

APPENDIX 2

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2023 through June 30, 2024

The June 30, 2024 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, 2024 shows a total difference of \$1,019,331 or 23.9% variance under budget. Two activities account for the majority of the difference. Legal and Professional services were under budget by \$813,986 or 25.0% and Salaries and Benefits were under budget by \$176,312 or 19.0%.

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, 2024

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$79,592	\$ -	\$ 79,592
Due From Special Deposit Fund	\$510,000		\$510,000
Prepaid items	\$3,788 ✓	-	3,788
	593,380	-	593,380
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 593,380	-	\$ 593,380
Liabilities			
Liabilities:			
Accounts payable	58,813	-	58,813
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	432,973		432,973
Compensated absences	0	\$68,085	68,085
	-	-	-
Total liabilities	\$ 526,105	\$ 68,085	\$ 594,190
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	3,788 ✓	(3,788)	-
Unreserved, undesignated	63,487 ✓	(63,487)	-
	-	-	-
Fund Total fund balance	67,275	(67,275)	-
Total liabilities and fund balance	\$ 593,380 ✓		
Net Position:			
Unrestricted		(814)	(814)
		-	-
Total Net Position		\$ (814)	\$ (814)

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, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 3,295,000	-	\$ 3,295,000
General revenues:			
Investment earnings	30	-	30
Miscellaneous Income	0	-	-
Total Revenues	3,295,030	-	3,295,030
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	753,364	(375)	752,989
Legal and professional services	2,437,006	-	2,437,006
Travel	17,812	-	17,812
Insurance	20,916	-	20,916
Other	9,638	-	9,638
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	3,238,737	(375)	3,238,362
Change in fund balance/net position	56,293	375 ✓	56,668
Fund balance/net position - July 1, 2023	10,978	(\$68,460) ✓	(57,482)
Fund balance/net position - June 30, 2024	\$ 67,271	\$ (68,085) ✓	\$ (814) ✓

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, 2024

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$4,258,068	\$3,295,000	\$ (963,068)
Investment earnings	\$0	\$30	30
Miscellaneous Income	-	\$0	-
Total revenues	\$4,258,068	\$3,295,030	(963,038)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	929,676	753,364	176,312
Legal and professional services	3,250,992	2,437,006	813,986
Travel	22,200	17,812	4,388
Office expenses	2,400	2,276	124
Insurance	22,800	20,916	1,884
Other	30,000	\$7,362	22,638
Capital outlay	-	-	-
Total expenditures	4,258,068	3,238,737	1,019,331
Change in fund balance	\$ -	56,293	\$ 56,293
Fund balance - July 1, 2023		10,978	
Fund balance June 30, 2024		\$ 67,271	

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, 2024

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$221,200	\$ -	\$ 221,200
Due From Special Deposit Fund	\$0		\$0
Prepaid items	\$7,188	-	7,188
	228,388	-	228,388
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 228,388	-	\$ 228,388
Liabilities			
Liabilities:			
Accounts payable	63,152	-	63,152
Accrued salaries and benefits	23,630	-	23,630
Other accrued expenses	165,096		165,096
Compensated absences	0	\$68,460	68,460
	-	-	-
Total liabilities	\$ 251,878	\$ 68,460	\$ 320,338
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	7,188	(7,188)	-
Unreserved, undesignated	(30,678)	30,678	-
	-	-	-
Fund I Total fund balance	(23,490)	23,490	-
Total liabilities and fund balance	\$ 228,388		
Net Position:			
Unrestricted		(91,953)	(91,953)
Total Net Position		\$ (91,953)	\$ (91,953)

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, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 2,785,000	-	\$ 2,785,000
General revenues:			
Investment earnings	30	-	30
Miscellaneous Income	0	-	-
Total Revenues	2,785,030	-	2,785,030
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	683,953	-	683,953
Legal and professional services	2,093,612	-	2,093,612
Travel	16,699	-	16,699
Insurance	17,517	-	17,517
Other	7,720	-	7,720
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	2,819,501	-	2,819,501
Change in fund balance/net position	(34,471)	-	(34,471)
Fund balance/net position - July 1, 2023	10,978	(\$68,460)	(57,482)
Fund balance/net position - May 31, 2024	\$ (23,493)	\$ (68,460)	\$ (91,953)

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, 2024

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$3,903,229	\$2,785,000	\$ (1,118,229)
Investment earnings	\$0	\$30	30
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,903,229</u>	<u>\$2,785,030</u>	<u>(1,118,199)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	852,203	683,953	168,250
Legal and professional services	2,980,076	2,093,612	886,464
Travel	20,350	16,699	3,651
Office expenses	2,200	1,707	493
Insurance	20,900	17,517	3,383
Other	27,500	\$6,014	21,486
Capital outlay	-	-	-
Total expenditures	<u>3,903,229</u>	<u>2,819,501</u>	<u>1,083,728</u>
Change in fund balance	<u>\$ -</u>	(34,471)	\$ (34,471)
Fund balance - July 1, 2023		<u>10,978</u>	
Fund balance May 31, 2024		<u>\$ (23,493)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2024 through August 31, 2024

The August 31, 2024 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, 2024 shows a total difference of \$606,915 or 51.6% variance under budget. One line item or activity in the statement account for the majority of the difference. Professional fees were \$576,753 or 58.7% 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 one month ended
July 31, 2024

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$142,064	\$ -	\$ 142,064
Due From Special Deposit Fund	\$310,000		\$310,000
Prepaid items	\$1,837	-	1,837
	453,901	-	453,901
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 453,901	-	\$ 453,901
Liabilities			
Liabilities:			
Accounts payable	51,118	-	51,118
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	571,154		571,154
Compensated absences	0	\$68,085	68,085
	-	-	-
Total liabilities	\$ 656,591	\$ 68,085	\$ 724,676
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	1,837	(1,837)	-
Unreserved, undesignated	-	204,527	-
	-	-	-
Fund I Total fund balance	(202,690)	202,690	-
Total liabilities and fund balance	\$ 453,901		
Net Position:			
Unrestricted		(270,780)	(270,780)
Total Net Position		\$ (270,780)	\$ (270,780)

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, 2024

	General Fund	Adjustments	Statement of Activities
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ -	-	\$ -
General revenues:			
Investment earnings	0	-	-
Miscellaneous Income	<u>0</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>0</u>	<u>-</u>	<u>0</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	74,290	-	74,290
Legal and professional services	190,526	-	190,526
Travel	2,794	-	2,794
Insurance	1,752	-	1,752
Other	604	-	604
Capital outlay - Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>269,966</u>	<u>-</u>	<u>269,966</u>
Change in fund balance/net position	(269,966)	-	(269,966)
Fund balance/net position - July 1, 2024	<u>67,271</u>	<u>(\$68,085)</u>	<u>(814)</u>
Fund balance/net position - July 31, 2024	<u>\$ (202,695)</u>	<u>\$ (68,085)</u>	<u>\$ (270,780)</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, 2024

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$587,887	\$0	\$ (587,887)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	\$587,887	\$0	(587,887)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	91,084	74,290	16,794
Legal and professional services	490,959	190,526	300,433
Travel	1,850	2,794	(944)
Office expenses	200	199	1
Insurance	1,894	1,752	142
Other	1,900	\$405	1,495
Capital outlay	-	-	-
Total expenditures	587,887	269,966	317,921
Change in fund balance	\$ -	(269,966)	\$ (269,966)
Fund balance - July 1, 2024		67,271	
Fund balance July 31, 2024		\$ (202,695)	

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, 2024

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$249,380	\$ -	\$ 249,380
Due From Special Deposit Fund	\$310,000		\$310,000
Prepaid items	\$22,245	-	22,245
	<u>581,625</u>	<u>-</u>	<u>581,625</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 581,625</u>	<u>-</u>	<u>\$ 581,625</u>
Liabilities			
Liabilities:			
Accounts payable	450,614	-	450,614
Accrued salaries and benefits	34,319	-	34,319
Other accrued expenses	348,277		348,277
Compensated absences	0	\$68,085	68,085
	<u>-</u>	<u>68,085</u>	<u>68,085</u>
Total liabilities	<u>\$ 833,210</u>	<u>\$ 68,085</u>	<u>\$ 901,295</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	22,245	(22,245)	-
Unreserved, undesignated	(273,830)	273,830	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Total fund balance	<u>(251,585)</u>	<u>251,585</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 581,625</u>		
Net Position:			
Unrestricted		(319,673)	(319,673)
Total Net Position		<u>\$ (319,673)</u>	<u>\$ (319,673)</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, 2024

	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	155,254	-	155,254
Legal and professional services	405,165	-	405,165
Travel	3,311	-	3,311
Insurance	3,503	-	3,503
Other	1,625	-	1,625
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	568,859	-	568,859
Change in fund balance/net position	(318,859)	-	(318,859)
Fund balance/net position - July 1, 2024	67,271	(\$68,085)	(814)
Fund balance/net position - August 31, 2024	\$ (251,588)	\$ (68,085)	\$ (319,673)

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, 2024

	Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,175,774	\$250,000	\$ (925,774)
Investment earnings	\$0	\$0	-
Miscellaneous Income	-	\$0	-
Total revenues	\$1,175,774	\$250,000	(925,774)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	182,168	155,254	26,914
Legal and professional services	981,918	405,165	576,753
Travel	3,700	3,311	389
Office expenses	400	296	104
Insurance	3,788	3,503	285
Other	3,800	\$1,329	2,471
Capital outlay	-	-	-
Total expenditures	1,175,774	568,859	606,915
Change in fund balance	\$ -	(318,859)	\$ (318,859)
Fund balance - July 1, 2024		67,271	
Fund balance August 31, 2024		\$ (251,588)	