CLARE|MATRIX
Financial Statements
June 30, 2025
With Independent Auditor's Report

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ADVISORY TAX AUDIT

CLARE|MATRIX
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Independent Auditor's Report

To the Board of Directors of
CLARE|MATRIX:

Opinion

We have audited CLARE|MATRIX (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net deficit, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 1 to the financial statements, the Organization has suffered recurring losses from operations and has stated that substantial doubt exists about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of the uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statemen.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Withum Smith + Brown, PC

October 30, 2026

CLARE|MATRIX
Statement of Financial Position
June 30, 2025

Assets		
Cash and cash equivalents	$	2,167,280
Government grants receivables, net		3,486,910
Other receivables		218,926
Prepaid expenses		250,874
Property and equipment		1,953,011
Right-of-use assets, operating leases		1,457,121
Deposits		55,873
Total assets	$	9,589,995
Liabilities and Net Deficit		
Liabilities		
Accounts payable and accrued expenses	$	4,661,212
Debt		4,618,750
Related-parties payable		2,300,000
Deferred revenue		1,550,517
Operating lease liabilities		1,588,102
Total liabilities		14,718,581
Net deficit		
Net deficit without donor restrictions		(5,128,586)
Total liabilities and net deficit	$	9,589,995

The Notes to Financial Statements are an integral part of this statement.

CLARE|MATRIX
Statement of Activities and Changes in Net Deficit
Year Ended June 30, 2025

	Without Donor Restrictions
Support and revenues	
Government contracts	$ 10,596,484
Contributions	829,691
Training income	224,257
Special event revenue, net	234,280
Miscellaneous income	8,270
Total support and revenues	11,892,982
Expenses	
Program services	12,266,878
Management and general	3,054,896
Fundraising	487,996
Total expenses	15,809,770
Other income	
Legal settlement revenue	1,673,354
Legal settlement expenses	(499,285)
Total other income	1,174,069
Changes in net deficit	(2,742,719)
Net deficit	
Beginning of year	(2,385,867)
End of year	$ (5,128,586)

The Notes to Financial Statements are an integral part of this statement.

CLARE|MATRIX
Statement of Functional Expenses
Year Ended June 30, 2025

	Treatment Programs	Sober Living	Outpatient and Other Services	Program Services Total	Management and General	Fundraising	Total
Salaries and wages	$ 1,812,282	$ 93,104	$ 3,004,596	$ 4,909,982	$ 1,377,215	$ 275,788	$ 6,562,985
Payroll taxes and benefits	268,239	13,353	1,247,418	1,529,010	197,200	41,300	1,767,510
Total payroll expense	2,080,521	106,457	4,252,014	6,438,992	1,574,415	317,088	8,330,495
Bad debt expense	109,290	10,929	244,081	364,300	-	-	364,300
Bank charges and fees	2,196	387	3,824	6,407	6,807	3,753	16,967
Client hospitality and medical	413,202	6,644	411,130	830,976	28,709	339	860,024
Depreciation	48,756	8,604	154,155	211,515	151,153	-	362,668
Dues and subscriptions	18,120	1,631	60,271	80,022	23,958	17,713	121,693
Information technology	92,370	5,011	162,508	259,889	74,028	14,937	348,854
Insurance	34,972	2,108	182,132	219,212	37,030	39	256,281
Interest expense	77,917	7,170	254,091	339,178	101,326	-	440,504
Lease expense	198,132	122,997	1,107,407	1,428,536	424,727	-	1,853,263
Miscellaneous expense	-	-	217,241	217,241	-	-	217,241
Office equipment and supplies	36,203	3,588	63,193	102,984	21,186	5,250	129,420
Printing and postage	7,627	676	17,699	26,002	6,997	11,555	44,554
Professional fees	324,261	25,899	982,940	1,333,100	454,970	83,446	1,871,516
Repairs and maintenance	43,143	3,700	185,641	232,484	32,807	54	265,345
Special projects	-	39,636	-	39,636	80,544	-	120,180
Staff and board development	3,974	671	38,987	43,632	11,781	33,822	89,235
Telephone	53,208	2,894	36,670	92,772	24,458	-	117,230
Total expenses	$ 3,543,892	$ 349,002	$ 8,373,984	$ 12,266,878	$ 3,054,896	$ 487,996	$ 15,809,770

The Notes to Financial Statements are an integral part of this statement.

CLARE|MATRIX
Statement of Cash Flows
Year Ended June 30, 2025

Operating activities	
Change in net deficit	$ (2,742,719)
Adjustments to reconcile change in net deficit to net cash used in operating activities	
Provision for bad debt	364,300
Depreciation	362,668
Amortization of right-of-use assets	1,308,209
Changes in operating assets	
Government grants receivables	(642,953)
Other receivables	215,811
Prepaid expenses	(138,916)
Changes in operating liabilities	
Accounts payable and accrued expenses	2,237,165
Operating lease obligations	(1,390,164)
Deferred revenue	(347,594)
Net cash used in operating activities	(774,193)
Investing activities	
Purchase of property and equipment	(23,454)
Net cash used in investing activities	(23,454)
Financing activities	
Proceeds from related parties payable	2,300,000
Net cash provided by financing activities	2,300,000
Net change in cash and cash equivalents	1,502,353
Cash and cash equivalents	
Beginning of year	664,927
End of year	$ 2,167,280

The Notes to Financial Statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

a. Organization

On April 2, 2018, CLARE|MATRIX (the “Organization”) was formed through the merger of CLARE Foundation and The Matrix Institute on Addictions. The Organization 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, 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. The Organization’s continuum of care includes assessment and referral, detoxification, residential or outpatient treatment, prevention and mental health services. The Organization’s program services have been certified by the Commission on Accreditation of Rehabilitation Facilities (“CARF”), an international accrediting agency.

b. Going Concern Uncertainty

The financial statements of the Organization have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, the Organization has been experiencing operating cash flow deficits, which were $774,193 during the year ended June 30, 2025, and its overall financial position has decreased with a net asset deficit of $5,128,586. Additionally, over $4,150,000 of debt is scheduled to mature by December 2026. The Organization is currently in negotiations to extend the debt to June 2027 maturity. These factors create substantial doubt about the Organization’s ability to continue as a going concern. Management is monitoring the operations, cutting costs where it is able, aggressively pursuing collections on receivables, applying for new grant funds, and improving efficiency of operations in order to generate cash and continue as a going concern. However, there can be no assurances that management will be successful in these efforts. The financial statements do not include any adjustments that might result from this uncertainty.

c. Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization records gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without restrictions and reported in the statement of activities and changes in net deficit as net assets released from donor restrictions. Contributions with donor-imposed restrictions that are received and spent in the same year have been recorded as net assets without donor restrictions in the accompanying statement of activities and changes in net deficit.

d. Measure of Operations

The statement of activities and changes in net deficit reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing purpose. Nonoperating activities are limited to resources that generate returns from investments and activities considered to be of a more unusual or nonrecurring nature.

e. Cash and Cash Equivalents

For purposes of the statement of financial position and statement of cash flows, the Organization considers highly liquid investments and investments with original maturities of three months or less to be cash and cash equivalents.

f. Receivables and Allowance for Doubtful Accounts

Contracts, grants and other receivables are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations in the year in which those differences are determined, with an offsetting entry to the valuation allowance for accounts receivable. Balances that are still outstanding after management used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The adequacy of the Organization’s reserves for allowance for doubtful accounts are reviewed on an ongoing basis, using historical payments trends, assessment of economic conditions and write off experience.

The Organization recorded an allowance for doubtful accounts of $2,259,735 as of June 30, 2025. The allowance for doubtful accounts increased from $1,895,435 at July 1, 2024 to $2,259,735 at June 30, 2025, reflecting an additional provision of $364,300 during the year. No write-offs or recoveries were recorded during the period. Government grant receivables was $3,208,257 and other receivables was $434,737 as of July 1, 2024.

g. Property and Equipment

Property and equipment are recorded at cost for purchased items, and at an estimated fair market value at date of gift, for donated items. The Organization uses the straight-line method of depreciation with a useful life of from three to ten years for transportation equipment and furniture and thirty-one years for buildings. Amounts over $1,000 are capitalized when such amounts are determined to benefit future periods. Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income.

h. Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

i. Concentrations of Credit Risk

The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Organization's financial condition, changes in net deficit, and cash flows. As of June 30, 2025, the Organization's cash accounts exceeded federally insured limits by approximately $2,293,000.

j. Contributed Services and Contributed Nonfinancial Assets

Contributed goods are recorded at their fair value at the date of the gift. In the absence of time or donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization did not receive any material donation of non-cash items for the year ended June 30, 2025.

k. Revenue

For training courses provided to individuals and other organizations, revenues are recognized as the services have been provided, the appropriate party has been billed, and collection is likely.

Special event revenue is recognized upon completion of the events and recorded net of direct costs.

l. Grants and Contribution

Grants
The Organization receives funding under grants from federal, state and county agencies, as well as from private grantors. This funding is subject to contractual conditions which must be met through incurring qualifying expenses for particular programs. Revenue is recognized only when the funds are utilized to carry out the activity stipulated in the grant agreement. Contracts and grants receivable represent amounts due from organizations for reimbursable expenses incurred.

Contributions
Contributions, including unconditional promises to give, are recognized when received or pledged by the donor. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction.

Unconditional promises to give are reported at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected.

m. Deferred Revenue

Funds received in advance of program services or activities to be performed or delivered in future periods are recorded as deferred revenue in the accompanying statement of financial position. Revenues relating to such advance payments are recognized as the required services or activities are performed and related exchange transaction is completed. The Organization had deferred revenues totaling $1,898,111 as of July 1, 2024.

n. Compensated Absences

Employees earn credits during the year for future compensated absences. The expense and corresponding liability are accrued when the benefits are earned rather than when benefits are paid.

o. Leases

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statement of financial position. The Organization had no material finance leases during the year ended June 30, 2025.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Organization accounts for these other services as a component of the lease. For all other leases, the services are accounted for separately and the Organization allocates payments to the lease and other services components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on similarly secured borrowings available to the Organization. Right-of-use assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

p. Advertising Expense

Advertising and promotional costs are charged to operations when incurred.

q. Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). Accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization 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, 2025. Generally, the Organization‘s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

r. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net deficit and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The methods of expense allocation are as follows:

Method of Allocation	Allocation Expense
Based on % of sq ft:	Depreciation and amortization
	Insurance
	Interest expense
	Lease expense
	Repairs and maintenance
Charged directly to program:	Bad debt expense
	Client hospitality and medical
	Special projects
Based on % of FTEs:	Advertising
	Bank charges and fees
	Dues and subscriptions
	Information technology
	Office equipment and supplies
	Payroll taxes and benefits
	Printing and postage
	Professional fees
	Salaries and wages
	Staff and board development
	Telephone
	Transportation

s. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Availability and Liquidity

The Organization receives significant unrestricted revenue from grantors which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization also periodically receives contributions which may or may not be restricted by donors for program use. Management of liquidity and reserves are conducted under three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization's goal is generally to maintain financial assets to meet 60 days of operating expenses. The Organization forecasts its future cash flows, and monitors liquidity on an ongoing basis and during periodic meetings with the board of directors.

The following represents the Organization's financial assets at June 30, 2025:

Cash and cash equivalents	$	2,167,280
Government grants receivables		3,486,910
Other receivables		218,926
Total financial assets and liquidity resources available within one year for general expenditure	$	5,873,116

3. Property and Equipment

Property and equipment at June 30, 2025 consist of the following:

Land	$	363,857
Buildings and improvements		4,400,521
Furniture and fixtures		597,907
Transportation equipment		45,218
Leasehold improvements		644,161
		6,051,664
Less: Accumulated depreciation		(4,098,653)
	$	1,953,011

Depreciation expense totaled $362,668 the year ended June 30, 2025.

4. Government Grants Receivables, Net

Net government grants receivables consist of the following at June 30, 2025:

Public funding agencies	$	5,746,645
Less: Allowance for doubtful accounts		(2,259,735)
	$	3,486,910

5. Debt

Debt at June 30, 2025 is summarized as follows:

Loan from residential financing company which originated in November 2021, secured by a deed of trust on property located at 844-846 Pico Boulevard, including interest at a rate of 10.990% with interest only payments with a maturity of December 2026.	$	2,912,250
Loan from residential financing company which originated in September 2021, secured by a deed of trust on property located at 1002 Pico Boulevard, including interest at a rate of 8.50% with interest-only payments with a maturity of October 2026.		1,206,600
Economic Injury Disaster Loan ("EIDL") in the amount of $500,000. The loan bears interest at a rate of 2.75%. Monthly payments of principal and interest are due beginning in 2023 and continue through maturity of the loan in 2051. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. The loan is collateralized by substantially all of the assets of the Organization.		499,900
	$	4,618,750

The aggregate amounts of principal maturities and sinking fund requirements of long-term debt outstanding at June 30, 2025 are as follows:

		Future Payments
2026	$	40,000
2027		4,118,850
Thereafter		459,900
Total long-term debt	$	4,618,750

6. Related Parties Payable

During the year ended June 30, 2025, three members of the Organization's board of directors advanced a total of $2,300,000 to the Organization to support operations. At June 30, 2025, the outstanding balance due to the board members was $2,300,000. The advances were noninterest-bearing and unsecured. The outstanding balances were repaid subsequent to year-end.

7. Retirement Plans

The Organization has a 403(b) Tax Sheltered Annuity Plan covering all eligible employees. Active participants may elect to have the Organization make salary reduction contributions on their behalf up to the maximum set by the applicable Internal Revenue Codes. The plan permits the Organization to make discretionary matching contributions on the first 6% of participant contributions. Matching contributions for the year ended June 30, 2025 totaled $195,352.

8. Leases

Operating Lease
The Organization leases space under various leases, which expire through October 2027. The leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

Because the rates implicit in the leases are generally not available, the Organization utilizes its incremental borrowing rate as the discount rate. The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2025:

2026	$	890,406
2027		606,899
2028		225,475
		1,722,780
Less: Imputed interest		(134,678)
	$	1,588,102

Lease expense for the year ended June 30, 2025 totaled $1,853,263, which includes variable lease expense of $320,162. The weighted average remaining lease term is 1.44 years and the weighted average discount rate associated with operating leases as of June 30, 2025 is 6.62%. Operating cash flows related to the lease liabilities during the year ended June 30, 2025 was $1,563,916.

9. Net Assets

There were no net assets with donor restrictions as of June 30, 2025.

10. Litigation

The Organization is involved in certain litigation arising in the normal course of its business. Management, having consulted with its counsel, believes these matters have either been adequately provided for in accrued expenses on the accompanying statement of financial position or will not have a material adverse impact on its operating results or financial position, either individually or in aggregate. Any estimated loss is subject to significant judgment and is based upon currently available information, a variety of assumptions, and known and unknown factors.

In February 2025, the Organization received settlement proceeds of $1,673,354 related to a resolved legal matter, which is reported within legal settlement revenue in the statement of activities and changes in net deficit. Legal settlement expenses in the statement of activities and changes in net deficit of $499,285 is associated with various legal settlements payable by the Organization and is included in accounts payable and accrued expenses in the statement of financial position.

11. Subsequent Events

The Organization evaluated subsequent events through October 30**,** 2026, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements, other than those disclosed in Note 6 and below.

Subsequent to year end, the Organization entered into a Program Funding Agreement with Advocates for Human Potential, Inc. as administrator of the California Department of Health Care Services Behavioral Health Continuum Infrastructure Program (BHCIP). Under the agreement, the Organization was awarded up to approximately $50.7 million in grant funding to support the acquisition, construction, and expansion of behavioral health treatment facilities located on the Pico Campus in Santa Monica, California. The project includes the development of approximately 100 new residential treatment beds and 60 new outpatient treatment slots and is required to be completed by June 30, 2030. The funding is provided on a reimbursement basis and is subject to various project milestones, reporting requirements, and long-term use restrictions, including a 30-year commitment to utilize the facilities for behavioral health services.

Subsequent to year end, the Organization entered into unsecured financing arrangements with two board members totaling approximately $1.45 million, bearing interest at 18% per annum and including loan origination fees totaling approximately $195,000. Management evaluated these arrangements and determined that the interest rates and terms were consistent with market expectations for similar financing.