

**Audited Financial Statements
and Other Information**



June 30, 2019

Quigley & Miron

CLARE | MATRIX
Audited Financial Statements and Other Information
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June 30, 2019

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Independent Auditor's Report

Board of Directors
CLARE|MATRIX
Santa Monica, California

Report on the Financial Statements

We have audited the accompanying financial statements of CLARE|MATRIX, a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLARE|MATRIX as of June 30, 2019, and the changes in its net assets and its cash flows for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Other Information

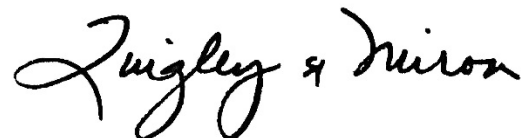
Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of CLARE | MATRIX's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CLARE | MATRIX's internal control over financial reporting and compliance.

Los Angeles, California
December 8, 2020

A handwritten signature in black ink, reading "Ziegler & Niron". The signature is written in a cursive, flowing style.

CLARE | MATRIX
Statement of Financial Position
June 30, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 1,060,233
Investments—Note D	245
Pledges receivable—Note F	331,495
Contracts, grants, and other receivables, net—Note G	2,690,191
Prepaid expenses and other assets	406,206

Total Current Assets 4,488,370

Non-Current Assets

Property and equipment, net—Note H	9,370,476
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Total Non-Current Assets 9,370,476

Total Assets \$ 13,858,846

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 2,686,993
Accrued expenses	1,246,083
Accrued interest payable	430,205
Deferred revenue	731,082
Long-term debt, current portion—Note I	2,227,722

Total Current Liabilities 7,322,085

Long-Term Debt, Noncurrent Portion—Note I

4,275,486

Total Liabilities 11,597,571

Net Assets

Without donor restrictions	
Undesignated	1,486,125
Board-designated cash reserve—Note C	122,088

Total Net Assets Without Donor Restrictions 1,608,213

With donor restrictions—Note J	653,062
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Total Net Assets 2,261,275

Total Liabilities and Net Assets \$ 13,858,846

See notes to financial statements.

CLARE | MATRIX
Statement of Activities
Year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Operating Activities			
Support and Revenues			
Government contracts	\$ 13,960,330	\$	\$ 13,960,330
Contributions	937,330	556,495	1,493,825
Fundraising events			
Gross revenue	497,694		497,694
Less cost of direct benefits to donors	(83,834)		(83,834)
Fundraising Events, Net	413,860		413,860
In-kind contributions	53,362		53,362
Service fees, net of discounts of \$60,203	110,915		110,915
Research income	84,231		84,231
Training income	583,414		583,414
Program revenue	43,717		43,717
Interest and dividends—Note D	6,536		6,536
Net assets released from restrictions	785,641	(785,641)	
Total Support and Revenues	16,979,336	(229,146)	16,750,190
Expenses			
Program services	15,387,829		15,387,829
Management and general	3,997,403		3,997,403
Fundraising	712,422		712,422
Total Expenses	20,097,654		20,097,654
Change in Net Assets From Operations	(3,118,318)	(229,146)	(3,347,464)
Nonoperating Activities			
Investment return, net—Note D	552		552
Total Nonoperating Activities	552		552
Change in Net Assets	(3,117,766)	(229,146)	(3,346,912)
Net Assets at Beginning of Year	4,725,979	882,208	5,608,187
Net Assets at End of Year	\$ 1,608,213	\$ 653,062	\$ 2,261,275

See notes to financial statements.

CLARE | MATRIX
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services				Supporting Services		Direct Benefits to Donors	Total
	Treatment Programs	Sober Living Programs	Outpatient and Other Services	Program Services Total	Management and General	Fundraising		
Salaries and wages	\$ 3,709,574	\$ 116,558	\$ 2,722,694	\$ 6,548,826	\$ 1,692,163	\$ 364,057	\$	\$ 8,605,046
Payroll taxes and benefits	1,584,042	46,079	194,496	1,824,617	392,633	62,333		2,279,583
Total Payroll Expense	5,293,616	162,637	2,917,190	8,373,443	2,084,796	426,390		10,884,629
Amortization of loan costs	2,862	4,700	1,495	9,057				9,057
Bank charges and fees	1,947	898	1,765	4,610	27,204	9,394		41,208
Board expense					21,767			21,767
Bus tokens	224	488		712				712
Conference, meals, and travel	220	13	64,284	64,517	20,840	1,555		86,912
Cost of direct benefits to donors							83,834	83,834
Depreciation and amortization	326,393	24,577	43,869	394,839	12,000	121		406,960
Donated services					53,362			53,362
Dues and fees	63,606	3,638	55,808	123,052	47,866	6,528		177,446
Equipment expenses	94,441	3,286	30,153	127,880	25,245	6,134		159,259
Food	182,346	95	215	182,656	12,422	2,084		197,162
Insurance—general	34,344	26,806	250,637	311,787	176,209	1,436		489,432
Interest expense	208,286		57,072	265,358	8,938			274,296
Laboratory fees			136,647	136,647				136,647
Medical supplies			46,643	46,643				46,643
Office supplies	9,218	199	8,214	17,631	32,125	9,588		59,344
Miscellaneous expense					34,116			34,116
Payroll expense			40,584	40,584	6,921	3,327		50,832
Postage	850	280	11,029	12,159	7,222	2,040		21,421
Printing	10,673	653	20,059	31,385	23,176	19,069		73,630
Professional fees	468,259	10,338	2,319,279	2,797,876	874,388	214,823		3,887,087
Property taxes	4,359	1,390	1,467	7,216	4,214			11,430
Recreation	18,489	9,469	6,811	34,769	8,714	1,363		44,846
Rent		612,200	859,883	1,472,083	299,817			1,771,900
Repairs and maintenance	194,257	34,101	150,039	378,397	72,373	1,874		452,644
Staff expense	895	44	648	1,587	11,847	2,386		15,820
Publicity and information			18,058	18,058	31,307	1,655		51,020
Supplies	90,448	19,126	107,937	217,511	989			218,500
Telephone	24,438	1,355	43,424	69,217	12,315	30		81,562
Training	1,622	19	730	2,371	3,374	233		5,978
Utilities	89,366	51,179	44,979	185,524	23,378	2,180		211,082
Vehicle expense	24,909	2,613	32,343	59,865	60,397	212		120,474
Vehicle insurance	170	11	214	395	81			476
Total Expenses by Function	7,146,238	970,115	7,271,476	15,387,829	3,997,403	712,422	83,834	20,181,488
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors							(83,834)	(83,834)
Total Expenses	\$ 7,146,238	\$ 970,115	\$ 7,271,476	\$ 15,387,829	\$ 3,997,403	\$ 712,422	\$	\$ 20,097,654

See notes to financial statements.

CLARE | MATRIX
Statement of Cash Flows
Year ended June 30, 2019

Cash Flows from Operating Activities	
Change in net assets	\$ (3,346,912)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization of forgivable loans	(142,857)
Depreciation and amortization	406,960
Amortization of loan costs	9,057
Investment gains	(552)
Changes in operating assets and liabilities:	
Pledges receivable	(328,450)
Contracts, grants, and other receivables	299,912
Prepaid expenses and other assets	85,109
Accounts payable	1,674,343
Accrued expenses	812,659
Accrued interest payable	32,016
Deferred revenue	727,461
	<hr/>
Net Cash Provided by Operating Activities	228,746
Cash Flows from Investing Activities	
Proceeds from sales of investments	116,918
Purchases of property and equipment	(2,205,047)
	<hr/>
Net Cash Used in Investing Activities	(2,088,129)
Cash Flows from Financing Activities	
Principal payments on long-term debt	(84,583)
	<hr/>
Net Cash Used in Financing Activities	(84,583)
Decrease in Cash and Cash Equivalents	(1,943,966)
Cash and Cash Equivalents at Beginning of Year	3,004,199
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Cash and Cash Equivalents at End of Year	\$ 1,060,233
	<hr/> <hr/>
Supplementary Disclosures	
Interest paid	\$ 274,296
Income taxes paid	\$ -0-
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See notes to financial statements.

CLARE|MATRIX
Notes to Financial Statements
June 30, 2019

Note A—Organization

On April 2, 2018, CLARE|MATRIX was formed through the merger of CLARE Foundation and The Matrix Institute on Addictions. CLARE|MATRIX is a nonprofit organization that changes the lives of individuals and families and strengthens communities affected by alcohol, substance use, and behavioral health issues by providing proven and effective treatment, education, research, and training. The CLARE Foundation and Matrix Institute on Addictions joined forces and today, we have become an industry-defining organization that successfully combines the CLARE Foundation's 50+ years of expertise delivering an extensive continuum of residential services with the Matrix Model – an evidenced-based practice that has worldwide recognition for its outpatient treatment model, research and training. CLARE|MATRIX's continuum of care includes assessment and referral, detoxification, residential or outpatient treatment, prevention and mental health services. CLARE|MATRIX program services have been certified by CARF, an international accrediting agency.

Note B—Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. CLARE|MATRIX recognizes contributions, including unconditional promises to give, as revenue in the period received. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of CLARE|MATRIX and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of CLARE|MATRIX. These net assets may be used at the discretion of CLARE|MATRIX's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of CLARE|MATRIX and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit CLARE|MATRIX to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of CLARE|MATRIX to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

CLARE|MATRIX

Notes to Financial Statements—Continued

Note B—Significant Accounting Policies—Continued

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of CLARE|MATRIX's program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—CLARE|MATRIX is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Accordingly, no provision for income taxes is included in the financial statements. In addition, CLARE|MATRIX has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2019. Generally, CLARE|MATRIX's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash Equivalents—CLARE|MATRIX considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment—Property and equipment are stated at cost for purchased items, and at an estimated fair market value at date of gift, for donated items. CLARE|MATRIX uses the straight-line method of depreciation with a useful life of from three to ten years for automobiles and equipment and thirty-one years for buildings. Amounts over \$1,000 are capitalized when such amounts are determined to benefit future periods.

Concentrations of Credit Risk—Financial instruments which potentially subject CLARE|MATRIX to concentrations of credit risk consist of cash and cash equivalents, money market funds, certificates of deposit, investment securities, and receivables. CLARE|MATRIX places its cash and cash equivalents, and certificates of deposit with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) at 100% for non-interest-bearing accounts and up to \$250,000 for interest-bearing accounts, per institution. CLARE|MATRIX places its money market funds with a large securities broker-dealer where the funds are guaranteed by the Securities Investor Protection Corporation (SIPC) up to \$500,000 per institution. In addition, the broker-dealer has \$2,000,000 in supplementary insurance. At June 30, 2019, CLARE|MATRIX had no cash and cash equivalent balances in excess of the insured limits.

Investment securities may include common stock, mortgage and asset-backed securities, corporate bonds and government securities. The investment portfolio is managed by a large securities broker-dealer under an investment policy established by CLARE|MATRIX. CLARE|MATRIX's major funding sources are government agencies (including state and local agencies). Approximately 76% of its support and revenue for the year ended June 30, 2019 was derived from governmental sources.

CLARE|MATRIX

Notes to Financial Statements—Continued

Note B—Significant Accounting Policies—Continued

Pledges receivable consist of balances from individuals, local foundations and corporations. CLARE|MATRIX has determined that no allowance for potential losses due to uncollectible pledges receivables was necessary at June 30, 2019 and 2018. Contracts and grants receivable consist of balances from government agencies. Management has determined an allowance amount deemed to be adequate to cover potential losses on contracts and grants receivable at June 30, 2019 and 2018.

Government Contract Revenue—Revenue earned on government fee-for-service contracts are recognized as the services are rendered. The contracts are generally paid on a cost-reimbursement basis.

In-Kind Contributions—A gift-in-kind is an item such as equipment, software, or a product that a donor voluntarily transfers to CLARE|MATRIX without charge or consideration, to further the mission of the organization. This includes services that provide specific professional skills in their area of expertise or skill set to address the needs of people in the CLARE|MATRIX program, staff, or administrative needs of the organization. Such services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In-kind contributions received for programs are recorded as support in the financial statements at estimated value and also as an expense of providing program services. During the year ended June 30, 2019, in-kind contributions consisted of services valued at \$53,362.

Service Fees—Service fees are recognized at the time services are provided.

Program Revenue—Program revenue is recognized when services are provided or supplies are sold.

Advertising Costs—Advertising costs are expensed as incurred and amounted to \$32,962 for the year ended June 30, 2019.

CLARE | MATRIX

Notes to Financial Statements—Continued

Note B—Significant Accounting Policies—Continued

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. The methods of expense allocation are as follows:

Method of Allocation	Allocated Expense
Based on % of Sq Ft:	Depreciation and amortization Insurance—general Interest expense Property taxes Rent Repairs and maintenance Utilities
Avg between % of FTEs and % of Sq Ft:	Bank charges and fees Literature Supplies
Charged directly to program:	Amortization of loan costs Bus tokens Donated goods and food Donated services Medical supplies Office supplies
Based on % of FTEs:	Board expense Conference, meals, and travel Dues and fees Equipment expenses Food Laboratory fees Miscellaneous expense Payroll expense Payroll taxes and benefits Postage Printing Professional fees Publicity and information Recreation Salaries and wages Staff expense Telephone Training Vehicle expense Vehicle insurance

Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CLARE | MATRIX**Notes to Financial Statements—Continued****Note C—Availability and Liquidity**

CLARE | MATRIX's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately \$2,920,000). As part of its liquidity plan, CLARE | MATRIX has a board-designated cash reserve totaling \$122,088 designated to provide the organization with cash operating reserves.

The following represents the availability and liquidity of CLARE | MATRIX's financial assets at June 30, 2019 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$ 738,666
Investments	245
Contracts, grants, and other receivables	<u>2,690,191</u>
Current Availability of Financial Assets	<u>\$ 3,429,102</u>

The following represents the availability and liquidity of CLARE | MATRIX's board-designated net assets at June 30, 2019 to cover operating expenses for the next fiscal year:

Investments	\$ 245
Money market funds	<u>121,843</u>
Total	<u>\$ 122,088</u>

Note D—Investments

As of June 30, 2019, investments consist of the following:

Fixed income securities	<u>245</u>
Total	<u>\$ 245</u>

Investment activity for the year ended June 30, 2019 is as follows:

Investment gains	<u>\$ 552</u>
Investment Return, Net	552
Interest and dividends	<u>6,536</u>
Total Investment Return	<u>\$ 7,088</u>

CLARE | MATRIX

Notes to Financial Statements—Continued

Note E—Fair Value Measurements

In determining the fair value of assets and liabilities, CLARE | MATRIX utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. CLARE | MATRIX determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded. CLARE | MATRIX's Level 1 assets consist of mutual funds and exchange traded funds at June 30, 2019.

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data. CLARE | MATRIX's Level 2 assets consist of certificates of deposit and mortgage- and asset-backed securities.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. CLARE | MATRIX had no Level 3 assets or liabilities at June 30, 2019.

CLARE | MATRIX may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by CLARE | MATRIX to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. CLARE | MATRIX had no assets or liabilities classified at NAV as a practical expedient during the year ended June 30, 2019.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2019 consist of investments in stocks, options, exchange traded funds, mutual funds, and fixed income funds, which are considered to have Level 1 inputs.

Note F—Pledges Receivable

Pledges receivable at June 30, 2019 consist of pledges for operations totaling \$331,495. All pledges receivable are due within one year.

CLARE | MATRIX**Notes to Financial Statements—Continued****Note G—Contracts, Grants, and Other Receivables, Net**

Net contracts, grants, and other receivables consist of the following at June 30, 2019:

Public funding agencies	\$	3,010,368
Fees		79,120
		<hr/>
	Gross	3,089,488
Less allowance for doubtful accounts		(399,297)
		<hr/>
	Net	\$ 2,690,191
		<hr/>

Activity in the allowance for doubtful accounts for the year ended June 30, 2019 follows:

Balance at beginning of year	\$	(492,527)
Reduction of allowance for doubtful accounts		93,230
		<hr/>
	End of Year	\$ (399,297)
		<hr/>

Note H—Property and Equipment, Net

Net property and equipment consist of the following at June 30, 2019:

Land	\$	1,383,339
Buildings and improvements		8,711,377
Construction in progress		3,845,796
Furniture and fixtures		1,305,425
Transportation equipment		189,900
Leasehold improvements		568,319
		<hr/>
		16,004,156
Less accumulated depreciation and amortization		(6,633,680)
		<hr/>
	Net	\$ 9,370,476
		<hr/>

Depreciation expense for the year ended June 30, 2019 is \$406,960.

CLARE | MATRIX**Notes to Financial Statements—Continued****Note I—Long-Term Debt**

Long-term debt consists of the following at June 30, 2019:

Mortgage loan to Pacific Premier Bank, secured by deed of trust by property located at 1002 Pico Blvd., Santa Monica, CA, principal paid over 109 monthly installments, based upon a 300-month amortization, plus interest, with the balance due at maturity, April 1, 2028, interest is fixed at 4.75% for 84 months, thereafter variable interest rate plus 3.50%, based on the average interbank rates for U.S. dollar-denominated deposits in the London markets \$ 1,349,670

Mortgage loan to Pacific Premier Bank, secured by deed of trust on property located at 1023 Pico Blvd., Santa Monica, CA, principal paid over 109 monthly installments, based upon a 300-month amortization, plus interest, with the balance due at maturity, April 1, 2028, interest is fixed at 4.75% for 84 months, thereafter variable interest rate plus 3.50%, based on the average interbank rates for U.S. dollar-denominated deposits in the London markets 1,244,311

Mortgage loan to Pacific Premier Bank, secured by deed of trust on properties located at 1867-1871 and 1865-1869 Ninth Street, Santa Monica, CA, principal and interest paid over a 300-month amortization period, remaining principal due at maturity in ten years, interest at 4.75% for seven years, adjustable thereafter at 6-month LIBOR plus 3.50%, with a floor equal to 4.75% 1,855,999

\$547,000 loan from California Department of Housing and Community Development-EHAPCD, secured by subordinated deed of trust on property located at 901 Pico Boulevard, Santa Monica, CA, interest rate at 3.00%, principal and accrued interest of \$143,840, forgiven upon final approval of EHAPCD subsequent to June 30, 2019 on August 16, 2019 547,000

\$436,820 loan from California Department of Housing and Community Development-EHAPCD, secured by subordinated deed of trust on property located at 907 Pico Boulevard, Santa Monica, CA, interest rate at 3.00%, principal and accrued interest of \$120,810 forgiven upon final approval of EHAPCD, subsequent to June 30, 2019 on August 16, 2019 436,820

CLARE | MATRIX

Notes to Financial Statements—Continued

Note I—Long-Term Debt—Continued

\$1,000,000 loan from California Department of Housing and Community Development-EHAPCD, secured by subordinated deed of trust on property located at 844 Pico Boulevard, Santa Monica, CA, interest rate at 3.00%, principal and accrued interest of \$165,554 forgiven upon final approval of EHAPCD, subsequent to June 30, 2019 on August 16, 2019

\$ 1,000,000

\$1,000,000 loan from Community Development Commission of the County of Los Angeles (HHPF-CCP), secured by subordinated deed of trust on property located at 844 Pico Boulevard, Santa Monica, CA, interest rate at 3.00%, principal and accrued interest to be forgiven annually, in equal installments, over a seven-year period from initial occupancy of the property, forgiveness is estimated to be completed November 2019

142,858

Total Long-Term Debt **6,576,658**

Less current portion

(2,227,722)

Less unamortized debt issuance costs

(73,450)

Long-Term Portion of Long-Term Debt **\$ 4,275,486**

Future principal payments required by long-term debt as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Future Payments</u>	<u>Future Amortization</u>	<u>Total</u>
2020	\$ 101,045	\$ 2,126,677	\$ 2,227,722
2021	105,443	142,858	248,301
2022	111,219		111,219
2023	116,697		116,697
2024	119,687		119,687
Thereafter	3,753,032		3,753,032
Totals	\$ 4,307,123	\$ 2,269,535	\$ 6,576,658

Note J—Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2019 are detailed below:

Subject to expenditure for specified purpose:

Client residential programs \$ 95,790

Women's Treatment program 505,000

Other programs 52,272

Total Net Assets With Donor Restrictions **\$ 653,062**

CLARE | MATRIX**Notes to Financial Statements—Continued****Note J—Net Assets with Donor Restrictions—Continued**

Net assets released from donor restrictions for the year ended June 30, 2019 are as follows:

Satisfaction of purpose restrictions:		
9th Street Capital Project	\$	785,391
Other programs		<u>250</u>
Total Net Assets Released from Donor Restrictions	\$	<u>785,641</u>

Note K—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although this is a possibility, except as described below, the Board generally deems the contingency remote, since, by accepting a grant and its terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

In the normal course of operations, CLARE | MATRIX is subject to certain loss contingencies, such as litigation. In management’s opinion, the liability, if any, for such contingencies will not have a material effect on CLARE | MATRIX’s financial position.

Note L—Lease Commitments

CLARE | MATRIX leased a building for outpatient program support for 16 years at \$1 per year; the lease ended August 31, 2019. CLARE | MATRIX also leases space under various leases, which expire in 2019 through 2027. Future minimum rental payments for these leases as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>		
2020	\$	1,636,199
2021		1,236,715
2022		1,174,830
2023		1,122,848
2024		717,351
Thereafter		<u>1,902,739</u>
Total	\$	<u>7,790,682</u>

Rent expense for the year ended June 30, 2019 totaled \$1,771,899.

CLARE|MATRIX

Notes to Financial Statements—Continued

Note M—Retirement Plan

CLARE|MATRIX has a 403(b) Tax Sheltered Annuity Plan covering all eligible employees. Active participants may elect to have CLARE|MATRIX make salary reduction contributions on their behalf up to the maximum set by the applicable Internal Revenue Codes. The plan permits CLARE|MATRIX to make discretionary matching contributions on the first 6% of participant contributions. Matching contributions for the year ended June 30, 2019 totaled \$106,840.

Note N—Related Party Transactions

During the year ended June 30, 2019, one board member continued to have a 10% interest in the office building on Washington Boulevard in which CLARE|MATRIX rents space; total rental payments related to this building received during the year ended June 30, 2019 amounted to \$219,782.

Note O—Recent Accounting Pronouncements

Leases—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2016-02, *Leases* (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. CLARE|MATRIX is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2019. The guidance permits the use of either a retrospective or cumulative effect transition method. CLARE|MATRIX is evaluating whether this will have a material impact on its financial statements.

CLARE|MATRIX

Notes to Financial Statements—Continued

Note O—Recent Accounting Pronouncements—Continued

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the definition of an exchange transaction. As a result, not-for-profit entities (NFPs) will account for most federal grants as donor-restricted conditional contributions rather than as exchange transactions (the prevalent practice today). An accommodation (“simultaneous release” option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today. Donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are required. ASU 2018-08 is effective for resource recipients with fiscal years beginning after December 15, 2019, and for resource providers with fiscal years beginning after December 15, 2020; early adoption is permitted. CLARE|MATRIX is currently evaluating the impact that the adoption of ASU 2018-08 will have on its financial statements.

Note P—Subsequent Events

On August 16, 2019, CLARE|MATRIX and the Department of Housing and Community Development (DHCD) entered into an agreement whereby the State of California forgave two EHAPCD loans in the amount of \$547,000 and \$436,820. Additionally, the State of California forgave the remaining EHAPCD loan in the amount of \$1,000,000 after 4 years. The State of California also allowed CLARE|MATRIX to seek financing using the property at 844 Pico as collateral, subordinating their position.

On October 1, 2019, the Los Angeles Clinic, located on Washington Blvd. in Los Angeles, California experienced a fire and the building was completely destroyed. As such, the lease was also terminated as of the date of the fire. Further, CLARE|MATRIX has no related party transactions as of the date of the fire.

During 2019, CLARE|MATRIX’s board and management made the decision to sell the property located at 901-909 Pico Blvd. in Santa Monica, California. Due to market conditions, management believes this transaction will occur in the first half of 2021. On January 6, 2020 CLARE|MATRIX secured a one-year Bridge Loan of \$3M with USI collateralized with the 901-909 Pico Blvd property. The loan (principal and any unpaid interest) is due in full upon sale of the property or January 5, 2021 whichever comes first.

Additionally, the note may be paid at CLARE|MATRIX management’s discretion, with no prepayment penalty. The interest rate on the note is 7.90% and interest payments are made on the first of every month in the amount of \$19,750.

CLARE | MATRIX

Notes to Financial Statements—*Continued*

Note P—Subsequent Events—*Continued*

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Due to these events, the following subsequent event occurred:

- On April 18, 2020, CLARE | MATRIX received \$2,155,075 of Paycheck Protection Program (PPP) funding from the Small Business Administration (SBA). While these funds carry loan repayment terms, it is the opinion of management that all funds received will be forgiven under the present terms of PPP.

Management evaluated all activities of CLARE | MATRIX through December 8, 2020, which is the date the financial statements were available to be issued, and concluded that no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

CLARE | MATRIX
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Grant Amount</u>	<u>Grant Period</u>	<u>Expenditures</u>	<u>Subrecipients</u>
U.S. Department of Health and Human Services						
Substance Abuse and Mental Health Services Projects of Regional and National Significance						
Direct award	93.243	1H79T1080365-02	\$ 524,000	9/30/18-9/29/19	\$ 524,000	\$
	93.243	1H79T1080365-01	524,000	9/30/17-9/29/18	157,066	
	93.243	1H79TI080494-01	400,000	9/30/18-9/29/23	164,953	
	93.243	1H79T1080708-01	500,000	9/30/17-9/29/18	104,080	
	93.243	5H79T1026801-02	500,000	9/30/18-9/29/19	456,531	
	93.243	1H79T1081496-01	524,570	9/30/18-9/29/19	148,456	
				Total CFDA No. 93.243	1,555,086	
Block Grants for Prevention and Treatment of Substance Abuse						
Passed through:						
County of Los Angeles Public Health	93.959	PH-002789	367,190	7/1/18-6/30/19	367,190	
	93.959	PH-002814	203,860	7/1/18-6/30/19	203,860	
	93.959	PH-002984	1,540	7/1/18-6/30/19	1,540	
	93.959	PH-002702	171,712	7/1/18-6/30/19	171,712	
Passed through:						
County of San Bernardino	93.959	17-446	375,000	7/1/18-6/30/19	292,642	
				Total CFDA No. 93.959	1,036,944	

CLARE | MATRIX
Schedule of Expenditures of Federal Awards—cont'd
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grantor's Number	Federal Grant Amount	Grant Period	Expenditures	Subrecipients
U.S. Department of Health and Human Services <i>—cont'd</i>						
Medicaid Cluster						
Medical Assistance Program (Medicaid; Title XIX)						
Passed through:						
County of Los Angeles Public Health	93.778	PH-002702	\$ 3,302,463	7/1/18-6/30/19	\$ 1,429,569	\$
County of San Bernardino	93.778	14-590	250,000	7/1/18-6/30/19	125,616	
	93.778	n/a	250,000	7/1/18-6/30/19	33,600	
	93.778	17-336	311,300	7/1/18-6/30/19	27,294	
Total Medicaid Cluster CFDA Nos. 93.775, 93.777, and 93.778					1,616,079	
Substance Abuse and Mental Health Services Administration: State Targeted Response to the Opioid Crisis Grants						
Passed through:						
State of California Department of Health Care Services	93.788	17-94470/STR-61	4,817,960	8/1/17-6/30/19	2,353,762	402,483
Total CFDA No. 93.788					2,353,762	402,483
Total U.S. Department of Health and Human Services					6,561,871	402,483
Total Federal Awards					\$ 6,561,871	\$ 402,483

See notes to schedule of expenditures of federal awards.

CLARE|MATRIX
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Note A—Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of CLARE|MATRIX under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of CLARE|MATRIX, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CLARE|MATRIX.

Note B—Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note C—Indirect Cost Rate

CLARE|MATRIX has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CLARE|MATRIX
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

Finding 2018-001: Government Contract Billings

Prior audit finding 2018-001 initially occurred during fiscal year 2018.

Status of Prior Audit Finding: Planned corrective action was completed during the current fiscal year ended June 30, 2019. CLARE|MATRIX has dedicated additional resources to investigate denial workouts and has implemented a monthly denial analysis review process. Management has also worked with Government agencies to obtain payment data that assisted management with its reconciliations.

Finding 2018-002: Accounts Receivable from Fee Income

Prior audit finding 2018-002 initially occurred during fiscal year 2018.

Status of Prior Audit Finding: Planned corrective action was completed during the current fiscal year ended June 30, 2019. CLARE|MATRIX agrees with the finding and implemented a monthly reconciliation process, tying activity together from accounts receivable, billings and collections. Specific resources were tasked with identifying denial reasons, resubmitting billings and collecting cash for services rendered.

Finding 2018-003: Accounts Payable

Prior audit finding 2018-003 initially occurred during fiscal year 2018.

Status of Prior Audit Finding: Planned corrective action was still in progress during the current fiscal year, as of June 30, 2019. Subsequent to June 30, 2019, CLARE|MATRIX initiated implementation of a monthly reconciliation and review process to ensure accounts payable are properly recorded and reconciled to the general ledger.

Finding 2018-004: Shared Costs and Allocations to Federally Funded Contracts

Prior audit finding 2018-004 initially occurred during fiscal year 2018.

Status of Prior Audit Finding: Planned corrective action was completed during the current fiscal year ended June 30, 2019. CLARE|MATRIX initiated performance of a study of shared and allocated costs and updated the allocations based on current time and effort reports. Staff received appropriate training to perform such studies. Management also received training and the responsibility of reviewing and approving shared allocation costs.

Finding 2018-004: Schedule of Expenditures of Federal Awards

Prior audit finding 2018-005 initially occurred during fiscal year 2018.

Status of Prior Audit Finding: Planned corrective action was completed during the current fiscal year ended June 30, 2019. CLARE|MATRIX implemented procedures to identify expenditures to be reported on and to properly prepare the schedule of expenditures of federal awards.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
CLARE|MATRIX
Santa Monica, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of CLARE|MATRIX, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2019, and the related notes to the financial statements and have issued our report thereon dated December 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CLARE|MATRIX's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CLARE|MATRIX's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CLARE|MATRIX's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CLARE | MATRIX's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of CLARE | MATRIX's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CLARE | MATRIX's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Los Angeles, California
December 8, 2020

A handwritten signature in black ink that reads "Zugley & Miron". The signature is written in a cursive, flowing style.

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
CLARE|MATRIX
Santa Monica, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of CLARE|MATRIX with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2019. CLARE|MATRIX's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CLARE|MATRIX's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CLARE|MATRIX's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CLARE|MATRIX's compliance.

Opinion on Each Major Federal Program

In our opinion, CLARE|MATRIX complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal award program for the year ended June 30, 2019.

Report on Internal Control over Compliance

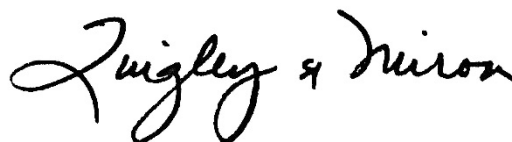
CLARE | MATRIX's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CLARE | MATRIX's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CLARE | MATRIX's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance, and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Los Angeles, California
December 8, 2020

CLARE|MATRIX
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statement of CLARE|MATRIX was prepared in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies relating to internal control over financial reporting were identified during the audit.
3. No instances of noncompliance material to the financial statement of CLARE|MATRIX were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to internal control over major programs were identified during the audit.
5. The auditor's report on compliance for the major federal award program of CLARE|MATRIX expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations section 200.516(a).
7. The programs tested as major programs were the U.S. Department of Health and Human Services, *Substance Abuse and Mental Health Services Projects of Regional and National Significance*, CFDA No. 93.243; *Block Grants for Prevention and Treatment of Substance Abuse*, CFDA No. 93.959; *Medicaid Cluster, Medical Assistance Program (Medicaid, Title XIX)*, CFDA Nos. 93.775, 93.777, and 93.778; and *Substance Abuse and Mental Health Services Administration: State Targeted Response to the Opioid Crisis Grants*, CFDA 93.788.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. CLARE|MATRIX was determined not to be a low-risk auditee.

B. Findings—Financial Statements Audit

None

C. Findings and Questioned Costs—Major Federal Award Program

None

CLARE | MATRIX
Corrective Action Plan
Year Ended June 30, 2019

As there were no audit findings or questioned costs for the year ended June 30, 2019, a corrective action plan is not required.