

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	

A This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)

☒ a single-employer plan ☐ a DFE (specify) _____

B This return/report is: ☐ the first return/report ☐ the final return/report

☒ an amended return/report ☐ a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. ☐

D Check box if filing under: ☒ Form 5558 ☐ automatic extension ☐ the DFVC program

☐ special extension (enter description) _____

E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ☐

Part II	Basic Plan Information—enter all requested information							
1a	Name of plan <u>TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; font-weight: bold;">1b</td> <td>Three-digit plan number (PN) ▶ <u>001</u></td> </tr> <tr> <td style="font-weight: bold;">1c</td> <td>Effective date of plan <u>01/01/2000</u></td> </tr> </table>	1b	Three-digit plan number (PN) ▶ <u>001</u>	1c	Effective date of plan <u>01/01/2000</u>		
1b	Three-digit plan number (PN) ▶ <u>001</u>							
1c	Effective date of plan <u>01/01/2000</u>							
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>TARZANA TREATMENT CENTERS, INC.</u> <u>18646 OXNARD STREET</u> <u>TARZANA, CA 91356</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; font-weight: bold;">2b</td> <td>Employer Identification Number (EIN) <u>94-2219349</u></td> </tr> <tr> <td style="font-weight: bold;">2c</td> <td>Plan Sponsor's telephone number <u>818-654-3827</u></td> </tr> <tr> <td style="font-weight: bold;">2d</td> <td>Business code (see instructions) <u>621420</u></td> </tr> </table>	2b	Employer Identification Number (EIN) <u>94-2219349</u>	2c	Plan Sponsor's telephone number <u>818-654-3827</u>	2d	Business code (see instructions) <u>621420</u>
2b	Employer Identification Number (EIN) <u>94-2219349</u>							
2c	Plan Sponsor's telephone number <u>818-654-3827</u>							
2d	Business code (see instructions) <u>621420</u>							

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	04/28/2023	RONALD DEW JR
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	04/28/2023	TARZANA TREATMENT CENTERS, INC.
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	906
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year.....		6a(1)	826
a(2) Total number of active participants at the end of the plan year		6a(2)	812
b Retired or separated participants receiving benefits.....		6b	0
c Other retired or separated participants entitled to future benefits		6c	113
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	925
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	1
f Total. Add lines 6d and 6e		6f	926
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	541
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	53
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2A 2E 2F 2G 2J 2K 2T 3D			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 TARZANA TREATMENT CENTERS, INC.	D Employer Identification Number (EIN) 94-2219349	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
ALLIANZ GLOBAL INVESTORS DISTRIBUTO	1345 AVENUE OF THE AMERICAS NEW YORK, NY 10105

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
ARTISAN DISTRIBUTORS, LLC	
30-0551775	

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
DIMENSIONAL FUND ADVISORS	6300 BEE CAVE ROAD BUILDING ONE AUSTIN, TX 78746

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
FIRST PACIFIC ADVISORS	11400 WEST OLYMPIC BLVD SUITE 1200 LOS ANGELES, CA 90064

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

INVESCO

1555 PEACHTREE STREET NW
1800
ATLANTA, GA 30309**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

J.P. MORGAN INVESTMENT MANAGEMENT

13-3200244

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

JANUS DISTRIBUTORS, LLC

151 DETROIT STREET
DENVER, CO 80206**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

LOOMIS SAYLES FUNDS

399 BOYLSTON STREET
BOSTON, MA 02116**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

METROPOLITAN LIFE

200 PARK AVENUE
NEW YORK, NY 10166**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

METROPOLITAN WEST FUNDS

865 SOUTH FIGUEROA STREET
LOS ANGELES, CA 90017**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PAYDEN & RYGEL

333 S. GRAND AVENUE
LOS ANGELES, CA 90071**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PRIMECAP

225 S. LAKE AVENUE
SUITE 400
PASADENA, CA 91101

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

T. ROWE PRICE

100 EAST PRATT STREET
BALTIMORE, MD 21202

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

VANGUARD

455 DEVON PARK DRIVE
WAYNE, PA 19087

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MORTON CAPITAL MANAGEMENT

30-0798181

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 21 49 50 64 99	INVESTMENT/FINANCIAL ADVI	69739	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

ADP, INC.

13-3036745

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 50 64 26 49 99	RECORD KEEPER	10960	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

ADP BROKER-DEALER

22-3319984

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
60 59	RECORD KEEPER	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
ARTISAN DISTRIBUTORS, LLC 30-0551775	ANNUAL RATE 0.00350 OF AVERAGE DAILY ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PAYDEN & RYGEL 333 S. GRAND AVENUE LOS ANGELES, CA 90071	ANNUAL RATE 0.00150 OF AVERAGE DAILY ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRIMECAP 225 S. LAKE AVENUE SUITE 400 PASADENA, CA 91101	ANNUAL RATE 0.00100 OF AVERAGE DAILY ASSETS	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>		
A Name of plan <u>TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>TARZANA TREATMENT CENTERS, INC.</u>	D Employer Identification Number (EIN) <u>94-2219349</u>	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	584022	663284
(2) Participant contributions.....	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)	1526215	1655019
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	13090931	15842714
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	1d(1)	
(2)	Employer real property.....	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	15201168 18161017
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i	
j	Other liabilities.....	1j	83620 131489
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	83620 131489
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	15117548 18029528

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	663284
	(B) Participants	2a(1)(B)	1835373
	(C) Others (including rollovers).....	2a(1)(C)	15600
(2)	Noncash contributions.....	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	2514257
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans.....	2b(1)(E)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	0
(2)	Dividends: (A) Preferred stock.....	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	711614
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	711614
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		32202
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1498781
c Other income.....	2c		204
d Total income. Add all income amounts in column (b) and enter total.....	2d		4757058
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1753386	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1753386
f Corrective distributions (see instructions).....	2f		10992
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	80700	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		80700
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1845078
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		2911980
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan.....	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ARMANINO LLP

(2) EIN: 94-6214841

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 TARZANA TREATMENT CENTERS, INC.	D Employer Identification Number (EIN) 94-2219349

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 57-1198022		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

Tarzana Treatment Centers, Inc.

Consolidated Financial Statements
and Single Audit Reports and Schedules

June 30, 2021



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tarzana Treatment Centers, Inc.
Tarzana, California

We have audited the accompanying consolidated financial statements of Tarzana Treatment Centers, Inc. (a nonprofit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 financial position of Tarzana Treatment Centers, Inc. as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
Los Angeles, California

December 22, 2021

Tarzana Treatment Centers, Inc.
Consolidated Statement of Financial Position
June 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 19,410,762
Accounts receivable, net	11,127,309
Investments in marketable securities	10,490,103
Investments in private mortgage pools	1,200,000
Prepaid expenses	1,265,442
Other current assets	<u>78,853</u>
Total current assets	<u>43,572,469</u>
Property and equipment, net	11,032,071
Other assets	
Restricted cash	6,068,918
Other assets	<u>1,225,412</u>
Total other assets	<u>7,294,330</u>
Total assets	<u><u>\$ 61,898,870</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Current portion of long-term debt	\$ 199,891
Current portion of capital lease obligations	291,915
Accounts payable	3,065,849
Accrued expenses	10,499,574
Deferred revenue	<u>17,181</u>
Total current liabilities	<u>14,074,410</u>
Long-term liabilities	
Long-term debt, net	12,614,138
Capital lease obligation	384,001
Deferred compensation liability	<u>267,193</u>
Total long-term liabilities	<u>13,265,332</u>
Total liabilities	27,339,742
Total net assets without donor restrictions	<u>34,559,128</u>
Total liabilities and net assets	<u><u>\$ 61,898,870</u></u>

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

Tarzana Treatment Centers, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2021

Revenues	
Federal funding	\$ 57,374,106
Grants and contracts	30,708,411
Private insurance and private pay	8,836,152
Medi-cal	2,682,980
Los Angeles County two-plan model healthcare programs	1,962,662
Medicare	1,268,026
Other program revenue	1,765,587
Net investment income	<u>1,341,118</u>
Total revenues, gains, and other support	<u>105,939,042</u>
Functional expenses	
Program services	77,883,636
General and administrative	<u>23,675,343</u>
Total functional expenses	<u>101,558,979</u>
Change in net assets	4,380,063
Net assets without donor restrictions, beginning of year	<u>30,179,065</u>
Net assets without donor restrictions, end of year	<u><u>\$ 34,559,128</u></u>

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

Tarzana Treatment Centers, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Inpatient Services	Non-Inpatient Services	Total Program Services	General and Administrative	Total
Personnel costs					
Administrative	\$ -	\$ -	\$ -	\$ 10,653,566	\$ 10,653,566
Program directors and supervision	2,064,521	4,671,530	6,736,051	755,834	7,491,885
Counseling	6,879,213	15,882,987	22,762,200	-	22,762,200
Nursing	2,853,682	2,131,207	4,984,889	-	4,984,889
Clinical	2,432,271	6,771,670	9,203,941	-	9,203,941
Kitchen	883,121	-	883,121	-	883,121
Maintenance and janitorial	1,498,382	419,768	1,918,150	403,184	2,321,334
Total personnel costs	<u>16,611,190</u>	<u>29,877,162</u>	<u>46,488,352</u>	<u>11,812,584</u>	<u>58,300,936</u>
Payroll taxes and employee benefits					
Payroll taxes	1,222,584	2,198,959	3,421,543	718,798	4,140,341
Medical insurance	706,640	1,270,974	1,977,614	405,187	2,382,801
Retirement plan	248,570	447,082	695,652	94,650	790,302
Workers' compensation insurance	183,954	330,862	514,816	337,076	851,892
Total payroll taxes and employee benefits	<u>2,361,748</u>	<u>4,247,877</u>	<u>6,609,625</u>	<u>1,555,711</u>	<u>8,165,336</u>
Other costs					
Auto mileage and travel	175,908	160,074	335,982	89,110	425,092
Computer supplies and maintenance	1,018,643	621,671	1,640,314	667,428	2,307,742
Consultants and home care nursing	1,303,043	3,206,683	4,509,726	1,270,316	5,780,042
Contract labor	37,440	491,161	528,601	164,310	692,911
Depreciation and amortization	593,108	18,343	611,451	336,174	947,625
Dues and subscriptions	99,758	19,195	118,953	132,410	251,363
Facility maintenance	364,191	154,461	518,652	475,117	993,769
Food costs	1,997,985	96,756	2,094,741	-	2,094,741
Insurance	646,980	66,493	713,473	359,148	1,072,621
Interest, bank and merchant fees, and payroll processing	-	-	-	997,458	997,458
Licenses and fees	98,007	11,097	109,104	96,224	205,328
Laboratory, medication, medical supplies and radiology	647,796	2,997,171	3,644,967	-	3,644,967
Marketing	-	-	-	328,096	328,096
Office supplies	44,929	184,309	229,238	99,931	329,169
Professional fees	-	23,617	23,617	1,007,350	1,030,967
Program supplies	25,383	629,068	654,451	-	654,451
Property and other taxes	283,535	15,359	298,894	134,974	433,868
Provision for contract allowances	-	-	-	455,386	455,386
Rent	1,626,644	4,505,648	6,132,292	1,886,199	8,018,491
Subcontract grants and allocations	-	199,789	199,789	23,489	223,278
Supplies	371,649	264,501	636,150	153,346	789,496
Telephone	305,247	225,312	530,559	384,619	915,178
Utilities and waste disposal	434,968	343,368	778,336	639,503	1,417,839
Other costs	305,978	170,391	476,369	606,460	1,082,829
Total other costs	<u>10,381,192</u>	<u>14,404,467</u>	<u>24,785,659</u>	<u>10,307,048</u>	<u>35,092,707</u>
	<u>\$ 29,354,130</u>	<u>\$ 48,529,506</u>	<u>\$ 77,883,636</u>	<u>\$ 23,675,343</u>	<u>\$ 101,558,979</u>

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

Tarzana Treatment Centers, Inc.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities	
Change in net assets	\$ 4,380,063
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	934,572
Amortization of debt issuance costs	13,053
Unrealized gains on investments	(797,350)
Realized losses on sales of investments	3,865
Change in allowance for doubtful accounts	455,386
Changes in operating assets and liabilities	
Accounts receivable	1,590,548
Prepaid expenses	(391,914)
Other current assets	(2,245)
Other assets	3,740
Accounts payable	(1,301,565)
Accrued expenses	4,359,318
Deferred compensation liability	(24,074)
Net cash provided by operating activities	<u>9,223,397</u>
Cash flows from investing activities	
Purchases of property and equipment	(717,086)
Purchases of investments in marketable securities	(2,384,461)
Reinvested dividends and interest	(547,633)
Proceeds from sales of investments in marketable securities	2,500,347
Proceeds from sales of investments in private mortgage pools	<u>1,000,000</u>
Net cash used in investing activities	<u>(148,833)</u>
Cash flows from financing activities	
Payments on revolving note	(137,500)
Principal payments on capital lease obligations	(355,728)
Principal payments on long-term debt	<u>(70,786)</u>
Net cash used in financing activities	<u>(564,014)</u>
Net increase in cash	8,510,550
Cash, cash equivalents and restricted cash, beginning of year	<u>16,969,130</u>
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 25,479,680</u></u>

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

Tarzana Treatment Centers, Inc.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021

Cash, cash equivalents and restricted cash consisted of the following:

Cash and cash equivalents	\$ 19,410,762
Restricted cash	<u>6,068,918</u>
	<u><u>\$ 25,479,680</u></u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 660,453
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Supplemental schedule of noncash investing and financing activities

Acquisition of computer equipment under financing arrangement	\$ 353,493
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The accompanying notes are an integral part of these consolidated financial statements.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS

The consolidated financial statements include the accounts of Tarzana Treatment Centers, Inc. ("TTC") and those of TTC Foundation (the "Foundation"), referred to collectively as the "Organization."

Nature of activities

Founded in 1972, Tarzana Treatment Centers, Inc.'s mission is to provide high-quality, integrated health care that improves the quality of life and health of patients regardless of financial resources and contributes to a reduction in the total cost of care. This mission is aligned with the intent of the Affordable Care Act and specifically parallels the goals of the Triple Aim of (a) improving the quality and overall experience of care; (b) improving population health; and (c) reducing per capita cost.

Today, TTC is a leader in providing integrated health care services for Substance Use Disorders, Mental Illness and Primary Medical Care, including specialty HIV/AIDS medical care. TTC's integrated model of care is based on its decades of health service delivery experience and is not replicated in the same comprehensive nature by any other provider in California.

TTC provides a full continuum of adult and youth substance use disorders treatment services, including inpatient medical detoxification, residential detoxification, psychiatric stabilization, residential and outpatient rehabilitation and an array of mental illness treatment services both inpatient and outpatient. TTC is also well-versed in the care of those suffering from both mental illness and substance use disorders.

TTC integrates behavioral health services into all of its primary and specialty care clinics and integrates primary care into all of its behavioral health services. TTC provides services for mental illness to all age groups and provides supportive services that include housing, benefits assistance and transportation. Guided by population-health metrics and patient-centered care standards, TTC provides integrated services that are coordinated, comprehensive and team-based. All patients are screened and assessed for medical and behavioral health conditions and receive whole-person care guided by an integrated treatment plan.

TTC Foundation, Inc. (the "Organization") was incorporated on February 25, 2020. The Organization operates to hold assets for, and on behalf of, Tarzana Treatment Centers, Inc. ("TTC"), and invest such assets in furtherance of TTC's charitable purposes. The Organization is a supporting organization of TTC. TTC is required to consolidate the Foundation because it has both control and an economic interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for its integrity and objectivity. These accounting policies conform to U.S. GAAP and have been consistently applied in the preparation of the financial statements.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements were prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Typically, the Organization only has net assets without donor restrictions.

- *Net assets without donor restrictions* - Net assets available for general use and not subject to donor (or certain grantor) restrictions.
- *Net assets with donor restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. The Organization has no net assets with donor restrictions as of June 30, 2021.

Income tax status

The Organization is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and corresponding state provisions.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from these estimates.

Insurance coverage

The Organization is exposed to risk of loss related to professional and general liability. Management believes that the levels of coverage carried are adequate so that no potential claim could negatively impact the Organization's operations in future periods.

Concentration of credit risk

Frequently, the Organization's bank balances exceed the FDIC-insured limits. The Organization has not experienced and does not anticipate any losses relating to cash held in these balances.

The Organization derived approximately 69% of its total revenues during the year from the County of Los Angeles through a number of contracts and agreements, each of which is negotiated, performed and monitored on an individual basis. Management anticipates this funding will continue at the present levels.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the Organization during the year.

Cash and cash equivalents

The Organization considers all highly-liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments in marketable securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the statements of activities.

Fair value measurements

The Organization follows an accounting standard which defines fair value for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. The statement applies to fair value measurements already required or permitted by existing standards.

- *Level 1* - utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities).
- *Level 2* - utilize data points that are observable such as quoted prices, interest rates and yield curves.
- *Level 3* - unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

Investments in private mortgage pools

The Organization has purchased a one-percent interest in private mortgage pools which are carried at cost minus impairment.

Accounts receivable

Accounts receivable are unsecured and the Organization is at-risk to the extent that such amounts become uncollectible. Management has provided an allowance for doubtful accounts based on known events and historical activity.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash

Restricted cash consists of funding received for facility construction made available from the revenue bond financing (see Note 8). These funds are administered by the trustee, U.S. Bank, and are disbursed to the Organization as facility construction costs are incurred.

Other assets

Other assets consist of the following:

Deposits	\$ 615,400
Investments in security options trust	269,026
Rental incentive payments	<u>340,986</u>
	<u><u>\$ 1,225,412</u></u>

Deposits - consist primarily of security deposits pursuant to facility lease agreements (see Note 13).

Investments in security options trust - the Organization holds investments in a financial institution for the benefit of its participants in the Discounted Employee Security Option Program (see Note 11).

Rental incentive payments - represents payments to incentivize the lessors to negotiate and enter into new leases with extended terms with the Organization (see Note 12).

Property and equipment

Purchases of property and equipment are recorded at cost. Donated items are recorded at fair value when received. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	39 years
Hospital and house equipment	7 years
Computer and office equipment	5 years
Computer software	3 years
Transportation equipment	5 years

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Deferred compensation

The Organization maintains a deferred compensation plan for the benefit of certain management employees. Assets of the deferred compensation plan are discussed in this note at “other assets” and the corresponding liability is discussed at Note 11.

Deferred revenue

Deferred revenue represents money received from contracts/grants prior to being earned. Grant and contract revenue is recognized in subsequent years as services are rendered.

Government grants

The Organization receives a portion of its public support based on reimbursable costs as defined by the respective grants. These grants meet the criteria to be classified as conditional contributions under GAAP revenue recognition for nonprofit organizations as they contain barriers related to the incurrence of qualifying expenditures and a right of return or release. The Organization has elected the simultaneous release option to account for these grants. therefore, they are recorded as government grants without donor restrictions upon satisfaction of the barriers. In the event amounts are received and have not been earned, the Organization records such amounts as refundable advances until earned. At June 30, 2021, the Organization had conditional contributions related to open state and federal government grants and contracts in the approximate amount of \$1,900,000 that have yet to be recorded. Reimbursements recorded under these grants are subject to audit by the granting agency. Management anticipates no material adverse outcomes as a result of these granting agency audits.

Cost allocation

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to functional expense classifications. Costs common to multiple functions have been allocated among the various functions benefited.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cost settlements

Given general uncertainties with their funding sources, it is the policy of the Organization to record cost settlements, resulting in either reimbursements or additional funding, only when notification has been received directly from the funding source. Future cost settlement notifications will be recognized in the period they are received. The Organization did not receive any cost settlement notifications during the year ended June 30, 2021.

Change in Accounting Principle

The Organization has adopted the Financial Accounting Standards Board Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaced existing revenue recognition guidance, ASC 605, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. GAAP. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Organization adopted ASU 2014-09 with a date of the initial application of July 1, 2020, using the full retrospective method. The implementation of ASU 2014-09 had no impact on the financial statements for the year ended June 30, 2021.

Subsequent events

The Organization has evaluated events subsequent to June 30, 2021, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through December 22, 2021, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

Los Angeles County	\$ 7,578,069
State of California	2,034,046
Private insurance	1,180,009
U.S. Government	545,018
City of Los Angeles	200,241
Other agencies and counties	<u>1,260,303</u>
	12,797,686
Allowance for doubtful accounts	<u>(1,670,377)</u>
	<u>\$ 11,127,309</u>

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

4. INVESTMENTS IN MARKETABLE SECURITIES

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equity mutual funds	\$ 1,662,931	\$ -	\$ -	\$ 1,662,931
International equity funds	1,055,618	-	-	1,055,618
Certificates of deposits	-	854,455	-	854,455
Alternative assets	<u>6,700,496</u>	<u>-</u>	<u>216,603</u>	<u>6,917,099</u>
	<u>\$ 9,419,045</u>	<u>\$ 854,455</u>	<u>\$ 216,603</u>	<u>\$10,490,103</u>

Alternative assets consist of institutional funds, closed-end funds, long/short equity funds and other investments.

Investment activity was as follows:

Balance, beginning of year	\$ 9,264,871
Purchases of investments	2,384,461
Sales of investments	(2,500,347)
Reinvested dividends and interest	547,633
Realized losses on sales of investments	(3,865)
Unrealized gains on investments	<u>797,350</u>
	<u>\$ 10,490,103</u>

The value of the Level 3 alternative assets (reported above) has been determined using statements provided by investment brokers. The changes in Level 3 measurements of these alternative assets during the year are as follows:

Balance, beginning of year	\$ 371,324
Sales of investments	<u>(154,721)</u>
	<u>\$ 216,603</u>

5. INVESTMENTS IN PRIVATE MORTGAGE POOLS

The Organization has invested \$1,200,000 in private mortgage pools. The Organization's ownership percentage in each of these funds is less than 1%.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

5. INVESTMENTS IN PRIVATE MORTGAGE POOLS (continued)

Investments in private mortgage pools activity was as follows:

Balance, beginning of year	\$ 2,200,000
Sale of investments	<u>(1,000,000)</u>
	<u><u>\$ 1,200,000</u></u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Land	\$ 1,213,968
Buildings	1,120,933
Hospital and house equipment	1,077,138
Leasehold improvements	19,330,945
Computer and office equipment	4,692,771
Computer software	1,240,707
Transportation equipment	<u>540,193</u>
	29,216,655
Accumulated depreciation and amortization	<u>(18,184,584)</u>
	<u><u>\$ 11,032,071</u></u>

7. REVOLVING NOTE

The Organization has a revolving line of credit with City National Bank ("CNB") for funds available to borrow up to \$1,000,000 with interest equal to the greater of (i) 2.5% or (ii) the "Prime Rate" of CNB (3.25% at June 30, 2021) less 0.75%. There was no outstanding balance as of June 30, 2021.

8. LONG-TERM DEBT

On March 1, 2019, the California Health Facilities Financing Authority issued revenue bonds (the "Bonds") in the amount of \$13,500,000 on behalf of the Organization to finance construction of three facilities located in Lancaster and Long Beach, California. The Bonds consist of Series A and Series B bonds, with interest ranging between 3.80% and 4.95%, and secured by deeds of trusts on the real properties in Lancaster and Long Beach, California. Series A and Series B bonds are scheduled to mature on June 1, 2044 and June 1, 2032, respectively. The Organization is scheduled to make payments ranging from approximately \$53,000 and \$76,000 each month over the life of the bonds. As of June 30, 2021, the outstanding balance was \$13,105,000.

On February 20, 2019, the Organization entered into an auto loan payable in the amount of \$18,574, with interest at 4.69%. The Organization is scheduled to make payments of \$554 each month and is scheduled to mature on March 6, 2022. As of June 30, 2021, the outstanding balance was \$4,891.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

8. LONG-TERM DEBT (continued)

The future maturities of the long-term debt are as follows:

<u>Year ending June 30,</u>	
2022	\$ 199,891
2023	355,000
2024	370,000
2025	390,000
2026	405,000
Thereafter	<u>11,390,000</u>
	13,109,891
Less: debt issuance costs	<u>(295,862)</u>
Long-term debt, net of debt issuance costs	12,814,029
Current portion	<u>(199,891)</u>
	<u><u>\$ 12,614,138</u></u>

9. CAPITAL LEASE OBLIGATION

The Organization leases certain network infrastructure equipment under capital leases that expire at various dates through April 2025. The assets under capital lease have been recorded at fair value and are being amortized over the assets' useful lives. Depreciation of property under capital leases is included in depreciation and amortization in the financial statements.

Property and equipment held under capital lease obligations consisted of the following:

Computer equipment	\$ 1,189,478
Network infrastructure equipment	1,233,249
Accumulated depreciation	<u>(1,828,547)</u>
	<u><u>\$ 594,180</u></u>

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

9. CAPITAL LEASE OBLIGATION (continued)

Future maturities of the capital lease obligation is as follows:

<u>Year ending June 30,</u>	
2022	\$ 314,078
2023	150,165
2024	150,165
2025	<u>93,659</u>
	708,067
Less: imputed interest	<u>(32,151)</u>
Present value of minimum lease payments	675,916
Current portion	<u>(291,915)</u>
	<u><u>\$ 384,001</u></u>

10. WORKERS' COMPENSATION LIABILITY

The Organization is partially self-insured for workers' compensation. The program is supplemented with commercial excess insurance from third-party insurance carriers for total claims above the Organization's self-insurance retention of \$500,000. The Organization has retained an outside administrator to monitor, process and administer its claims. The administrator also establishes an accrual for future payments on known claims. Historically, the Organization has had a very low frequency of incurred but not reported claims.

Changes in the balance of claim liabilities are as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Current Year Claims</u> <u>and Changes in</u> <u>Estimates</u>	<u>Claims/Payments</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>\$ 1,270,559</u>	<u>\$ 237,336</u>	<u>\$ (405,970)</u>	<u>\$ 1,101,925</u>

The liability has been included in accrued expenses in the accompanying financial statements.

California's private insurance program requires that self-insured employers post collateral to cover estimated future claim liabilities. The Organization participates in California's "Alternative Security Program," part of the Self-Insurer's Security Fund. Membership in this program allows the Organization to fulfill the collateral requirement through its membership and investment in the program and without posting the Organization's assets as collateral.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

11. DEFERRED COMPENSATION

The Organization has a non-qualified deferred compensation plan structured as a Discounted Employee Security Option Program (DESOP) for the benefit of certain management employees. The Organization's board makes annual grants of options in publicly-traded mutual funds which the Organization has purchased to fund the DESOP and the account balance fluctuates with the investment returns on those funds. The DESOP assets are held in a separate trust, subject to the claims of the Organization's creditors in the event that the Organization becomes insolvent. Consequently, the trust qualifies as a grantor trust for income tax purposes. Charges to deferred compensation expense are included within personnel costs in the statement of functional expenses.

401(k) Plan

The Organization has established a defined contribution plan under IRC Section 401(k) covering certain employees aged 18 years and older who have completed six months of service. The terms of the plan provide that employees, once eligible, may participate in the plan by making contributions up to the maximum allowed under the IRC. The Organization makes discretionary matching contributions of 50% of the elective deferral up to 2.5% of eligible earnings. Retirement plan expenses for the year totaled \$645,615.

12. RELATED PARTY TRANSACTIONS

The Organization leases properties from entities in which an officer/director who is a non-voting Ex Officio member has invested, but holds a noncontrolling interest.

The officer/director who is a non-voting Ex Officio member owns a noncontrolling interest in the following entities:

Property	Lease Termination	Rent Paid	Property Taxes Paid
18700 Oxnard St.	June 2028	\$ 541,319	\$ 37,175
44447 10th St. West	November 2027	1,033,570	69,819
7101 Baird St.	June 2028	526,869	24,649
8330 Reseda Blvd.	July 2028	647,131	99,586
907 West Lancaster Blvd.	March 2028	<u>190,183</u>	<u>17,588</u>
		<u>\$ 2,939,072</u>	<u>\$ 248,817</u>

The officer/director who is a non-voting Ex Officio member is the sole owner of another property which the Organization leases on a month-to-month basis. Total rent incurred in fiscal 2021 was \$36,000.

The Organization has had valuations performed on all of the significant properties by a third-party appraiser. These appraisals support the Organization's position that it is paying fair rental value (or less) for each property.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

12. RELATED PARTY TRANSACTIONS (continued)

As described in the other assets section of Note 2, on January 1, 2016, the Organization entered into new lease agreements with all of the above related entities. To incentivize the owners of the entities to negotiate new leases and extend the lives of the leases, the Organization paid rental incentive payments which are being amortized over the respective lives of the new leases. All of the discussed leases were approved by the Organization's independent board of directors.

13. COMMITMENTS

The Organization leases multiple facility and office spaces in southern California (including the leases discussed in Note 12), all of which are accounted for as operating leases. Monthly rent payments for these leases range from approximately \$2,000 to \$104,000 per month, expiring at various dates between June 2022 and July 2031.

The Organization recognized rent expense of \$8,018,491 for the year ended June 30, 2021.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2022	\$ 7,442,001
2023	7,617,080
2024	7,843,121
2025	8,075,896
2026	8,284,699
Thereafter	<u>34,288,585</u>
	<u><u>\$ 73,551,382</u></u>

14. CONTINGENCIES

Litigation

The Organization operates its mission in an environment that is subject to professional and general liability risks. Management believes it is adequately insured so that no potential claim could create a significant adverse financial impact.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

14. CONTINGENCIES (continued)

Regulatory environment

Laws and regulations governing the programs pursuant to which the Organization is reimbursed for its services are extremely complex and subject to interpretation. During the last few years, as a result of investigations by federal and state governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which investigations have resulted in some instances in organizations entering into significant settlement agreements. The Organization's compliance with such laws and regulations may be subject to future government review and interpretation. Moreover, the Organization expects that the level of review and audit to which it and other care providers are subject will increase. As a result, there is a reasonable possibility recorded amounts will change by a material amount in the near term. To foster compliance with applicable laws and regulations, the Organization maintains a compliance program designed to detect and correct potential violations of laws and regulations related to its programs. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigation involving allegations of potential wrongdoing.

State funding

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. During the last few years, as a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as regulatory action, which could include fines, penalties, exclusion from the Medicare and Medicaid programs and revocation of federal or state tax-exempt status. Moreover, the Organization expects that the level of review and audit to which it and other health care providers are subject to increase.

Various state and federal agencies routinely initiate audits of healthcare providers, including the Organization. These funding agency audits are continually in various stages of discovery and relate to reimbursement, billing practices and other matters of the Organization. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations and it is not possible to determine the impact, if any, such claims or penalties would have on the Organization. As a result, there is a possibility that recorded amounts will change by a material amount in the near-term, although management currently has no information that would suggest there will be a material change. To foster compliance with applicable laws and regulations, the Organization maintains a compliance program designed to detect and correct potential violations of laws and regulations related to its programs. Management has received no letters of noncompliance as of June 30, 2021.

Tarzana Treatment Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2021

15. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 19,410,762
Accounts receivable, net	11,127,309
Investments in marketable securities	<u>10,490,103</u>
	<u>41,028,174</u>
 Less: Investments that cannot be converted to cash within one year Alternatives	 <u>(216,603)</u>
	 <u><u>\$ 40,811,571</u></u>

The Organization has a line of credit available for use with a limit of \$1,000,000. There was no outstanding balance as of June 30, 2021 (see Note 7).

16. RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, where the Organization is located, have declared a state of emergency. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations.

COVID-19 could adversely affect the economies and financial markets of many countries, namely the United States, resulting in an economic downturn that could affect the Organization in a variety of ways. The Organization cannot anticipate all of the ways in which COVID-19 could adversely impact the Organization's operations. Although the Organization is continuing to monitor and assess the effects of the COVID-19 pandemic on the Organization's operations, the ultimate impact of the COVID-19 outbreak, the CARES Act and other governmental initiatives is highly uncertain and subject to change.

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Tarzana Treatment Centers, Inc.
Tarzana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Tarzana Treatment Centers, Inc. (a nonprofit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
Los Angeles, California

December 22, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE

Board of Directors
Tarzana Treatment Centers, Inc.
Tarzana, California

Report on Compliance for Each Major Federal Program

We have audited Tarzana Treatment Centers, Inc. (a nonprofit corporation) (the "Organization")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the the Organization's consolidated financial statements as of and for the year ended June 30, 2021, and have issued our report thereon dated December 22, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 the audit 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Armanino LLP". The signature is fluid and cursive, with the letters "Armanino" written in a larger, more prominent script than the "LLP" which follows.

Armanino^{LLP}
Los Angeles, California

December 22, 2021

Tarzana Treatment Centers, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance				
Direct awards:				
Growing Miracles	93.243	1H79T1080337-04	\$ 432,268	\$ -
Opioid Overdose Treatment Access Technical Assistance	93.243	3H79SP080959-03	200,271	-
LinC	93.243	1H79T1082495-01	488,819	-
Project COPE	93.243	1H79I082702-02	376,510	-
MAT-Expansion Project	93.243	1H79TI081460-03	548,283	-
Healthy Educated Leader in Progress	93.243	1H79SP021694-03	243,042	-
Whole Health Integration Project Against HIV	93.243	1H79SM080570-02	476,685	-
Youth and Family Tree	93.243	1H79T1081285-02	473,455	-
VSS	93.243	1H79SP080220-02	253,068	-
			<u>3,492,401</u>	<u>-</u>
Saving Lives Project	93.665	1H79fG000436-01	<u>479,362</u>	<u>-</u>
Total Substance Abuse and Mental Health Services_Projects			<u>3,971,763</u>	<u>-</u>
Medical Assistance Program				
Pass-through program from: County of Los Angeles Substance Abuse Prevention and Control	93.778	PH003872	42,703,725	-
Pass-through program from: Riverside University Health System				
DMS	93.778	ID 4100514307/55800	9,289	-
Pass-through program from: Los Angeles County Department of Public Health				
Block Grants for Medical Assistance Program	93.778	PH-002514	<u>186,949</u>	<u>-</u>
Total Medical Assistance Program			<u>42,899,963</u>	<u>-</u>
Opioid STR				
Pass-through program from: State of California Department of Health Care Services				
California Hub and Spoke System	93.788	19-96140	279,310	18,714
California Hub and Spoke System	93.788	7426	<u>1,026,250</u>	<u>-</u>
Total Opioid STR			<u>1,305,560</u>	<u>18,714</u>
HIV Emergency Relief Project Grants				
Pass-through program from: County of Los Angeles Division of HIV and STD Programs				
Transportation	93.914	PH004201	8,760	-
Transportation	93.914	PH004296	97,963	-
Benefits Specialty	93.914	PH001537	119,364	-
Medical Care Coordination	93.914	PH003766	367,383	-
Ambulatory Outpatient Medical	93.914	PH003765	52,162	-
NOCHAA Benefits Specialty	93.914	PH002903	86,051	-

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Tarzana Treatment Centers, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
MH Services	93.914	PH003365	8,108	-
Case Management Home-Based	93.914	H204608	504,170	-
Prerelease County (JAILS) TCM	93.914	H300127	148,776	-
			<u>1,392,737</u>	<u>-</u>
Direct awards:				
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	1H76 HA00791-01	349,918	-
Covid Response	93.918	H7CHA36845	30,856	-
			<u>380,774</u>	<u>-</u>
Total HIV Emergency Relief Project Grants			<u>1,773,511</u>	<u>-</u>
Block Grants for Prevention and Treatment of Substance Abuse				
Pass-through program from: Riverside University Health System	93.959	ID 4100514307/55800 PD	5,943	-
Pass-through program from: Ventura County Behavioral Health (VCBH)	93.959	322020200708000000 03	306,340	-
Pass-through program from: County of Los Angeles Division of Substance Abuse Prevention and Control				
Drug Medi-cal	93.959	PH003872	4,255,135	-
ADPS-CPS	93.959	PH002778	317,029	-
ADPS-EPS	93.959	PH002779	531,830	-
APS	93.959	PH003954	389,755	-
CENS	93.959	H707425	34,925	-
RBH	93.959	H707425	295,250	-
			<u>5,823,924</u>	<u>-</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>6,136,207</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>55,607,642</u>	<u>18,714</u>
U.S. Department of Homeland Security				
Direct awards:				
Emergency Food and Shelter National Board Program	97.024	EFSP PH 26	11,700	-
Total U.S. Department of Homeland Security			<u>11,700</u>	<u>-</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Tarzana Treatment Centers, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Housing and Urban Development				
Pass-through program from: City of Los Angeles Housing Opportunities for Persons with AIDS	14.241	C-133929	<u>1,275,402</u>	<u>97,970</u>
Total U.S. Department of Housing and Urban Development			<u>1,275,402</u>	<u>97,970</u>
Total Expenditures of Federal Awards			<u>\$ 57,374,106</u>	<u>\$ 116,684</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Tarzana Treatment Centers, Inc.
Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Tarzana Treatment Centers, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COSTS

The Organization does not use the 10% de minimus cost rate.

Tarzana Treatment Centers, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243
Medical Assistance Program	93.778
Dollar threshold used to distinguish between Type A and Type B programs	\$1,721,223
Auditee qualified as low-risk auditee?	Yes

Tarzana Treatment Centers, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Tarzana Treatment Centers, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

There were no prior year findings.

Schedule C, Line 2(h) Formula Description

For those service providers listed on Line 2 for which Line 2(h) has been checked “yes”:

For a description of indirect compensation received by service providers listed on Line 2 that was disclosed as a formula, please see Line 3(e). Please note: If indirect compensation disclosed as a formula was received by a service provider from more than one source, there will be multiple Lines 3(e) for that service provider.

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection

For calendar plan year 2021 or fiscal plan year beginning		and ending	
A Name of plan	B Three-digit plan number (PN) ►		
C Plan sponsor's name as shown on line 2a of Form 5500		D Employer Identification Number (EIN)	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)		
(2) Employer real property.....	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f		

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l		
---	-----------	--	--

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers).....	2a(1)(C)		
(2) Noncash contributions.....	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		
(2) Dividends: (A) Preferred stock.....	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)		
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☐ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name:

(2) EIN:

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a			

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b			
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d			
e Was this plan covered by a fidelity bond?			
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?			
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)			
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k			
l Has the plan failed to provide any benefit when due under the plan?			
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			
5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☐ No If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.			
5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)			
5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)	
5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.			

Attachment to 2021 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN

EIN: 94-2219349

Plan Sponsor's Name TARZANA TREATMENT CENTERS, INC.

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	VANGUARD 500 INDEX FUND - ADM	REGISTERED INVESTMENT COMPANY		1,596,398
	TRP RETIREMENT I 2040 - I	REGISTERED INVESTMENT COMPANY		1,534,708
	DFA US CORE EQUITY 1 PORT INST	REGISTERED INVESTMENT COMPANY		76,482
	VANGUARD HEALTH CARE FUND ADM	REGISTERED INVESTMENT COMPANY		91,858
	TRP RETIREMENT I 2030 I	REGISTERED INVESTMENT COMPANY		2,521,732
	VANGUARD GNMA ADM	REGISTERED INVESTMENT COMPANY		497,623
	TRP RETIREMENT I 2020 - I	REGISTERED INVESTMENT COMPANY		299,134

Attachment to 2021 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN

EIN: 94-2219349

Plan Sponsor's Name TARZANA TREATMENT CENTERS, INC.

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	VANGUARD MID CAP INDEX - ADM	REGISTERED INVESTMENT COMPANY		348,031
	ARTISAN GLOBAL OPPS INVESTOR	REGISTERED INVESTMENT COMPANY		445,101
	DFA US TARGETED VAL PORT INST	REGISTERED INVESTMENT COMPANY		98,660
	FPA CRESCENT INST	REGISTERED INVESTMENT COMPANY		6,306
	DFA INTL CORE EQUITY PORT INST	REGISTERED INVESTMENT COMPANY		470,863
	INVESCO OPP INTL GR R6	REGISTERED INVESTMENT COMPANY		254,099
	PRIMECAP ODYSSEY GROWTH FUND	REGISTERED INVESTMENT COMPANY		1,114,381

Attachment to 2021 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN

EIN: 94-2219349

Plan Sponsor's Name TARZANA TREATMENT CENTERS, INC.

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	PAYDEN EQUITY INCOME FUND INV	REGISTERED INVESTMENT COMPANY		24,713
	LOOMIS SAYLES BOND FUND N	REGISTERED INVESTMENT COMPANY		82,203
	PIMCO STOCKSPPLUS INTL I	REGISTERED INVESTMENT COMPANY		61,457
	VANGUARD MID CAP VALUE IND ADM	REGISTERED INVESTMENT COMPANY		200,938
	TRP RETIREMENT I 2060 - I	REGISTERED INVESTMENT COMPANY		1,401,416
	VANGUARD SMALL CAP INDEX ADMRL	REGISTERED INVESTMENT COMPANY		392,881
	TRP RETIREMENT I 2050 - I	REGISTERED INVESTMENT COMPANY		2,256,447

Attachment to 2021 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN

EIN: 94-2219349

Plan Sponsor's Name TARZANA TREATMENT CENTERS, INC.

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	MET WEST TOTAL RETURN BND PLAN	REGISTERED INVESTMENT COMPANY		182,029
	JANUS HENDERSON TRITON FUND N	REGISTERED INVESTMENT COMPANY		148,668
	VANGUARD REAL ESTATE INDEX ADM	REGISTERED INVESTMENT COMPANY		131,543
	DFA US VECTOR EQ FD INST	REGISTERED INVESTMENT COMPANY		77,418
	DFA US CORE EQUITY 2 PORT INST	REGISTERED INVESTMENT COMPANY		365,940
	FPA NEW INCOME FUND	REGISTERED INVESTMENT COMPANY		59,658
	JPMORGAN MID CAP GROWTH R6	REGISTERED INVESTMENT COMPANY		1,102,027

Plan Name	TARZANA TREATMENT CENTERS, INC. TAX DEFERRED SAVINGS PLAN	EIN:	94-2219349
Plan Sponsor's Name	TARZANA TREATMENT CENTERS, INC.	PN:	001

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