

RIVER EDGE FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2019

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

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ROBERT BAKER and ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors
River Edge Foundation, Inc. and Subsidiaries
Macon, Georgia

We have audited the accompanying consolidated financial statements of River Edge Foundation, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 in financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 judgement, including the assessment of the risks of material misstatements 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.

The Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of River Edge Foundation, Inc. and Subsidiaries as of December 31, 2019, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 15 through 17, and the Statement of Activities-Corporation Only, on page 18,

are presented for the purpose of additional analysis and are not a required part of the 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2020, on our consideration of River Edge Foundation, Inc. and Subsidiaries' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 River Edge Foundations, Inc. and its Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering River Edge Foundation, Inc. and Subsidiaries' internal control over financial reporting and compliance.

ROBERT BAKER and ASSOCIATES

A handwritten signature in cursive script that reads "ROBERT BAKER AND ASSOCIATES". The signature is written in dark ink and is positioned above a horizontal line.

Certified Public Accountants

Albany, Georgia

May 28, 2020

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 721,602
Investments	2,098,221
Accounts Receivable	153,042
Unconditional Promises to Give	999,699
Prepaid Expenses	<u>97,291</u>
Total Current Assets	\$ <u>4,069,855</u>

CAPITAL ASSETS

Land	\$ 90,813
Building and Equipment - Net of Accumulated Depreciation	<u>2,128,935</u>
Total Capital Assets	\$ <u>2,219,748</u>

OTHER ASSETS

Reserve Deposits	\$ <u>82,221</u>
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TOTAL ASSETS	\$ <u>6,371,824</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 30,312
Due to Affordable Business Solutions, Inc.	322,089
Due to River Edge Behavioral Health	<u>754,134</u>
Total Current Liabilities	\$ <u>1,106,535</u>

LONG-TERM LIABILITIES

Loan Payable	\$ <u>1,314,447</u>
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TOTAL LIABILITIES	\$ <u>2,420,982</u>
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NET ASSETS

Without Donor Restrictions	\$ <u>1,763,148</u>
With Donor Restrictions:	
Temporarily	\$ 2,183,499
Permanently	<u>4,195</u>
Total Restricted Net Assets	\$ <u>2,187,694</u>

Total Net Assets	\$ <u>3,950,842</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>6,371,824</u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2019

		<u>WITH DONOR RESTRICTIONS</u>		
	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
OPERATING GRANTS AND CONTRIBUTIONS				
Rental Income	\$ 197,933	\$ -	\$ -	\$ 197,933
Contracted Services:				
Blight	1,269,864	-	-	1,269,864
Federal Grants	392,029	-	-	392,029
Contributions	-	615,102	1,000	616,102
Investment Income	332,273	(6)	-	332,267
Other Income	109,369	-	-	109,369
Sales - Net	5,317	-	-	5,317
Special Events - Net	10,635	1,624	-	12,259
Net Assets Released From Restrictions	<u>2,076,166</u>	<u>(2,076,166)</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING GRANTS AND CONTRIBUTIONS	\$ <u>4,393,586</u>	\$ (<u>1,459,446</u>)	\$ <u>1,000</u>	\$ <u>2,935,140</u>
EXPENSES				
Program Services	\$ 4,564,713	\$ -	\$ -	\$ 4,564,713
Support Services:				
General and Administrative	289,163	-	-	289,163
Fundraising	<u>271,415</u>	<u>-</u>	<u>-</u>	<u>271,415</u>
TOTAL EXPENSES	\$ <u>5,125,291</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,125,291</u>
CHANGE IN NET ASSETS	\$ (731,705)	\$ (1,459,446)	\$ 1,000	\$ (2,190,151)
PRIOR PERIOD ADJUSTMENT	(2,038,620)	-	-	(2,038,620)
NET ASSETS - BEGINNING YEAR	<u>4,533,473</u>	<u>3,642,945</u>	<u>3,195</u>	<u>8,179,613</u>
NET ASSETS - END OF YEAR	\$ <u>1,763,148</u>	\$ <u>2,183,499</u>	\$ <u>4,195</u>	\$ <u>3,950,842</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2019

		<u>SUPPORT SERVICES</u>		
	<u>PROGRAM SERVICES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Administrative Fees	\$ -	\$ 4,346	\$ 4,039	\$ 8,385
Bank Charges	242	660	625	1,527
Client Assistance	28,658	-	-	28,658
Computers	7,200	-	-	7,200
Contracts	17,802	3,509	-	21,311
Depreciation	-	177,807	-	177,807
Dues	668	1,681	10,699	13,048
Equipment Rental	-	4,452	-	4,452
Facility Rent	-	15,243	-	15,243
Grants	4,038,397	5,780	-	4,044,177
Insurance and Bonding	87,599	5,332	-	92,931
Investment Expenses	18,602	-	-	18,602
Management Fees	330,668	16,465	167,752	514,885
Meetings	200	5,317	6,378	11,895
Office Supplies	2,469	8,427	11,604	22,500
Other Operating Expenses	697	2,551	15	3,263
Postage/Shipping	100	1,153	5,473	6,726
Printing and Publications	90	3,726	1,947	5,763
Professional Fees	5,250	25,474	59,459	90,183
Repairs and Maintenance	24,527	-	-	24,527
Staff Development	-	5,649	478	6,127
Taxes and Licenses	250	143	277	670
Travel	635	1,448	2,669	4,752
Utilities	<u>659</u>	<u>-</u>	<u>-</u>	<u>659</u>
Total Expenses	\$ <u>4,564,713</u>	\$ <u>289,163</u>	\$ <u>271,415</u>	\$ <u>5,125,291</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Contributed Support Received	\$ 606,537
Earned Revenue Received	2,509,284
Investment Income Received	35,938
Cash Paid for Operating Expenses	(4,933,003)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,781,244)
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in Reserve Deposits	\$ (5,217)
Purchase of Investments	(2,347,791)
Sale of Investments	2,837,449
Transfer Out of Affordable Business Solutions, LLC Assets	(2,083,620)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ (1,599,179)
CASH FLOWS FROM FINANCING ACTIVITIES	
Decrease in Amounts Due to River Edge Behavioral Health	\$ (580,168)
Decrease in Amounts Due to River Edge Foundation, Inc.	(5,519)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ (585,687)
NET INCREASE (DECREASE) IN CASH	\$ (3,966,110)
CASH - BEGINNING OF YEAR	<u>4,687,712</u>
CASH - END OF YEAR	\$ <u><u>721,602</u></u>
Reconciliation of Changes in Net Assets to Net Cash	
Provided (Used) in Operating Activities	
Change in Net Income (Loss)	\$ (2,190,151)
Adjustments to Reconcile Change in Net Assets	
To Net Cash Provided by Operating Activities:	
Depreciation Expense	177,807
Change in Accounts Receivable	522,513
Change in Pledges Receivable	(9,565)
Change in Prepaid Expenses	(37,805)
Unrealized Gain on Marketable Securities	(296,329)
Change in Accounts Payable	<u>52,286</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (<u><u>1,781,244</u></u>)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF OPERATIONS

The purpose of the Corporation is to expand access and provide prevention and health care services to certain uninsured and underinsured of Central Georgia in such a way that benefits River Edge Behavioral Health either directly or indirectly. In addition, the Corporation is the sole member of the following entities:

First Neighborhood, LLC was established in 2010 as a single asset entity to provide low-income housing within the Macon, Georgia area.

Third Neighborhood, LLC was established in 2014 as a single asset entity to provide low-income housing in the Macon, Georgia area.

Georgia Behavioral Holdings, Inc. d/b/a Better Possibilities was establishing in 2018 as a single asset entity to provide entrepreneurial ventures for persons with developmental disabilities.

BASIS OF ACCOUNTING

The financial statements of the Organizations have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred.

FINANCIAL STATEMENT PRESENTATION

New Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, the Organization will also present a statement of functional expenses and detailed information regarding liquidity and availability of resources.

The accompanying information from the 2019 financial statements has been adjusted to conform to the 2019 presentation and disclosure requirements of ASU No. 2016-14. This adjustment did not have an effect on total net assets or the change in net assets for 2018.

NET ASSETS

Net assets of the Organizations are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Corporation include the accounts of River Edge Foundation, Inc. and its wholly owned subsidiaries: First Neighborhood, LLC; Third Neighborhood, LLC; Affordable Business Solutions, Inc.; and Georgia Behavioral Holdings, Inc. d/b/a Better Possibilities. All significant inter-company accounts and transactions have been eliminated.

CASH AND CASH EQUIVALENTS

For the purposes of reporting cash flows, the Corporation considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

The Corporation maintains its cash in bank accounts which may exceed federally insured limits. The Corporation has not experienced any losses in such accounts.

INVESTMENTS

Investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Donated investments are valued at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. It is the Corporation's policy to capitalize property and equipment over \$5,000. Property and equipment are depreciated using the straight-line method. Buildings and improvements are depreciated over 15 to 20 years. Equipment is depreciated over 5 years.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized.

ALLOCATION OF EXPENSES

The cost of providing various programs and other activities has been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CONTRIBUTIONS

Unconditional promises to give cash and other assets are reported at estimated fair value at the date the promise is received. Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at the fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

CONTRIBUTED SERVICES

During the year ended December 31, 2019, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and has not been recorded.

INCOME TAXES

The Corporation qualifies as a tax exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. The Corporation's tax-exempt purpose is subject to taxation as unrelated business income. The Corporation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Corporation's tax-exempt status would not have a material effect on the Corporation's financial statements.

ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - CASH IN BANK

Total deposits as of December 31, 2019, are summarized as follows:

As reported in the Statement of Net Assets:

Cash	\$ <u>721,602</u>
Cash deposited with financial institutions	\$ <u>630,716</u>

Interest rate risk. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Foundation has \$123,916 in uncollateralized deposits at December 31, 2019.

The Foundation maintains its cash in bank accounts which may exceed the federally insured limits. The Foundation has not experienced any losses in such accounts.

NOTE 3 - INVESTMENTS

The following table gives investment cost and unrealized appreciation (depreciation) by type of investments as of December 31, 2019:

		<u>Fair Value Measurements Using:</u>	
	<u>Cost</u>	<u>Unrealized Gains/Losses</u>	<u>Fair Value</u>
Mutual Funds -			
Fixed Income	\$ 586,000	\$ 22,303	\$ 608,303
Mutual Funds - Equity	<u>1,216,892</u>	<u>273,026</u>	<u>1,489,918</u>
Total	\$ <u>1,802,892</u>	\$ <u>295,329</u>	\$ <u>2,098,221</u>

Investment expenses incurred totaled \$18,602 for the year ended December 31, 2019.

FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820-10-50, *Fair Value Measurements*, provides a framework for measuring fair value under generally accepted accounting principles. The framework applies to all financial instruments that are being measured and reported on a fair value basis.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS - CONTINUED

As defined in ASC 820-10-50, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and/or risk inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services, identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

For the year ended December 31, 2019, the application of valuation techniques applied to similar assets and liabilities have been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

The preceding methods described may produce a fair value circulation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds-				
Fixed Income	\$ 608,303	\$ -	\$ -	\$ 608,303
Mutual Funds-Equity	<u>1,489,918</u>	<u>-</u>	<u>-</u>	<u>1,489,918</u>
Total assets at fair value	\$ <u>2,098,221</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,098,221</u>

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2019 consisted of the following:

Due from Macon-Bibb County	\$	70,237
Due from Others		<u>82,805</u>
Total	\$	<u>153,042</u>

NOTE 5 - PROMISES TO GIVE

Unconditional promises to give at December 31, 2019, consisted of the following:

Due from Navicent Health	\$	900,000
Due from Others		<u>99,699</u>
Total	\$	<u>999,699</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 consists of land, buildings and equipment, net of accumulated depreciation, used to provide low-income housing by First Neighborhood, LLC and Third Neighborhood, LLC.

	Balance December 31, 2018	Increase	Decrease	Balance December 31, 2019
Land	\$ <u>90,813</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>90,813</u>
Depreciation Assets:				
Building	\$ 3,546,712	\$ -	\$ -	\$ 3,546,712
Equipment	14,808	-	-	14,808
Construction in Progress	<u>169,700</u>	<u>-</u>	<u>169,700</u>	<u>-</u>
	\$ <u>3,731,220</u>	\$ <u>-</u>	\$ <u>169,700</u>	\$ <u>3,561,520</u>
Accumulated Depreciation:				
Buildings	\$ (1,239,970)	\$ (177,807)	\$ -	\$ (1,417,777)
Equipment	(<u>14,808</u>)	<u>-</u>	<u>-</u>	(<u>14,808</u>)
	\$ (<u>1,254,778</u>)	\$ (<u>177,807</u>)	\$ <u>-</u>	\$ (<u>1,432,585</u>)
Depreciable Assets, Net	\$ <u>2,476,442</u>	\$ (<u>177,807</u>)	\$ <u>-</u>	\$ <u>2,128,935</u>
Total Assets (Net)	\$ <u>2,567,255</u>	\$ (<u>177,807</u>)	\$ <u>169,700</u>	\$ <u>2,219,748</u>

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - RESERVE DEPOSITS

As part of the construction loan agreement with the Georgia Housing and Finance Authority, First Neighborhood, LLC was required to set up reserve accounts with an escrow agent and fund the reserve accounts as indicated:

1. Operating Deficit Reserve - A onetime deposit of \$31,220 was required and deposited on October 31, 2011.
2. Replacement Reserve - Monthly deposits of \$463.50, beginning June 1, 2012 through June 30, 2019, were required. The required deposit was increased to \$521.67 beginning July 1, 2019. Annually on April 1, the monthly deposit shall increase 3% and any interest earned on these funds shall be part of the reserve.
3. Insurance/Tax Reserve - Monthly deposits of \$1,005, beginning March 1, 2013 through June 30, 2019, were required. The required deposit was reduced to \$668 beginning July 1, 2019. This amount will be adjusted annually based on actual insurance and property tax costs.

NOTE 8 - LOAN PAYABLE

On January 15, 2010, First Neighborhood, LLC (Borrower), entered into a financial agreement with the Georgia Housing and Finance Authority (Lender) to finance the construction of housing units. The Georgia Housing and Finance Authority d/b/a Department of Community Affairs (DCA) loaned the borrower \$2,174,780. The loan carries an interest rate of 0% and matures on May 1, 2031.

On April 1, 2012, and continuing on the same day of each subsequent year until the maturity date, Borrower shall pay Lender an amount equal to 100% of the Cash Flow "Cash Flow" means (a) all cash revenues from the Property for the preceding calendar year less (b) the following expenditures actually paid during the preceding calendar year: (i) all cash operating and maintenance expenses for the Property (which expenses shall include any expenses for supportive services, but shall not include any depreciation, amortization, any other noncash expense, and management incentive fee, or similar fee however denominated; (ii) amounts deposited in any reserve, if and to the extent required or approved by Lender. Each payment shall be accompanied by the certification of a Borrower's manager or accountant that the amount paid is the correct amount. On an annual basis, beginning April 1, 2012 (and due on the same date of each subsequent year during the term of this Note), Borrower shall submit to Lender an audited cash flow statement showing the actual Cash Flow for the preceding calendar year.

Offsetting Credit

If the cash flow for a year is less than 5% of the original loan amount, DCA shall give the Borrower a credit towards payment of the loan so that the credit plus any Cash Flow payment for the year equal 5% of the original loan amount. At the maturity date, if there are no events of default, after the annual Cash Flow payment is applied, the Lender shall give the Borrower a credit towards the payment of the loan equal to the then outstanding principal balance of the loan.

As of December 31, 2019, the loan principal balance was \$1,314,447.

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - WITH DONOR RESTRICTIONS-TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2019:

Construction of Recovery Center	\$ 2,146,078
Prescription Assistance	7,989
Addiction Recovery Services	10,639
Developmental Disabilities Services	8,073
Mental Health and Welfare Services	7,061
ID Project	355
Other	<u>3,304</u>
Total	\$ <u>2,183,499</u>

Temporarily restricted net assets include restricted cash of \$1,181,800 and unconditional promises to give of \$999,699.

Permanently restricted net assets totaling \$4,195 represent contributions from employees to an endowment for which investment income is restricted for the purpose of health services. At December 31, 2019, all amounts are included in cash.

NOTE 10- NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the year ending December 31, 2019, by incurring expenses satisfying the restricted purpose satisfied by the donors as follows:

Various Programs	\$ <u>2,076,166</u>
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NOTE 11- RELATED PARTY TRANSACTIONS

River Edge Foundation, Inc. and Subsidiaries are indebted to River Edge Behavioral Health, a related party, in the amount of \$754,134. Management fees totaling \$192,796 were paid to River Edge Behavioral Health during 2019.

NOTE 12- PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$2,083,620 was recorded to reduce net assets to reflect the transfer out of investment assets of Affordable Business Solutions, LLC.

NOTE 13- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 28, 2020, the date on which the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2019

ASSETS

	RIVER EDGE FOUNDATION, INC.	FIRST NEIGHBORHOOD, LLC	THIRD NEIGHBORHOOD, LLC	GEORGIA BEHAVIORAL HOLDINGS	ELIMINATIONS	TOTAL
CURRENT ASSETS						
Cash	\$ 580,516	\$ 68,730	\$ 42,232	\$ 30,124	\$ -	\$ 721,602
Investments	2,098,221	-	-	-	-	2,098,221
Accounts Receivable	153,042	-	-	-	-	153,042
Pledges Receivable	999,699	-	-	-	-	999,699
Prepaid Expenses	40,994	53,622	2,675	-	-	97,291
Due from River Edge BH	24,626	-	-	-	(24,626)	-
Total Current Assets	\$ 3,897,098	\$ 122,352	\$ 44,907	\$ 30,124	\$ (24,626)	\$ 4,069,855
CAPITAL ASSETS						
Land	\$ -	\$ 45,725	\$ 45,088	\$ -	\$ -	\$ 90,813
Building and Equipment - Net of Accumulated Depreciation	-	1,167,893	961,042	-	-	2,128,935
Net Capital Assets	\$ -	\$ 1,213,618	\$ 1,006,130	\$ -	\$ -	\$ 2,219,748
OTHER ASSETS						
Reserve Deposits	\$ -	\$ 82,221	\$ -	\$ -	\$ -	\$ 82,221
Total Other Assets	\$ -	\$ 82,221	\$ -	\$ -	\$ -	\$ 82,221
TOTAL ASSETS	\$ 3,897,098	\$ 1,418,191	\$ 1,051,037	\$ 30,124	\$ (24,626)	\$ 6,371,824

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

For the Year Ended December 31, 2019

LIABILITIES AND NET ASSETS

	RIVER EDGE FOUNDATION, INC.	FIRST LLC	NEIGHBORHOOD, THIRD LLC	NEIGHBORHOOD, BEHAVIORAL HOLDINGS	GEORGIA	ELIMINATIONS	TOTAL
CURRENT LIABILITIES							
Accounts Payable	\$ 29,220	\$ -	\$ 679	\$ 413	\$ -	\$ -	\$ 30,312
Due to River Edge Foundation	-	15,613	4,013	5,000	(24,626)	-	-
Due to Affordable Business Solutions, Inc.	322,089	-	-	-	-	-	322,089
Due to River Edge BH	558,439	126,539	49,957	19,199	-	-	754,134
Total Current Liabilities	\$ 909,748	\$ 142,152	\$ 54,649	\$ 24,612	\$ (24,626)	\$ -	\$ 1,106,535
LONG-TERM LIABILITIES							
Loan Payable	\$ -	\$ 1,314,447	\$ -	\$ -	\$ -	\$ -	\$ 1,314,447
TOTAL LIABILITIES	\$ 909,748	\$ 1,456,599	\$ 54,649	\$ 24,612	\$ (24,626)	\$ -	\$ 2,420,982
NET ASSETS(DEFICIT)							
Without Donor Restrictions	\$ 799,656	\$ (38,408)	\$ 996,388	\$ 5,512	\$ -	\$ -	\$ 1,763,148
With Donor Restrictions:							
Temporarily	2,183,499	-	-	-	-	-	2,183,499
Permanently	4,195	-	-	-	-	-	4,195
Total Restricted Net Assets	\$ 2,187,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,187,694
TOTAL NET ASSETS(DEFICIT)	\$ 2,987,350	\$ (38,408)	\$ 996,388	\$ 5,512	\$ -	\$ -	\$ 3,950,842
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 3,897,098	\$ 1,418,191	\$ 1,051,037	\$ 30,124	\$ (24,626)	\$ -	\$ 6,371,824

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	RIVER EDGE FOUNDATION, INC.	FIRST LLC	THIRD LLC	GEORGIA NEIGHBORHOOD, BEHAVIORAL HOLDINGS	ELIMINATIONS	TOTAL
OPERATING GRANTS						
AND CONTRIBUTIONS						
Rental Income	\$ -	\$ 132,912	\$ 65,021	\$ -	\$ -	\$ 197,933
Local Government Grants	1,269,864	-	-	-	-	1,269,864
Federal Grants	392,029	-	-	-	-	392,029
Contributions	616,102	-	-	-	-	616,102
Investment Income	330,594	1,673	-	-	-	332,267
Other Income	630	108,739	-	-	-	109,369
Sales - Net	-	-	-	5,317	-	5,317
Special Events - Net	12,259	-	-	-	-	12,259
TOTAL OPERATING GRANTS						
AND CONTRIBUTIONS	\$ 2,621,478	\$ 243,324	\$ 65,021	\$ 5,317	\$ -	\$ 2,935,140
EXPENSES						
Program Services	\$ 4,360,857	\$ 134,924	\$ 65,823	\$ 3,109	\$ -	\$ 4,564,713
Support Services:						
General and Administrative	111,356	106,619	71,188	-	-	289,163
Fundraising	271,415	-	-	-	-	271,415
TOTAL EXPENSES	\$ 4,743,628	\$ 241,543	\$ 137,011	\$ 3,109	\$ -	\$ 5,125,291
CHANGE IN NET ASSETS	\$ (2,122,150)	\$ 1,781	\$ (71,990)	\$ 2,208	\$ -	\$ (2,190,151)
PRIOR PERIOD ADJUSTMENTS	(2,038,620)	-	-	-	-	(2,038,620)
NET ASSETS -						
BEGINNING BALANCE	7,148,120	(40,189)	1,068,378	3,304	-	8,179,613
NET ASSETS -						
ENDING BALANCE	\$ 2,987,350	\$ (38,408)	\$ 996,388	\$ 5,512	\$ -	\$ 3,950,842

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

STATEMENT OF ACTIVITIES - CORPORATION ONLY

For the Year Ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS		TOTAL
		TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	
OPERATING GRANTS AND CONTRIBUTIONS				
Local Government Grants	\$ 1,269,864	\$ -	\$ -	\$ 1,269,864
Federal Grants	392,029	-	-	392,029
Contributions	-	615,102	1,000	616,102
Investment Income	330,600	(6)	-	330,594
Other Income	630	-	-	630
Special Events	10,635	1,624	-	12,259
Net Assets Released from Restriction	2,076,166	(2,076,166)	-	-
TOTAL OPERATING GRANTS AND CONTRIBUTIONS	\$ 4,079,924	\$ (1,459,446)	\$ 1,000	\$ 2,621,478
EXPENSES				
Program Services	\$ 4,360,857	\$ -	\$ -	\$ 4,360,857
Support Services:				
General and Administrative	111,356	-	-	111,356
Fundraising	271,415	-	-	271,415
TOTAL EXPENSES	\$ 4,743,628	\$ -	\$ -	\$ 4,743,628
CHANGE IN NET ASSETS	\$ (663,704)	\$ (1,459,446)	\$ 1,000	\$ (2,122,150)
NET ASSETS- BEINNING OF YEAR	1,463,360	3,642,945	3,195	5,109,500
NET ASSETS- END OF YEAR	\$ 799,656	\$ 2,183,499	\$ 4,195	\$ 2,987,350

OTHER REPORTS

ROBERT BAKER and ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Board of Directors
River Edge Foundation, Inc. and Subsidiaries
Macon, Georgia

We have audited, in accordance with the auditing standard 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 River Edge Foundation, Inc. (a nonprofit organization) and Subsidiaries, which comprise the statement of financial position as of December 31, 2019, and the related 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 May 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered River Edge Foundation, Inc. and Subsidiaries' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of River Edge Foundation, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness on the River Edge Foundation, Inc. and Subsidiaries' 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 consolidated 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 River Edge Foundation, Inc. and Subsidiaries' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ROBERT BAKER and ASSOCIATES



Certified Public Accountants

Albany, Georgia

May 28, 2020

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2019

Auditor Reference
Number

-NONE-

RIVER EDGE FOUNDATION, INC. AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2019

Auditor Reference
Number

-NONE-