GEORGIA BEHAVIORAL HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2017

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AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

Board of Directors
Georgia Behavioral Health Services, Inc.
and Subsidiaries
Macon, Georgia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Georgia Behavioral Health Services, Inc. and Subsidiaries**, which comprise the consolidated statement of financial position as of December 31, 2017, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 Georgia Behavioral Health Services, Inc. and Subsidiaries as of December 31, 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it 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 consolidating 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 24, 2018, on our consideration of Georgia Behavioral Health Services, Inc.'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 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 Georgia Behavioral Health Services', Inc. 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 Georgia Behavioral Health Services, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
May 24, 2018

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS	
Current assets	
Cash	$ 2,505,117
Investments	1,182,309
Accounts receivable	1,393,082
Unconditional promises to give	967,156
Prepaid expenses	151,820
Total current assets	6,199,484
Capital assets	
Land	90,813
Building and equipment - net of accumulated depreciation	2,482,436
Total capital assets	2,573,249
Other assets	
Reserve deposits	69,665
Total other assets	69,665
Total assets	$ 8,842,398
LIABILITIES AND NET ASSETS	
Liabilities	
Current liabilities	
Accounts payable	$ 80,664
Accrued payroll and benefits	439,905
Due to River Edge Behavioral Health Center	1,392,858
Deferred revenue	500
Total current liabilities	1,913,927
Noncurrent liabilities	
Loan payable	1,528,646
Total liabilities	3,442,573
Net assets	
Unrestricted	4,345,531
Temporarily restricted	1,051,099
Permanently restricted	3,195
Total net assets	5,399,825
Total liabilities and net assets	$ 8,842,398

See Notes to Financial Statements.

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING GRANTS AND CONTRIBUTIONS				
Rental income	$ 194,028	$ -	$ -	$ 194,028
Contracted services - payroll	7,584,526	-	-	7,584,526
Contracted services - blight	2,690,481	-	-	2,690,481
Federal grants	814,780	-	-	814,780
Contributions	135,535	1,055,099	150	1,190,784
Investment income	142,790	-	-	142,790
Other fees	4,621	-	-	4,621
Sales	30,173	-	-	30,173
Special events	29,247	-	-	29,247
Net assets released from restrictions	24,528	(24,528)	-	-
Total operating grants and contributions	11,650,709	1,030,571	150	12,681,430
EXPENSES				
Program services	10,916,579	-	-	10,916,579
Supports services:				
General and administrative	79,391	-	-	79,391
Fundraising	296,349	-	-	296,349
Total expenses	11,292,319	-	-	11,292,319
CHANGE IN NET ASSETS	358,390	1,030,571	150	1,389,111
NET ASSETS, BEGINNING	3,443,446	20,528	3,045	3,467,019
PRIOR PERIOD RESTATEMENT	543,695	-	-	543,695
NET ASSETS, BEGINNING, AS RESTATED	3,987,141	20,528	3,045	4,010,714
NET ASSETS, ENDING	$ 4,345,531	$ 1,051,099	$ 3,195	$ 5,399,825

See Notes to Financial Statements.

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

		SUPPORTIVE SERVICES		
	Program Services	General and Administrative	Fundraising	Total
Salaries	$ 5,373,027	$ -	$ -	$ 5,373,027
Payroll taxes	378,239	-	-	378,239
Health insurance	922,577	-	-	922,577
Retirement	90,920	-	-	90,920
Unemployment compensation	33,210	-	-	33,210
Workers compensation	168,017	-	-	168,017
Total salaries and related expenses	6,965,990	-	-	6,965,990
Administrative fees	35,187	-	-	35,187
Advertising	53	100	101	254
Client assistance	38,231	-	-	38,231
Computers	-	-	8,600	8,600
Contracted services - blight	2,453,416	-	-	2,453,416
Cost of sales	28,097	-	-	28,097
Depreciation	179,920	-	-	179,920
Dues	1,393	-	95	1,488
Equipment rental	2,304	3,328	617	6,249
Facility rent	350	7,537	-	7,887
Food and beverages	-	135	-	135
Fundraising professionals	-	-	106,376	106,376
Grants	765,180	-	-	765,180
Insurance and bonding	16,794	22,126	-	38,920
Internet	-	634	-	634
Management fees	382,250	25,484	163,086	570,820
Meetings	-	4,094	4,114	8,208
Office supplies	-	878	3,866	4,744
Other operating expenses	4,922	463	4,176	9,561
Postage/shipping	8	221	78	307
Printing and publications	77	2,494	733	3,304
Professional fees	15,938	3,328	240	19,506
Recognition/appreciation/development/ assistance	1,098	2,086	4,044	7,228
Repairs and maintenance	12,454	-	-	12,454
Sales taxes	321	-	-	321
Service fees	1,833	1,501	223	3,557
Travel	10,272	4,982	-	15,254
Utilities	491	-	-	491
Total expenses	$ 10,916,579	$ 79,391	$ 296,349	$ 11,292,319

See Notes to Financial Statements.

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	1,389,111
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense		179,920
Loan forgiveness		(102,439)
Unrealized gain on marketable securities		(178,507)
Change in accounts receivable		(987,481)
Change in unconditional promises to give		(967,156)
Change in prepaid expense		(23,247)
Change in accounts payable		(199,234)
Change in payroll benefits payable		349,361
Change in Due to River Edge Behavioral Health Center		940,148
Change in deferred revenue		(10,256)
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES		390,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in reserve deposits		(6,074)
Purchase of investments		(257,241)
Sales of investments		259,992
NET CASH USED IN INVESTING ACTIVITIES		(3,323)
NET INCREASE IN CASH		386,897
Cash at beginning of year		2,118,220
Cash at end of year	$	2,505,117

See Notes to Financial Statements.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Georgia Behavioral Health Services, Inc. ("the Corporation") was organized to expand access and provide prevention and health services to certain uninsured and underinsured of Central Georgia in such a way that benefits River Edge Behavioral Health Center 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 in 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.

Affordable Business Solutions, LLC was established in 2011 as a single asset entity to provide supported employment services to clients of River Edge Behavioral Health Center.

Georgia Behavioral Holdings, Inc. d/b/a Better Possibilities was established in 2017 as a single asset entity to provide entrepreneurial ventures for persons with development disabilities.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following three classes: (1) unrestricted net assets, (2) temporarily restricted net assets, and (3) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Basis of Consolidation

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

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For 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, at times, 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.

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 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.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

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, 2017, the value of contributed services meeting the requirements for recognition in the 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 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 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated events occurring through May 24, 2018, the date on which the financial statements were available to be issued.

NOTE 2. PRIOR PERIOD RESTATEMENT

During the current year, management determined a prior period adjustment was required to reflect a reduction in the loan payable balance for the offsetting credit as defined under the loan agreement for years 2011 to 2015 (as applied in 2012 through 2016). See also Note 7, Loan Payable.

Net assets, as previously reported	$ 3,467,019
Adjustment to reflect offsetting credit, 2011 to 2015	543,695
Net assets, as restated	$ 4,010,714

NOTE 3. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Corporation's investments at fair value as of December 31, 2017:

Investments	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	$ 22,963	$ -	$ -
Mutual funds - equity	730,590	-	-
Mutual funds - fixed income	428,756	-	-
	$ 1,182,309	$ -	$ -

ASC Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

NOTE 3. INVESTMENTS (CONTINUED)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017.

Certificates of Deposit: Valued at the carrying amount, which approximates fair value because of the short-term nature of these instruments.

Mutual funds: Valued at the closing price reported on the active market in which the individual stocks are traded.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2017, consisted of the following:

Due from Macon-Bibb County	$	957,455
Due from River Edge Behavioral Health Center		308,123
Due from others		127,504
	$	1,393,082

NOTE 5. PROMISES TO GIVE

Unconditional promises to give at December 31, 2017, and consisted of the following:

Due from Navicent Health	$	900,000
Due from others		67,156
	$	967,156

All amounts are restricted and expected to be collected within one year.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 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, January 1,	Increases	Decreases	Balance, December 31, 2017
Land	$ 90,813	$ -	$ -	$ 90,813
Depreciable assets:				
Buildings	3,546,712	-	-	3,546,712
Equipment	14,808	-	-	14,808
Total depreciable	3,561,520	-	-	3,561,520
Accumulated depreciation				
Buildings	(884,356)	(179,920)	-	(1,064,276)
Equipment	(14,808)	-	-	(14,808)
Total depreciation	(899,164)	(179,920)	-	(1,079,084)
Depreciable assets, net	2,662,356	(179,920)	-	2,482,436
Total assets	$ 2,753,169	$ (179,920)	$ -	$ 2,573,249

NOTE 7. 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, any 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.

NOTE 7. LOAN PAYABLE (CONTINUED)

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, 2017, the loan principal balance was $1,528,646.

NOTE 8. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2017:

Construction of Recovery Center	$ 1,037,531
Prescription assistance	4,515
Addiction recovery services	4,280
Developmental disabilities services	4,000
Mental health and welfare services	773
	$ 1,051,099

Temporarily restricted net assets include restricted cash of $83,943 and unconditional promises to give of $967,156.

Permanently restricted net assets totaling $3,195 represent contributions from employees to an endowment for which investment income is restricted for the purpose of health services. At December 31, 2017, all amounts are included in cash.

NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the fiscal year ending December 31, 2017, by incurring expenses satisfying the restricted purpose satisfied by the donors as follows:

Addiction recovery, mental health and wellness	$ 24,528

NOTE 10. RELATED PARTY TRANSACTIONS

Georgia Behavioral Health Services, Inc. and its subsidiaries are indebted to River Edge Behavioral Health Center, a related party, in the amount of $1,392,858. Conversely, River Edge Behavioral Health Center owes Georgia Behavioral Health Services, Inc. $308,123.

NOTE 11. RECENTLY ISSUED ACCOUNTING STANDARDS

In August 2016, FASB issued Accounting Standards Update 2016-14 (ASU 2016-14), *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update require changes to the way not-for-profit entities present their financial statements.

ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Earlier application is permitted. Management is currently evaluating the effects of ASU 2016-14.

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	Georgia Behavioral Health Services	First Neighborhood	Third Neighborhood	Affordable Business Solutions
ASSETS				
Current Assets				
Cash	$ 273,816	$ 259,626	$ 164,097	$ 1,800,190
Investments	1,182,309	-	-	-
Accounts receivable	1,146,554	-	-	473,771
Unconditional promises to give	967,156	-	-	-
Prepaid expenses	24,536	46,336	2,339	78,609
Total current assets	3,594,371	305,962	166,436	2,352,570
Capital assets				
Land	-	45,725	45,088	-
Building and equipment - net of accumulated depreciation	-	1,379,018	1,103,418	-
Total capital assets	-	1,424,743	1,148,506	-
Other assets - Reserve deposits	-	69,665	-	-
Total assets	$ 3,594,371	$ 1,800,370	$ 1,314,942	$ 2,352,570
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	$ 245,900	$ 29,818	$ 10,583	$ 14,584
Accrued payroll and benefits	-	-	-	439,905
Due to River Edge Behavioral Health Center	574,025	293,704	170,439	354,690
Deferred revenues	-	-	-	-
Total current liabilities	819,925	323,522	181,022	809,179
Noncurrent liabilities				
Loan payable	-	1,528,646	-	-
Total liabilities	$ 819,925	$ 1,852,168	$ 181,022	$ 809,179
Net assets (deficit)				
Unrestricted	$ 1,720,152	$ (51,798)	$ 1,133,920	$ 1,543,391
Temporarily restricted	1,051,099	-	-	-
Permanently restricted	3,195	-	-	-
Total net assets (deficit)	$ 2,774,446	$ (51,798)	$ 1,133,920	$ 1,543,391
Total liabilities and net assets (deficit)	$ 3,594,371	$ 1,800,370	$ 1,314,942	$ 2,352,570

Georgia Behavioral Holdings	Eliminations	Total
$ 7,388	$ -	$ 2,505,117
-	-	1,182,309
-	(227,243)	1,393,082
-	-	967,156
-	-	151,820
7,388	(227,243)	6,199,484
-	-	90,813
-	-	2,482,436
-	-	2,573,249
-	-	69,665
$ 7,388	$ (227,243)	$ 8,842,398
$ 7,022	$ (227,243)	$ 80,664
-	-	439,905
-	-	1,392,858
500	-	500
7,522	(227,243)	1,913,927
-	-	1,528,646
$ 7,522	$ (227,243)	$ 3,442,573
$ (134)	$ -	$ 4,345,531
-	-	1,051,099
-	-	3,195
$ (134)	$ -	$ 5,399,825
$ 7,388	$ (227,243)	$ 8,842,398

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Georgia Behavioral Health Services	First Neighborhood	Third Neighborhood	Affordable Business Solutions
OPERATING GRANTS AND CONTRIBUTIONS				
Rental income	$ -	$ 132,936	$ 61,092	$ -
Contracted services - payroll services	-	-	-	7,751,782
Contracted services - blight	2,690,481	-	-	-
Federal grants	814,780	-	-	-
Contributions	1,088,345	102,439	-	-
Investment income	142,286	504	-	-
Other fees	2,400	-	-	2,221
Sales	-	-	-	-
Special events	29,247	-	-	-
Total operating grants and contributions	4,767,539	235,879	61,092	7,754,003
EXPENSES				
Program Services	3,261,859	211,043	139,753	7,380,995
Support Services:				
General and administrative	79,391	-	-	-
Fundraising	356,227	-	-	-
Total expenses	3,697,477	211,043	139,753	7,380,995
CHANGE IN NET ASSETS	1,070,062	24,836	(78,661)	373,008
NET ASSETS (DEFICIT), BEGINNING	1,704,384	(620,329)	1,212,581	1,170,383
PRIOR PERIOD RESTATEMENT	-	543,695	-	-
NET ASSETS (DEFICIT), BEGINNING, AS RESTATED	1,704,384	(76,634)	1,212,581	1,170,383
NET ASSETS (DEFICIT), ENDING	$ 2,774,446	$ (51,798)	$ 1,133,920	$ 1,543,391

Georgia Behavioral Holdings	Eliminations	Total
$ -	$ -	$ 194,028
-	(167,256)	7,584,526
-	-	2,690,481
-	-	814,780
-	-	1,190,784
-	-	142,790
-	-	4,621
30,173		30,173
-	-	29,247
30,173	(167,256)	12,681,430
30,307	(107,378)	10,916,579
-	-	79,391
-	(59,878)	296,349
30,307	(167,256)	11,292,319
(134)	-	1,389,111
-	-	3,467,019
-	-	543,695
-	-	4,010,714
$ (134)	$ -	$ 5,399,825

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

STATEMENT OF ACTIVITIES - CORPORATION ONLY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING GRANTS AND CONTRIBUTIONS				
Contracted services - blight	$ 2,690,481	$ -	$ -	$ 2,690,481
Federal grants	814,780	-	-	814,780
Contributions	33,096	1,055,099	150	1,088,345
Investment income	142,286	-	-	142,286
Other fees	2,400	-	-	2,400
Special events	29,247	-	-	29,247
Net assets released from restrictions	24,528	(24,528)	-	-
Special events and contributions	3,736,818	1,030,571	150	4,767,539
EXPENSES				
Program services	3,261,859	-	-	3,261,859
Support Services:				
General and administrative	79,391	-	-	79,391
Fundraising	356,227	-	-	356,227
Total expenses	3,697,477	-	-	3,697,477
CHANGE IN NET ASSETS	39,341	1,030,571	150	1,070,062
NET ASSETS, BEGINNING	1,680,811	20,528	3,045	1,704,384
NET ASSETS, ENDING	$ 1,720,152	$ 1,051,099	$ 3,195	$ 2,774,446

COMPLIANCE SECTION

MAULDIN & JENKINS

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 Trustees
Georgia Behavioral Heath
Services, Inc. and Subsidiaries
Macon, Georgia

We have audited, 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, the financial statements of Georgia Behavioral Health Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Georgia Behavioral Health Services, Inc.'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 Georgia Behavioral Health Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Georgia Behavioral Health Services, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Georgia Behavioral Health Services, Inc.'s 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.*

Georgia Behavioral Health Services, Inc.'s Response to Finding

Georgia Behavioral Health Services, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Georgia Behavioral Health Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

Mauldin & Jenkins, LLC

Macon, Georgia
May 24, 2018

MAULDIN & JENKINS

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

Board of Trustees
Georgia Behavioral Heath
Services, Inc. and Subsidiaries
Macon, Georgia

Report on Compliance for Each Major Federal Program

We have audited Georgia Behavioral Health Services, Inc.'s (hereinafter referred to as the "Corporation") 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 Corporation's major federal programs for the year ended December 31, 2017. The Corporation'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 the federal statutes, regulations, and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation'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 (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 Corporation'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 Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation 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 December 31, 2017.

Report on Internal Control Over Compliance

Management of the Corporation 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 Corporation'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 Corporation'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 a 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 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 weaknesses 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.

Mauldin & Jenkins, LLC

Macon, Georgia
May 24, 2018

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Identification Number	Total Expenditures
U.S. Department of Housing and Urban Development			
Passed through Macon-Bibb County			
Home Investment Partnership Program	14.239	N/A	$ 814,780

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PREPARATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Georgia Behavioral Health Services, Inc. (the “Corporation”), and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The Corporation chose not to use the ten percent de minimis cost rate for the year ended December 31, 2017.

NOTE 3. SUBRECIPIENTS

The Corporation did not pass through any funds to subrecipients during the year ended December 31, 2017.

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	None
Noncompliance material to financial statements noted?	None

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	None
Significant deficiencies identified not considered to be material weaknesses?	None
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 the Uniform Guidance?	None

Identification of major programs:

14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2017-001. Loan Payable – Prior Period Restatement

Criteria: Generally accepted accounting principles require the reporting of liabilities, including loans payable, at the value that is expected to be paid.

Condition: Our testing revealed the amount reported as due to the lender for the repayment of a loan payable was overstated.

Context: During our audit procedures related to loans payable, we noted the loan documents included a provision for an offsetting credit/annual loan forgiveness of up to 5% of the original loan balance, given certain criteria were met.

Effect: A prior period restatement of $543,695 was required to reflect the annual credit of 5% of the original loan balance for each of the previous five years. Additionally, an audit adjustment of $102,439 was required to reflect the annual credit for the current year.

Cause: Provisions of the loan agreement were not adequately monitored.

Recommendation: We recommend management review all loan documents and communicate with lenders as appropriate to ensure all provisions of loan agreements are complied with and enforced.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to include timely review of loan documents in an effort to ensure all provisions are complied with and enforced.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

None reported.

GEORGIA BEHAVIORAL HEALTH SERVICES, INC.
AND SUBSIDIARIES

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

2017-001. Loan Payable – Prior Period Restatement

Name of the Contact Person Responsible for Corrective Action Plan: Beth Tyler, Chief Financial Officer, River Edge Behavioral Health

Corrective Action Plan: Management has implemented a plan to update its procedures to include review of loan documents and provisions in an effort to ensure compliance with, and enforcement of, all provisions.

Anticipated Completion Date: Fiscal year 2018