FAYETTE TREATMENT CENTER, LLC

AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

Independent Auditor's Report

To Management
Fayette Treatment Center, LLC
Uniontown, Pennsylvania

We have audited the accompanying financial statements of Fayette Treatment Center, LLC, which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of income, statements of members' equity, and statements of cash flows for the years ended December 31, 2021 and 2020, 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; this includes 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 errors.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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 Fayette Treatment Center, LLC as of December 31, 2021 and 2020, in conformity with accounting principles generally accepted in the United States of America.

W.B. Kania & Associates, LLC

W.B. Kania & Associates, LLC
Uniontown, Pennsylvania

March 15, 2022

Fayette Treatment Center, LLC
BALANCE SHEETS
December 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	$ 557,310	$ 223,457
Accounts Receivable	180,861	180,861
Prepaid Expenses	10,125	9,554
Total Current Assets	748,296	413,872
PROPERTY AND EQUIPMENT		
Fixed Assets	186,385	148,144
Accumulated Depreciation	(97,810)	(95,261)
Total Property and Equipment	88,575	52,883
TOTAL ASSETS	$ 836,871	$ 466,755

LIABILITIES AND MEMBERS' EQUITY

	2021	2020
CURRENT LIABILITIES		
Credit Cards Payable	2,692	$ -0-
Accounts Payable	49	49
Paycheck Protection Program Loan Payable	-0-	151,800
Accrued Revenue Overage	147,000	-0-
Total Current Liabilities	147,741	151,849
LONG-TERM LIABILITIES		
Due to Related Parties	244,918	420,846
Total Long-Term Liabilities	244,918	420,846
Total Liabilities	394,659	572,695
MEMBERS' EQUITY		
Members' Equity	442,212	(105,940)
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 836,871	$ 466,755

See independent auditors' report and accompanying notes to financial statements.

Fayette Treatment Center, LLC
STATEMENTS OF INCOME
For the Years Ended December 31, 2021 and 2020

		2021	2020
REVENUES		$ 1,593,456	$ 1,061,862
COST OF REVENUES		53,755	32,922
GROSS PROFIT		1,539,702	1,028,940
OPERATING EXPENSES			
	Depreciation Expense	9,631	7,082
	Payroll	606,507	429,753
	Payroll Taxes	39,661	151,170
	Employee Benefits	18,081	63,128
	Advertising	2,442	9,813
	Insurance	27,702	30,226
	Rent	110,004	93,500
	Training	75	1,808
	Information Systems	30,647	22,521
	Professional Fees	12,299	11,671
	Repair and Maintenance	12,422	11,179
	Utilities	18,337	17,293
	Office Expenses	46,809	7,102
	Billing	10,451	-0-
	General Operating Expenses	44,504	21,419
	Total Operating Expenses	989,572	877,665
OTHER INCOME/EXPENSE			
	Interest Expense	9,072	-0-
	Discounts Earned	(135)	-0-
NET INCOME (LOSS)		$ 541,193	$ 151,275

See independent auditors' report and accompanying notes to financial statements.

Fayette Treatment Center, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Years Ended December 31, 2021 and 2020

	Total	Greene Light Partners LLC	Beaver Run Investment LLC	Harbor Ridge Investment LLC
BEGINNING BALANCE	$ (105,940)	$ (74,158)	$ (15,891)	$ (15,891)
2021 Net Income	$ 541,193	378,835	81,179	81,179
ENDING BALANCE	$ 442,212	309,548	65,288	65,288

See independent auditors' report and accompanying notes to financial statements.

Fayette Treatment Center, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ 541,193	$ 151,275
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	9,631	7,082
(Increase)Decrease in Assets:		
Accounts Receivable	-0-	(142,117)
Prepaid Expense		(6,307)
Increase(Decrease) in Liabilities:		
Credit Card Payable	13,998	(2,785)
Accrued Payroll	-0-	(14,274)
Accrued Liabilities	137,000	(1,317)
Total Adjustments	160,629	(159,718)
Net Cash Provided (Used) by Operating Activities	701,822	(8,443)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Capital Expenditures	(38,241)	(178)
Net Cash (Used) by Investing Activities	(38,241)	(178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Contribution/(Distribution)	(177,928)	2,122
Paycheck Protection Program Loan	(151,800)	151,800
Net Cash Provided by Financing Activities	(329,728)	153,922
NET INCREASE IN CASH	333,853	145,301
CASH – Beginning	223,457	78,156
CASH – Ending	$ 557,310	$ 223,457

See independent auditors' report and accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS

Fayette Treatment Center, LLC (the "Company"), a Pennsylvania Limited Liability Company, was incorporated on November 11, 2015 and registered a fictitious name as Greene Treatment Center for the purpose of providing methadone treatment to patients. The Company has been licensed and certified by the Pennsylvania Department of Drug/Alcohol Program (DDAP).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are the representation of the Company's management who is responsible for the integrity and objectivity of the financial statements. The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") as codified by the Financial Accounting Standards Board and these principles have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

Cash and Equivalents

For purposes of the statement of cash flows, the Company considers all liquid investments with original maturities of three months or less as cash equivalents.

Accounts Receivable

Accounts receivable primarily consist of amounts due from third-party payers, such as government-sponsored healthcare programs, insurance companies and patients. Concentration of credit risk related to accounts receivable includes the number of patients and payers, along with the various governmental agencies in the state in which the Company provides service.

Accounts receivable adjustments result from differences between billed amounts and the amounts that management anticipates receiving. Accounts receivable are recorded net of adjustments, therefore accounts receivable consists only of the amounts that management expects to receive. No allowance for doubtful accounts is considered necessary. When management determines that a specific receivable is uncollectible after all collection efforts have been exhausted, the balance is removed from the accounts receivable balance and is expensed. Subsequent recoveries of amounts previously written off are credited directly to earnings.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily on the straight-line method. Assets are depreciated based on the following estimated useful lives:

Leasehold improvements	15 years
Land Improvements	15 years
Furniture and fixtures	3 to 10 years
Medical equipment	5 to 7 years
Computer and office equipment	5 to 7 years
Computer software	3 years
Vehicles	5 years

Maintenance and repairs are charged to expenses while major repairs that extend the useful life of the asset are capitalized. The cost of equipment, retired or disposed of, and the related depreciation are eliminated from the accounts, with the resulting gain or loss included in operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For tax return purposes, the Company employs the modified accelerated cost recovery system as prescribed by the Internal Revenue Code.

Revenue Recognition

Revenues are recognized at the time services are provided. Nearly all the patient service revenue is reimbursed by government-sponsored healthcare programs, third-party insurance payers, or patients. The Company monitors all revenue and receivables from these sources. The Company records revenue at the contract rate.

Advertising

The Company's policy is to expense advertising and promotional costs as incurred. For the years ended December 31, 2021 and 2010, the total cost of advertising was $2,442 and $9,813, respectively.

Income Taxes

The Company files a partnership income tax return for federal income tax purposes, and thus no income tax expense has been recorded in the statements. Income from the partnership is taxed to the members on their individual returns on their share of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the Operating Agreement of the Company.

The Company does not have any uncertain tax positions which must be considered for disclosure. Penalties and interest assessed by income taxing authorities would be included in operating expenses.

The federal income tax return of the Company for 2021 is subject to examination by the IRS for three years after it is filed. There are no tax examinations currently in process.

Use of Estimates

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

Fair Value of Financial Instruments

The FASB ASC Topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Disclosure includes reporting hierarchy in which fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3). The carrying amount of cash, accounts receivable, and accounts payable and accrued expenses approximates fair value due to the short maturity of these financial instruments. The carrying value of long-term debts approximates fair value because those financial instruments bear interest at rates that approximate current market rates for loans with similar maturities and credit quality.

NOTE 3 – CONCENTRATIONS OF RISK

The Company maintains its cash balances in a local financial institution. At times, cash balances exceed federally insured limits of $250,000. At December 31, 2021 and 2020, the Company did exceed the insured amount.

The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

A significant portion of the patient service revenue is reimbursed by government-sponsored healthcare programs, such as the Value Behavioral Health of Pennsylvania (VBH).

NOTE 4 – RELATED PARTIES

The Company has significant borrowing arrangements with three of its members for upstart financing purposes. On December 20, 2019, DJ Capital, LLC transferred its majority interest in the Company to Greene Light Partners, LLC. The amounts due to related parties reported on the balance sheet at December 31, 2020 and 2019 were as follows:

	2021	2020
Beaver Run Investment, LLC	$ 35,283	65,283
Harbor Ridge Investment, LLC	40,385	46,313
Greene Light Partners, LLC	169,250	309,250
Total Due to Related Parties	$ 244,918	$ 420,846

There are no formal terms and there is no repayment schedule for the above related party notes. The members have no intention of collecting these notes within one year of the balance sheet date; therefore they are classified as non-current liabilities on the balance sheet.

The facility occupied by the Company paid rental expense in 2020 to Greene Light Partners, LLC in the amount of $110,000.

The Company paid professional fees in 2020 and 2019 to Jim Zalar (Beaver Run Investment, LLC) in the amount of $15,000 and $11,146, respectively.

NOTE 5 – CONTINGENCIES

The Company operates in an environment that is subject to professional and general liability risks. Whereas there are no asserted claims at this time, management contends it is adequately insured so that no potential claim could create a significant adverse financial impact.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 15, 2022, the date which the financial statements were available to be issued. No significant subsequent events were identified by management.