START TREATMENT AND RECOVERY CENTERS, INC.
AND
SUBSIDIARY

START
TREATMENT & RECOVERY CENTERS
The right way to treat people.

Consolidated Financial Statements
and Supplementary Information
(Together with Independent Auditors' Report)

Years Ended December 31, 2020 and 2019

MARKS PANETH
ACCOUNTANTS & ADVISORS

START TREATMENT AND RECOVERY CENTERS, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2020 AND 2019

CONTENTS

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
markspaneth.com

MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
START Treatment and Recovery Centers, Inc. and Subsidiary

We have audited the accompanying consolidated statements of financial position of START Treatment and Recovery Centers, Inc. ("START") and Affiliated Services and Resources Corporation ("Subsidiary") (collectively, the "Agency") as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Agency as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules (shown on pages 18-19) are presented for the purposes of additional analysis, rather than to present the financial position and changes in net assets of the Subsidiary and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
July 13, 2021

START TREATMENT AND RECOVERY CENTERS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	**2020**	**2019**
Cash and cash equivalents (Notes 2C, 2G, 3 and 16)	$ 7,156,850	$ 10,673,134
Investments in securities (Notes 2D, 2E, 3, 4 and 13)	2,458,965	2,184,257
Accounts receivable, net (Notes 2F, 3 and 5)	5,586,363	2,945,737
Rent receivable, current (Notes 2G and 6)	225,391	256,416
Prepaid expenses and other current assets	453,212	406,831
Total current assets	15,880,781	16,466,375
Property and equipment, net (Notes 2H, 7, 9 and 10)	19,111,531	19,797,714
Investment in joint venture (Note 8)	26,450,000	26,450,000
Due from related parties (Note 8)	72,215	-
Rent receivable, noncurrent (Notes 2G and 6)	1,163,950	1,449,387
Operating lease right of use assets (Note 15B)	2,356,076	2,971,023
Security deposits	102,620	97,485
TOTAL ASSETS	$ 65,137,173	$ 67,231,984
LIABILITIES		
Accounts payable and accrued expenses	$ 589,637	$ 765,382
Accrued salaries, vacation and benefits	2,357,003	2,153,747
Mortgages payable, net, current (Notes 2O and 10)	407,246	389,050
Unearned rental revenue, current (Notes 2G and 6)	225,391	256,416
Lease liabilities, current (Note 15B)	452,810	439,575
Due to funding sources (Note 11)	558,612	707,478
Total current liabilities	4,590,699	4,711,648
Tenant security deposits payable (Note 2G)	37,620	37,620
Capital advance (Note 9)	5,588,356	5,588,356
Lease liabilities, noncurrent (Note 15B)	1,903,266	2,531,448
Paycheck Protection Program loan payable (Note 14)	2,898,600	-
Mortgages payable, net, noncurrent (Notes 2O and 10)	7,692,236	8,090,992
Unearned rental revenue, noncurrent (Notes 2G and 6)	1,163,950	1,449,387
Deferred rent (Notes 2J and 15B)	140,802	114,657
TOTAL LIABILITIES	24,015,529	22,524,108
COMMITMENTS AND CONTINGENCIES (Note 15)		
NET ASSETS (Note 2B)		
Net assets without donor restrictions:		
Operations	35,697,951	38,978,560
Invested in property and equipment, net	5,423,693	5,729,316
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	41,121,644	44,707,876
TOTAL LIABILITIES AND NET ASSETS	$ 65,137,173	$ 67,231,984

The accompanying notes are an integral part of these consolidated financial statements.

START TREATMENT AND RECOVERY CENTERS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES:		
REVENUE AND SUPPORT		
Revenue		
Government contracts and grants (Note 2I)	$ 2,785,493	$ 2,471,842
Medicaid (Note 2I)	23,518,608	26,174,088
Patient fees	68,232	106,914
Contributions (Note 2F)	126,454	96,572
Investment activity (Note 4)	291,164	401,357
Rental income (Note 2G)	133,988	108,431
Gain on disposition of property (Note 7)	-	4,838,145
Other income	63,611	1,054,685
TOTAL REVENUE AND SUPPORT	26,987,550	35,252,034
EXPENSES (Note 2M):		
Program services:		
Clinic operations	22,941,834	20,796,640
Research operations	418,632	437,516
Other programs	1,475,159	1,911,387
Total program services	24,835,625	23,145,543
Supporting services:		
Management and administration	5,598,300	5,258,211
Fundraising	139,857	39,345
Total supporting services	5,738,157	5,297,556
TOTAL EXPENSES	30,573,782	28,443,099
CHANGE IN NET ASSETS FROM OPERATIONS	(3,586,232)	6,808,935
Net assets - beginning of year	44,707,876	37,898,941
NET ASSETS - END OF YEAR	$ 41,121,644	$ 44,707,876

The accompanying notes are an integral part of these consolidated financial statements.

START TREATMENT AND RECOVERY CENTERS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	Program Services				Supporting Services				
	Clinic Operations	Research Operations	Other Programs	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	Total 2020	Total 2019
Salaries and related expenses									
Salaries	$ 13,557,046	$ 324,176	$ 636,736	$ 14,517,958	$ 2,701,992	$ 108,687	$ 2,810,679	$ 17,328,637	$ 15,788,134
Payroll taxes and other benefits (Note 12)	3,396,012	62,464	122,492	3,580,968	525,214	20,611	545,825	4,126,793	3,632,029
Total salaries and related expenses	16,953,058	386,640	759,228	18,098,926	3,227,206	129,298	3,356,504	21,455,430	19,420,163
Professional fees	1,666,673	18,561	36,794	1,722,028	720,175	4,068	724,243	2,446,271	2,217,005
Patient costs	307,593	977	2,082	310,652	40	2	42	310,694	552,715
Medical supplies and prescriptive drugs	784,558	-	-	784,558	20,907	-	20,907	805,465	589,249
Consumable supplies	119,148	925	3,046	123,119	18,824	126	18,950	142,069	114,755
Occupancy (Note 15B)	438,853	-	1,862	440,715	3,407	-	3,407	444,122	783,964
Real estate taxes	16,073	-	64,502	80,575	-	-	-	80,575	89,092
Utilities	314,601	68	18,188	332,857	31,020	15	31,035	363,892	479,851
Telephone	164,915	1,397	3,601	169,913	36,093	104	36,197	206,110	429,089
Outside security services	102,923	-	-	102,923	-	-	-	102,923	93,046
Repairs and maintenance	478,530	1,963	26,548	507,041	123,683	430	124,113	631,154	543,551
Equipment rental	64,307	344	711	65,362	5,064	75	5,139	70,501	61,267
Janitorial and maintenance supplies	102,054	489	1,011	103,554	2,463	107	2,570	106,124	84,377
Conference and meetings	14,671	921	2,775	18,367	20,299	231	20,530	38,897	77,968
Staff travel	48	-	50	98	669	-	669	767	6,687
Staff recruitment and development	120,293	2,104	5,785	128,182	49,074	349	49,423	177,605	271,799
Insurance	352,200	2,143	27,056	381,399	148,993	470	149,463	530,862	399,722
Interest (Note 10)	48,603	-	310,707	359,310	-	-	-	359,310	130,041
Depreciation and amortization (Notes 2H and 7)	867,957	1,726	210,363	1,080,046	105,372	1,062	106,434	1,186,480	904,367
Bad debt expense	-	-	-	-	971,011	-	971,011	971,011	1,062,159
Miscellaneous	24,776	374	850	26,000	114,000	3,520	117,520	143,520	132,232
Total expenses	$ 22,941,834	$ 418,632	$ 1,475,159	$ 24,835,625	$ 5,598,300	$ 139,857	$ 5,738,157	$ 30,573,782	$ 28,443,099

The accompanying notes are an integral part of these consolidated financial statements.

START TREATMENT AND RECOVERY CENTERS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services				Supporting Services			
	Clinic Operations	**Research Operations**	**Other Programs**	**Total Program Services**	**Management and Administration**	**Fundraising**	**Total Supporting Services**	**Total**
Salaries and related expenses								
Salaries	$ 11,655,472	$ 325,908	$ 1,390,140	$ 13,371,520	$ 2,396,272	$ 20,342	$ 2,416,614	$ 15,788,134
Payroll taxes and other benefits (Note 12)	2,667,325	64,888	288,133	3,020,346	607,668	4,015	611,683	3,632,029
Total salaries and related expenses	14,322,797	390,796	1,678,273	16,391,866	3,003,940	24,357	3,028,297	19,420,163
Professional fees	1,521,588	24,846	48,941	1,595,375	618,212	3,418	621,630	2,217,005
Patient costs	536,447	6,375	9,279	552,101	612	2	614	552,715
Medical supplies and prescriptive drugs	589,249	-	-	589,249	-	-	-	589,249
Consumable supplies	80,266	331	6,676	87,273	26,996	486	27,482	114,755
Occupancy (Note 15B)	778,598	-	5,366	783,964	-	-	-	783,964
Real estate taxes	60,655	-	28,437	89,092	-	-	-	89,092
Utilities	422,864	-	16,208	439,072	40,779	-	40,779	479,851
Telephone	354,602	1,568	11,467	367,637	61,260	192	61,452	429,089
Outside security services	92,676	-	198	92,874	172	-	172	93,046
Repairs and maintenance	471,595	2,544	10,346	484,485	58,242	824	59,066	543,551
Equipment rental	50,706	263	1,031	52,000	9,182	85	9,267	61,267
Janitorial and maintenance supplies	77,687	382	2,399	80,468	3,785	124	3,909	84,377
Conference and meetings	21,434	406	13,158	34,998	40,732	2,238	42,970	77,968
Staff travel	3,999	224	753	4,976	1,685	26	1,711	6,687
Staff recruitment and development	206,439	5,064	14,816	226,319	44,332	1,148	45,480	271,799
Insurance	340,568	1,855	11,270	353,693	45,428	601	46,029	399,722
Interest (Note 10)	83,813	-	-	83,813	46,228	-	46,228	130,041
Depreciation and amortization (Notes 2H and 7)	697,161	2,155	51,773	751,089	151,755	1,523	153,278	904,367
Bad debt expense	-	-	-	-	1,062,159	-	1,062,159	1,062,159
Miscellaneous	83,496	707	996	85,199	42,712	4,321	47,033	132,232
Total expenses	$ 20,796,640	$ 437,516	$ 1,911,387	$ 23,145,543	$ 5,258,211	$ 39,345	$ 5,297,556	$ 28,443,099

The accompanying notes are an integral part of these consolidated financial statements.

START TREATMENT AND RECOVERY CENTERS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (3,586,232)	$ 6,808,935
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,186,480	904,367
Amortization of deferred financing costs	8,490	-
Bad debts expense	971,011	1,062,159
Gain on disposition of property	-	(4,838,145)
Realized and unrealized gain on investments	(203,986)	(254,975)
Subtotal	(1,624,237)	3,682,341
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(3,611,637)	(109,772)
Rent receivable	(316,462)	(1,705,803)
Operating lease right of use	(614,947)	1,249,427
Prepaid expenses and other assets	(46,381)	(224,791)
Due from related parties	(72,215)	461,367
Security deposits	(5,135)	86,226
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(175,745)	(42,105)
Accrued salaries, vacation and benefits	203,256	766,268
Unearned rental revenue	316,462	1,705,803
Lease liabilities	614,947	(1,249,427)
Due to funding sources	(148,866)	(113,971)
Tenant security deposits payable	-	37,620
Deferred rent	26,145	10,151
Net Cash (Used in) Provided by Operating Activities	(5,454,815)	4,553,334
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of securities	(274,120)	(242,523)
Proceeds from sales of securities	203,398	238,843
Sale of property and equipment	-	5,500,000
Purchases of property and equipment	(500,297)	(12,039,408)
Net Cash Used in Investing Activities	(571,019)	(6,543,088)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgages payable	-	6,825,000
Deferred financing costs	(34,569)	(43,059)
Proceeds from Paycheck Protection Program loan payable	2,898,600	-
Repayment of mortgages payable	(354,481)	(280,583)
Net Cash Provided by Financing Activities	2,509,550	6,501,358
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,516,284)	4,511,604
Cash and cash equivalents - beginning of year	10,673,134	6,161,530
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,156,850	$ 10,673,134
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 350,820	$ 130,041

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 − ORGANIZATION AND NATURE OF ACTIVITIES

START Treatment and Recovery Centers, Inc. ("START") and Subsidiary (collectively the "Agency") is a private, nonprofit corporation established in 1969. The Agency primarily offers substance abuse treatment and rehabilitation services in the boroughs of Brooklyn and Manhattan of New York City. In addition, the Agency performs research in several areas related to substance abuse.

Affiliated Services and Resources Corporation ("ASRC") is a private, nonprofit corporation and wholly-owned subsidiary of START, which owns and manages facilities rented to nonprofit corporations.

Both START and ASRC are exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

NOTE 2 − SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting:*** The Agency's consolidated financial statements have been prepared using the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying consolidated financial statements consist of the accounts of START and Subsidiary (collectively, the "Agency"). All inter-company transactions are eliminated in consolidation.

B. ***Basis of Presentation:*** The Agency maintains its net assets under the following two classes:

- Net assets without donor restrictions – represents resources available for support of the Agency's operations over which the Board of Trustees has discretionary control.
- Net assets with donor restrictions – represents net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Agency or the passage of time and stipulations that they be maintained intact in perpetuity by the Agency. As of December 31, 2020 and 2019, there are no net assets with donor restrictions.

C. ***Cash and Cash Equivalents:*** Cash equivalents include all highly liquid instruments with maturities of three months or less when acquired.

D. ***Investments:*** Investments are carried at fair value. Net appreciation/(depreciation) in the fair value of investments, which includes realized and unrealized gains and losses on those investments, is reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law. Cost basis is determined on the date of purchase. Securities received as gifts are recorded at fair value at the date of the gift. Investment securities are exposed to various market risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in risks in the near term could materially affect investment balances.

E. ***Fair Value Measurements:*** Investments are stated at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 13.

F. ***Contributions and Accounts Receivables:*** Contributions are accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows if deemed material to the consolidated financial statements. Conditional promises to give are not included as support until the conditions are substantially met. The Agency's management evaluates the need for an allowance for doubtful accounts applicable to its contributions and accounts receivable based on a combination of factors such as management's estimate of the creditworthiness of its donors, a review of individual accounts outstanding, and the aged basis of the receivables, current economic conditions and historical experience. As of December 31, 2020 and 2019, the Agency determined that an allowance of approximately $692,000 and $539,000, respectively, was necessary.

NOTE 2 − SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. ***Rent Receivable and Operating Lease Rental Income:*** The Agency received rental income of approximately $134,000 and $108,000 for the years ended December 31, 2020 and 2019, respectively, from commercial leases. The income is included in rental income in the accompanying consolidated statements of activities. As of December 31, 2020 and 2019, the present value of the approximate future minimum annual rentals to be received under the leases are recorded as rent receivable and unearned rental revenue amounting to $1,389,341 and $1,705,803, respectively, in the accompanying consolidated statements of financial position. All tenant security deposits are considered the property of the tenants and recorded as a liability.

H. ***Property and Equipment:*** Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. The Agency capitalizes property and equipment with a cost of $1,000 or more and a useful life of greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease. Certain purchases of equipment are expensed by the Agency (rather than capitalized) because the cost of these items were reimbursed by governmental funding sources, where the contractual agreement specifies that title to these assets rests with the governmental funding source rather than the Agency. Under the terms of its grant with its principal governmental funding agency, title to capitalized assets acquired with government contract revenues reverts to that government funding agency, should the Agency cease operations.

I. ***Revenue Recognition:*** The Agency is primarily funded through billings to the State of New York – Department of Health for patient services provided under Title XIX of the Social Security Act of 1985 ("Medicaid") and by the New York State Department of Health ("DOH") – Office of Alcoholism and Substance Abuse Services ("OASAS"). Effective October 1, 2015, Medicaid Managed Care became effective. Payment arrangements include predetermined fee schedules and discounted charges. Service fees are reported at the estimated net realizable amounts from patients, third-party payers, which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined. Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action. Medicaid and Managed Care is accounted for under FASB ASU 2014-09 "*Revenue from Contracts with Customers*" (Topic 606).

Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations are satisfied at a point in time at which services are provided. The Agency believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Agency has elected to apply the optional exemption provided in FASB Accounting Standards Codification ("ASC") 606-10-50-I 4(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

The Agency determines the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction price is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. The Agency has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Financing Component

The Agency has elected the practical expedient allowed under FASB ASC 606-10-32-18, and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Agency's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

NOTE 2 − SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract Costs

The Agency has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Agency otherwise would have recognized is one year or less in duration.

Revenue from billings to Medicaid is recorded at the time service is provided. Program revenue under the Agency's OASAS contracts and its federal and state contracts/grants is recognized in an amount sufficient to absorb allowable expenditures including capital items and excluding depreciation, net of all applicable third-party reimbursements, up to the maximum allowable amount under the terms of the contracts/grants and in accordance with FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). A receivable from the funding agency is recognized to the extent expenses have been incurred, but not reimbursed. A liability is recorded when contract advances exceed expenses. Rental income from tenants is recorded on a monthly basis.

As of December 31, 2020 and 2019, the Agency received conditional grants and contracts from foundations and government agencies in the aggregate amount of $610,090 and $1,138,337, respectively, that have not been recorded in the accompanying consolidated financial statements, as they have not been earned. These grants and contracts require the Agency to provide vocational education services, behavioral health coaching to schools, mental health services for youth in secure and non-secure detention facilities, early intervention services involving HIV testing and counseling, patient-centered HCV via telemedicine for individuals with opiate substitution therapy and support for patients living with HIV/AIDS through Retention & Adherence Program (RAP) and/or during specified future periods. If such services are not provided, the foundations and governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

J. ***Deferred Rent:*** The Agency leases real property under operating leases expiring on May 31, 2027 for its office located at 2406-12 Amsterdam Avenue, New York. For the years ended December 31, 2020 and 2019, the Agency recorded an adjustment to rent expense to reflect its straight-lining policy that amounted to $26,145 and $10,151, respectively. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statements of financial position.

K. ***Special Events Direct Costs:*** The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events.

L. ***Prior Period Activity:*** There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to additional monies available over and above original contract amounts, recoupment by funding agencies, audit results, final contract reconciliation by funding agencies, etc.

M. ***Functional Expenses:*** The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management. Expenses that can be identified with a specific program are charged directly to the particular program.

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes, professional services, interest, insurance and other, which are allocated on the basis of estimates of time and effort.

N. ***Use of Estimates:*** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from these estimates.

O. ***Debt Issuance Cost:*** Debt issuance costs are presented as a reduction of the carrying amount of the debt rather than as an asset (see Note 10). Amortization of the debt issuance costs is reported as interest expense in the accompanying consolidated statements of functional expenses.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Agency regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Agency has various sources of liquidity at its disposal, including cash and cash equivalents, accounts and rent receivable and investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing program activities as well as the supporting services to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Agency anticipates collecting sufficient revenue to cover general expenditures not covered by restricted resources. Refer to the consolidated statements of cash flows, which identifies the sources and uses of the Agency's cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	$ 7,156,850	$ 10,673,134
Investments in securities	2,458,965	2,184,257
Accounts receivable, net	5,565,959	2,945,737
Rent receivable - current	225,391	256,416
	$ 15,407,165	$ 16,059,544

The Agency also has a line of credit available to meet short-term needs. See Note 15C for information about this line of credit.

NOTE 4 − INVESTMENTS

Investments consist of the following as of December 31:

	2020	2019
Fixed income:		
U.S. Government securities	$ 47,152	$ 90,375
Corporate bonds	1,131,869	1,172,271
Mutual funds	-	794,269
Equity securities – mutual funds	1,279,944	127,342
	$ 2,458,965	$ 2,184,257

Investment activity consists of the following for the years ended December 31:

	2020	2019
Interest and dividends	$ 108,197	$ 165,785
Realized and unrealized gain on investments	203,986	254,975
Investment fees	(21,019)	(19,403)
	$ 291,164	$ 401,357

Investments are subject to market volatility that could substantially change their carrying value in the near term.

NOTE 5 − ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of December 31:

	2020	2019
NYS DOH–Medicaid/Managed Care Organizations	$ 5,662,623	$ 2,704,206
NYC Administration for Children's Services	43,342	389,945
NYS OASAS	239,689	30,787
Patient-Centered Outcomes Research Initiative	87,778	189,719
Jewish Board of Family and Children Services	95,859	49,592
Other receivables	148,929	120,574
Sub-total	6,278,220	3,484,823
Less – Allowance for doubtful accounts	(691,857)	(539,086)
	$ 5,586,363	$ 2,945,737

NOTE 6 – OPERATING LEASE RENTAL

The Agency leases space to companies that are classified as operating leases, with terms of two to ten years. Leases do not transfer ownership of the underlying asset to the lessee. Leases have the right to be canceled at the option of the tenant after three years.

Following are the details of lease income from operating leases for the years ended December 31:

	2020	2019
Rent receivable	$ 1,389,341	$ 1,705,803

The Agency uses the incremental borrowing rate of treasury bonds to determine the present value of future lease payments. As of December 31, 2020 and 2019, for the two-year lease, the rate was 0.13% and 1.58%, respectively, and 0.93% and 1.92%, respectively, for the ten-year lease.

The maturity of rental receivables as of December 31, 2020 is as follows:

2021	$ 225,391
2022	181,956
2023	185,388
2024	185,388
2025	188,880
Thereafter	573,768
Total undiscounted cash flow	1,540,771
Lease receivable	1,389,341
Difference between undiscounted and discounted cash flows	$ 151,430

NOTE 7 − PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2020	2019	Estimated Useful Lives
Land	$ 3,333,382	$ 3,333,382	
Buildings and improvements	24,552,787	24,327,886	25 Years
Furniture and equipment	8,504,045	8,228,649	3-10 Years
Vehicles	190,793	190,793	5 Years
	36,581,007	36,080,710	
Less: Accumulated depreciation and amortization	(17,469,476)	(16,282,996)	
	$ 19,111,531	$ 19,797,714	

NOTE 7 − PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense amounted to $1,186,480 and $904,367 for the years ended December 31, 2020 and 2019, respectively. On September 26, 2019, the Agency sold land and building, located at 2193-2195 Third Avenue, with a net book value amounting to $385,290, which resulted in a gain amounting to $4,838,145.

NOTE 8 – RELATED - PARTY TRANSACTIONS

In December 2014, START entered into a Contribution Agreement pursuant to which on December 31, 2018, START became an 83% member of a New York limited liability company, Delshah-OTL-START 22 Chapel JV LLC (the “JV”) along with a 17% member, DELSHAH/OTL 22 LLC (the “Managing Member”). The JV’s purpose is to, solely or through one more subsidiary, own the land located at 22 Chapel Street, Brooklyn, NY (the “Land”), construct a new building that will consist of approximately 180 rental units and a separate 14,076 square foot unit (the “START Unit”) to be occupied by START upon completion for its administrative offices (the “Project”). The JV is the sole member of 22 Chapel EB5 LLC (“EB5”), a Delaware limited liability company. EB5 is the sole member of another Delaware limited liability company, Delshah-OTL-START 22 Chapel Mezz borrower LLC (the “Mezz Borrower LLC”). The Mezz Borrower LLC is the sole member of another Delaware limited liability company, Delshah-OTL-START 22 Chapel Property Owner LLC (the “Property Owner LLC”). The purpose of the Property Owner LLC is to develop the Project.

On December 17, 2014, a contribution agreement and an operating agreement (collectively, the “Agreements”) were executed by and between the JV, Managing Member and START (collectively the “Parties”) by which START agreed to transfer and convey title to the Land to the JV, or through one or more subsidiary, for a mutually agreed upon fair value in the amount of $24 million, which is START’s capital contribution.

The Parties amended the Agreements in November 2017 and December 2018, by which the fair market value of the Land and START’s capital contribution was increased to $26,450,000. On December 31, 2018, pursuant to a bargain and sale deed executed between START and the Property Owner LLC, the title for the Land was conveyed to the Property Owner, LLC for $26,450,000. As of the date of the transfer the net book value of the property amounted to $893,129, and accordingly, START recorded a gain in the amount of $25,556,871 and investment in JV of $26,450,000 in the accompanying consolidated financial statements. As of December 31, 2020 and 2019, the outstanding amount due from JV amounted to $72,215 and $0, respectively.

The estimated cost of the Project is $100 million, which is funded through a loan in the amount of $40.5 million from a Canadian limited partnership evidenced by two promissory notes executed by Mezz Borrower LLC and another loan in the amount of $62 million from a bank evidenced by two promissory notes executed by the Property Owner, LLC. The loans are collateralized by mortgages on the Land. As a requirement of the above-referenced loans, and following completion and delivery of the START Unit, START has agreed to enter into a five-year lease-back of the START Unit at an annual base rent of $1,217,237 for the first year, with 3% increases each year thereafter. Under the terms of the Operating Agreement of the JV, START is entitled to be reimbursed out of available cash of the JV for all rent and other charges paid by START under such lease prior to any other distribution from the JV to any other member of the JV. START is not a guarantor on the loans and, except for the lease obligation referenced above, no assets of START other than the value of its interest in the JV will be at risk with respect to the Project. As of December 31, 2020 and 2019 the construction of the Project is in progress.

Although START is an 83% member in the JV, the deal is structured in such a way that no individual or entity, when aggregated with its affiliates, owns 10% or more of the direct or indirect beneficial interest in the Property Owner, LLC. Accordingly, control does not rest with START, and therefore, START uses the equity method of accounting to report its interest in the JV.

NOTE 9 − CAPITAL ADVANCE

In April 2008, the Agency entered into a state aid grant lien agreement (the “Agreement”) with OASAS to fund the rehabilitation of its alcoholism and substance abuse facility located at 937 Fulton Street, Brooklyn, New York. The maximum funding amount was $6,100,000. Pursuant to the Agreement, the capital advance will be refinanced with the proceeds of bonds issued by the Dormitory Authority of the State of New York (“DASNY”) by a mortgage loan closing, and OASAS will pay the mortgage directly to DASNY.

As of both December 31, 2020 and 2019, the total advances received amounted to $5,588,356. The rehabilitation project was completed in December 2015.

NOTE 10 – MORTGAGES PAYABLE, NET

	2020	2019
Mortgage payable to the DASNY for the Agency's Chemical Dependence Treatment Program facility located at 119-121 West 124th Street, New York, New York, and secured by a mortgage on the facility. The mortgage bears interest at the rate of 4.71% per annum on the unpaid principal balance and shall be payable to DASNY in 40 semi-annual installments (due February and August 15th each year) in the amount as set forth in the agreement. The mortgage matures February 2025. OASAS provides the Agency with funding to service the required mortgage through operating grants.	$ 1,444,363	$ 1,717,040
On September 26, 2019, the Agency obtained a mortgage from a bank, amounting to $6,825,000, to finance the purchase of a property located at 2191 Third Avenue, New York. The mortgage bears interest at the rate of 4% per annum and is collateralized by the real estate property. Monthly principal and interest payments are due on the first of each month as set forth in the agreement. The mortgage matures October 2022.	6,689,688	6,806,061
Total mortgage obligation	8,134,051	8,523,101
Less: unamortized deferred financing costs	(34,569)	(43,059)
Mortgages payable - net	$ 8,099,482	$ 8,480,042

For the years ended December 31, 2020 and 2019, interest expense amounted to $359,310 and $130,041, respectively.

Future annual principal repayments are as follows for each of the years ended after December 31, 2020:

2021	$ 407,246
2022	6,867,201
2023	315,234
2024	330,996
2025	213,374
	$ 8,134,051

NOTE 11 – DUE TO FUNDING SOURCES

Due to funding sources includes funds that were received by the Agency under government grants, primarily from OASAS, for which the Agency has not yet met the grant conditions. Should these conditions not be met, these funds would then be due back to the governmental funding sources.

NOTE 12 − RETIREMENT PLANS

The Agency maintains two qualified defined contribution retirement plans (the "Plans"), a plan for all its full-time employees who are at least 21 years of age, have completed one year of service and have worked 1,000 hours or more during the year. For the years ended December 31, 2020 and 2019, the Plans are funded through the Agency's annual contributions equal to 7.5 percent for non-union and 5 percent for union participants. Pension expense for the years ended December 31, 2020 and 2019 amounted to $958,988 and $816,573, respectively.

NOTE 13 – FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Following is a description of the valuation methodologies used for assets measured at fair value.

Equities: Equities are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Mutual funds are valued at the daily closing price reported in the active market on which the funds are traded. The funds are listed at Net Asset Value ("NAV") and expected to be transacted at that price. The mutual funds held by the Agency are deemed to be actively traded.

Fixed Income: Investments are valued at the closing price reported in the active market in which the bonds are traded.

Financial assets carried at fair value at December 31, 2020 are classified in the table as follows:

	Level 1	Level 2	Total
Assets Carried at Fair Value:			
Fixed Income			
U.S. Government	$ -	$ 47,152	$ 47,152
Corporate bonds	-	1,131,869	1,131,869
Total Fixed Income	-	1,179,021	1,179,021
Mutual funds	-	-	-
Equities	1,279,944	-	1,279,944
Total Assets Carried at Fair Value	$ 1,279,944	$ 1,179,021	$ 2,458,965

Financial assets carried at fair value at December 31, 2019 are classified in the table as follows:

	Level 1	Level 2	Total
Assets Carried at Fair Value:			
Fixed Income			
U.S. Government	$ -	$ 90,375	$ 90,375
Corporate bonds	-	1,172,271	1,172,271
Total Fixed Income	-	1,262,646	1,262,646
Mutual funds	794,269	-	794,269
Equities	127,342	-	127,342
Total Assets Carried at Fair Value	$ 921,611	$ 1,262,646	$ 2,184,257

NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Change in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

In such instances, the transfer is reported at the beginning or end of the reporting period depending on when the economic condition occurred affecting the valuation.

The significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets are evaluated. For the years ended December 31, 2020 and 2019, there were no transfers in or out of levels 1, 2 or 3.

NOTE 14 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The Agency applied for this loan through an SBA authorized lender and received $2,898,600 on May 4, 2020. Management has opted to account for the PPP loan under FASB ASC Topic 470, "*Debt*" and expects to recognize the gain resulting from the forgiveness upon legal release of its obligation from the SBA. If the loan is not forgiven, the Agency must repay the loan on or before the due date in May 2022 with interest at 1% per annum. For the year ended December 31, 2020, no amount was recorded for interest expense as this was deemed immaterial to the consolidated financial statements.

NOTE 15 − COMMITMENTS AND CONTINGENCIES

A. Pursuant to the Agency's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Agency involving transactions relating to these contracts. The accompanying consolidated financial statements make no provision for possible disallowances.

B. The Agency has operating leases of buildings for clinic offices and for certain equipment. Leases have remaining lease terms of one to seven years, some of which include options to extend the leases for up to five years.

   The following summarizes the line items in the consolidated statements of financial position which include amounts for operating leases as of December 31:

	2020	2019
Operating lease right-of-use assets	$ 2,356,076	$ 2,971,023
Lease liabilities	$ 2,356,076	$ 2,971,023

NOTE 15 − COMMITMENTS AND CONTINGENCIES (Continued)

The maturities of lease liabilities as of December 31, 2020 were as follows:

2021	$	452,810
2022		430,543
2023		424,642
2024		437,381
2025		450,503
Thereafter		659,734
Total undiscounted cash flow		2,855,613
Right of use liabilities		2,356,076
Difference between undiscounted and discounted cash flows	$	499,537

Rent expense for the years ended December 31, 2020 and 2019, which is recorded on a straight-line basis, amounted to $718,934 and $783,964, respectively.

C. The Agency has a revolving line of credit with Sterling National Bank for $500,000. There is no balance outstanding as of December 31, 2020 and 2019. There were no amounts outstanding as of July 13, 2021.

D. The Agency has been named as a defendant in certain legal actions. Upon review by the Agency's legal counsel, management believes that if liability is established, all pending claims will be adequately covered by the Agency's insurance coverage.

E. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Agency could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Agency's mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Agency cannot predict the extent to which its financial condition and results of operations will be affected.

F. The Agency believes it does not have any uncertain tax positions as of December 31, 2020 in accordance with ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 16 − CONCENTRATIONS

Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash accounts at two and one bank(s) that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately $6,549,000 and $10,228,000 as of December 31, 2020 and 2019, respectively. Cash accounts with participating banks are insured up to $250,000 per depositor.

NOTE 17 – SUBSEQUENT EVENTS

The Agency participated in the second round of PPP, which enabled the Agency to obtain another loan from the SBA. Loan payments, if any, are deferred until the SBA remits the borrower's loan forgiveness amount to the lender and are payable with interest at 1% for a five-year term. The loan is uncollateralized and guaranteed by the SBA. The Agency received the PPP loan in the amount of $2,000,000 on March 19, 2021.

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through July 13, 2021, the date the consolidated financial statements were available to be issued.

START TREATMENT AND RECOVERY CENTERS, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULES
OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

	START Treatment and Recovery Centers	Affiliated Services and Resources Corporation	Eliminations	Total 2020	START Treatment and Recovery Centers	Affiliated Services and Resources Corporation	Eliminations	Total 2019
ASSETS								
Cash and cash equivalents	$ 7,061,699	$ 95,151	$ -	$ 7,156,850	$ 10,577,983	$ 95,151	$ -	$ 10,673,134
Investments in securities	2,458,965	-	-	2,458,965	2,184,257	-	-	2,184,257
Accounts receivable, net	5,586,363	-	-	5,586,363	2,945,737	-	-	2,945,737
Rent receivable, current	225,391	-	-	225,391	256,416	-	-	256,416
Prepaid expenses and other current assets	453,212	-	-	453,212	406,831	-	-	406,831
Total current assets	15,785,630	95,151	-	15,880,781	16,371,224	95,151	-	16,466,375
Property and equipment, net	18,959,238	152,293	-	19,111,531	19,633,614	164,100	-	19,797,714
Investment in joint venture	26,450,000	-	-	26,450,000	26,450,000	-	-	26,450,000
Due from related parties	122,163	-	(49,948)	72,215	825	-	(825)	-
Rent receivable, noncurrent	1,163,950	-	-	1,163,950	1,449,387	-	-	1,449,387
Operating lease right of use assets	2,356,076	-	-	2,356,076	2,971,023	-	-	2,971,023
Security deposits	102,620	-	-	102,620	97,485	-	-	97,485
TOTAL ASSETS	$ 64,939,677	$ 247,444	$ (49,948)	$ 65,137,173	$ 66,973,558	$ 259,251	$ (825)	$ 67,231,984
LIABILITIES								
Accounts payable and accrued expenses	$ 585,137	$ 4,500	$ -	$ 589,637	$ 762,382	$ 3,000	$ -	$ 765,382
Accrued salaries, vacation and benefits	2,357,003	-	-	2,357,003	2,153,747	-	-	2,153,747
Mortgages payable, net, current	407,246	-	-	407,246	389,050	-	-	389,050
Unearned rental revenue, current	225,391	-	-	225,391	256,416	-	-	256,416
Lease liabilities, current	452,810	-	-	452,810	439,575	-	-	439,575
Due to funding sources	558,612	-	-	558,612	707,478	-	-	707,478
Total current liabilities	4,586,199	4,500	-	4,590,699	4,708,648	3,000	-	4,711,648
Due to related parties	-	49,948	(49,948)	-	-	825	(825)	-
Tenant security deposits payable	37,620	-	-	37,620	37,620	-	-	37,620
Capital advance	5,588,356	-	-	5,588,356	5,588,356	-	-	5,588,356
Lease liabilities, noncurrent	1,903,266	-	-	1,903,266	2,531,448	-	-	2,531,448
Paycheck Protection Program loan payable	2,898,600	-	-	2,898,600	-	-	-	-
Mortgages payable, net, noncurrent	7,692,236	-	-	7,692,236	8,090,992	-	-	8,090,992
Unearned rental revenue, noncurrent	1,163,950	-	-	1,163,950	1,449,387	-	-	1,449,387
Deferred rent	140,802	-	-	140,802	114,657	-	-	114,657
TOTAL LIABILITIES	24,011,029	54,448	(49,948)	24,015,529	22,521,108	3,825	(825)	22,524,108
NET ASSETS WITHOUT DONOR RESTRICTIONS								
Operations	35,657,248	40,703	-	35,697,951	38,887,234	91,326	-	38,978,560
Invested in property and equipment, net	5,271,400	152,293	-	5,423,693	5,565,216	164,100	-	5,729,316
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	40,928,648	192,996	-	41,121,644	44,452,450	255,426	-	44,707,876
TOTAL LIABILITIES AND NET ASSETS	$ 64,939,677	$ 247,444	$ (49,948)	$ 65,137,173	$ 66,973,558	$ 259,251	$ (825)	$ 67,231,984

See independent auditors' report.

START TREATMENT AND RECOVERY CENTERS, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	START Treatment and Recovery Centers	Affiliated Services and Resources Corporation	Eliminations	Total 2020	START Treatment and Recovery Centers	Affiliated Services and Resources Corporation	Eliminations	Total 2019
OPERATING ACTIVITIES:								
REVENUE AND SUPPORT								
Revenue								
Government contracts and grants	$ 2,785,493	$ -	$ -	$ 2,785,493	$ 2,471,842	$ -	$ -	$ 2,471,842
Medicaid	23,518,608	-	-	23,518,608	26,174,088	-	-	26,174,088
Patient fees	68,232	-	-	68,232	106,914	-	-	106,914
Contributions	126,454	-	-	126,454	96,572	-	-	96,572
Investment activity	291,164	-	-	291,164	401,357	-	-	401,357
Rental income	133,988	-	-	133,988	108,431	-	-	108,431
Gain on disposition of property	-	-	-	-	4,838,145	-	-	4,838,145
Other income	63,611	-	-	63,611	1,019,687	34,998	-	1,054,685
TOTAL REVENUE AND SUPPORT	26,987,550	-	-	26,987,550	35,217,036	34,998	-	35,252,034
EXPENSES								
Program services:								
Clinic operations	22,941,834	-	-	22,941,834	20,796,640	-	-	20,796,640
Research operations	418,632	-	-	418,632	437,516	-	-	437,516
Other programs	1,463,352	11,807	-	1,475,159	1,898,011	13,376	-	1,911,387
Total program services	24,823,818	11,807	-	24,835,625	23,132,167	13,376	-	23,145,543
Supporting services:								
Management and administration	5,547,677	50,623	-	5,598,300	5,235,846	22,365	-	5,258,211
Fundraising	139,857	-	-	139,857	39,345	-	-	39,345
Total supporting services	5,687,534	50,623	-	5,738,157	5,275,191	22,365	-	5,297,556
TOTAL EXPENSES	30,511,352	62,430	-	30,573,782	28,407,358	35,741	-	28,443,099
CHANGE IN NET ASSETS FROM OPERATIONS	(3,523,802)	(62,430)	-	(3,586,232)	6,809,678	(743)	-	6,808,935
Net assets - beginning of year	44,452,450	255,426	-	44,707,876	37,642,772	256,169	-	37,898,941
NET ASSETS - END OF YEAR	$ 40,928,648	$ 192,996	$ -	$ 41,121,644	$ 44,452,450	$ 255,426	$ -	$ 44,707,876