benefits	32,671	-	32,671
Other accrued expenses	38,111		38,111
Compensated absences	0	\$55,342	55,342
	<u>-</u>	<u>55,342</u>	<u>55,342</u>
Total liabilities	<u>\$ 120,948</u>	<u>\$ 55,342</u>	<u>\$ 176,290</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	752	(752)	-
Unreserved, undesignated	178,168	(178,168)	-
	<u>178,920</u>	<u>(178,920)</u>	<u>-</u>
Total fund balance	<u>178,920</u>	<u>(178,920)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 299,868</u>		
Net Position:			
Unrestricted		118,065	118,065
Total Net Position		<u>\$ 118,065</u>	<u>\$ 118,065</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, 2020

	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	-	-
Total Revenues	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	70,419	-	70,419
Legal and professional services	69,598	-	69,598
Travel	0	-	-
Insurance	0	-	-
Other	461	-	461
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	<u>140,478</u>	<u>-</u>	<u>140,478</u>
Change in fund balance/net position	109,522	-	109,522
Fund balance/net position July 1, 2020	63,885	(\$55,342)	8,543
Fund balance/net position July 31, 2020	<u>\$ 173,407</u>	<u>\$ (55,342)</u>	<u>\$ 118,065</u>