UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2012

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-35331

ACADIA HEALTHCARE COMPANY, INC.
(Exact name of registrant as specified in its charter)

Delaware	**45-2492228**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

830 Crescent Centre Drive, Suite 610
Franklin, Tennessee 37067
(615) 861-6000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of August 1, 2012, there were 41,731,241 shares of the registrant's common stock outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Acadia Healthcare Company, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

	June 30, 2012	December 31, 2011
	(In thousands, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 120,176	$ 61,118
Accounts receivable, net of allowance for doubtful accounts of $5,123 and $2,424, respectively	45,658	35,127
Deferred tax asset	5,416	6,239
Other current assets	12,882	10,121
Total current assets	184,132	112,605
Property and equipment, net	112,841	82,972
Goodwill	262,325	186,815
Intangible assets, net	9,186	8,232
Deferred tax asset – long-term	1,975	6,006
Other assets	15,994	16,366
Total assets	$ 586,453	$ 412,996
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 10,000	$ 6,750
Accounts payable	7,870	8,642
Accrued salaries and benefits	18,051	16,195
Other accrued liabilities	8,384	9,081
Total current liabilities	44,305	40,668
Long-term debt	288,573	270,709
Other liabilities	7,231	5,254
Total liabilities	340,109	316,631
Equity:		
Preferred stock, $0.01 par value; 10,000,000 shares authorized; no shares issued	—	—
Common stock, $0.01 par value; 90,000,000 shares authorized; 41,731,241 and 32,115,929 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	417	321
Additional paid-in capital	280,919	140,624
Accumulated deficit	(34,992)	(44,580)
Total equity	246,344	96,365
Total liabilities and equity	$ 586,453	$ 412,996

See accompanying notes.

Acadia Healthcare Company, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands, except per share amounts)			
Revenue before provision for doubtful accounts	$102,752	$ 63,828	$194,020	$ 81,412
Provision for doubtful accounts	(2,222)	(253)	(3,927)	(991)
Revenue	100,530	63,575	190,093	80,421
Salaries, wages and benefits (including equity-based compensation expense of $592, $19,843, $1,170 and $19,843, respectively)	58,559	59,024	113,702	69,736
Professional fees	4,658	2,341	8,831	2,716
Supplies	4,872	3,314	9,317	4,247
Rents and leases	2,227	1,634	4,469	1,985
Other operating expenses	10,407	5,959	19,388	7,845
Depreciation and amortization	1,646	1,956	3,256	2,199
Interest expense, net	7,471	1,992	14,753	2,215
Sponsor management fees	—	545	—	590
Transaction-related expenses	670	5,756	1,365	8,362
Total expenses	90,510	82,521	175,081	99,895
Income (loss) from continuing operations before income taxes	10,020	(18,946)	15,012	(19,474)
Provision for income taxes	3,919	2,789	5,584	2,518
Income (loss) from continuing operations	6,101	(21,735)	9,428	(21,992)
(Loss) income from discontinued operations, net of income taxes	(192)	(122)	160	(114)
Net income (loss)	$ 5,909	$(21,857)	$ 9,588	$(22,106)
Basic earnings per share:				
Income (loss) from continuing operations	$ 0.17	$ (1.23)	$ 0.27	$ (1.24)
(Loss) income from discontinued operations	$ (0.01)	$ (0.01)	$ 0.01	$ (0.01)
Net income (loss)	$ 0.16	$ (1.24)	$ 0.28	$ (1.25)
Diluted earnings per share:				
Income (loss) from continuing operations	$ 0.17	$ (1.23)	$ 0.27	$ (1.24)
(Loss) income from discontinued operations	$ (0.01)	$ (0.01)	$ 0.01	$ (0.01)
Net income (loss)	$ 0.16	$ (1.24)	$ 0.28	$ (1.25)
Weighted-average shares outstanding:				
Basic	36,507	17,633	34,313	17,633
Diluted	36,695	17,633	34,514	17,633

See accompanying notes.

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Acadia Healthcare Company, Inc.
Condensed Consolidated Statement of Equity
(Unaudited)

	Common stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Amount			
	(In thousands)				
Balance at January 1, 2012	32,116	$ 321	$ 140,624	$ (44,580)	$ 96,365
Issuance of common stock	9,488	95	138,939	—	139,034
Common stock issued under stock incentive plans	127	1	186	—	187
Equity-based compensation expense	—	—	1,170	—	1,170
Net income	—	—	—	9,588	9,588
Balance at June 30, 2012	41,731	$ 417	$ 280,919	$ (34,992)	$246,344

See accompanying notes.

Acadia Healthcare Company, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
	(In thousands)	
Operating activities:		
Net income (loss)	$ 9,588	$ (22,106)
Adjustments to reconcile net income (loss) to net cash provided by continuing operating activities:		
Depreciation and amortization	3,256	2,199
Provision for doubtful accounts	3,927	991
Amortization of debt issuance costs	1,224	336
Equity-based compensation expense	1,170	19,843
Deferred income tax expense	4,854	228
Other	21	(170)
(Income) loss from discontinued operations, net of taxes	(160)	114
Change in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	(10,619)	(985)
Other current assets	(2,214)	(669)
Other assets	313	—
Accounts payable and other accrued liabilities	(2,805)	3,616
Accrued salaries and benefits	327	1,164
Other liabilities	1,860	742
Net cash provided by continuing operating activities	10,742	5,303
Net cash used in discontinued operating activities	(196)	(1,725)
Net cash provided by operating activities	10,546	3,578
Investing activities:		
Cash paid for acquisitions, net of cash acquired	(90,466)	(178,014)
Cash paid for capital expenditures	(7,619)	(3,212)
Cash paid for real estate acquisitions	(13,886)	(2,150)
Other	1,400	(538)
Net cash used in investing activities	(110,571)	(183,914)
Financing activities:		
Borrowings on long-term debt	25,000	135,000
Net increase in revolving credit facility	—	7,000
Principal payments on long-term debt	(4,000)	(1,688)
Repayment of long-term debt	—	(9,984)
Payment of debt issuance costs	(1,138)	(5,804)
Issuance of common stock	139,034	—
Proceeds from stock option exercises	187	—
Contribution from Holdings	—	51,029
Distributions to equity holders	—	(375)
Net cash provided by financing activities	159,083	175,178
Net increase (decrease) in cash and cash equivalents	59,058	(5,158)
Cash and cash equivalents at beginning of the period	61,118	8,614
Cash and cash equivalents at end of the period	$ 120,176	$ 3,456
Effect of acquisitions:		
Assets acquired, excluding cash	$ 93,299	$ 213,073
Liabilities assumed	(2,833)	(35,059)
Cash paid for acquisitions, net of cash acquired	$ 90,466	$ 178,014

See accompanying notes.

Acadia Healthcare Company, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2012

1. Description of Business and Basis of Presentation

Description of Business

Acadia Healthcare Company, Inc.'s (hereinafter referred to as "Acadia" or the "Company") principal business is to develop and operate inpatient psychiatric facilities, residential treatment centers, group homes, substance abuse facilities and facilities providing outpatient behavioral health services to better serve the behavioral health and recovery needs of communities throughout the United States.

Basis of Presentation

The business of the Company is conducted through limited liability companies and C-corporations, each of which is a direct or indirect wholly-owned subsidiary of the Company. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation of our financial position and results of operations have been included. The Company's fiscal year ends on December 31 and interim results are not necessarily indicative of results for a full year or any other interim period. The condensed consolidated balance sheet at December 31, 2011 has been derived from the audited financial statements as of that date. The information contained in these condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the fiscal year ended December 31, 2011 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2012. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Certain reclassifications have been made to prior years to conform to the current year presentation.

2. Earnings Per Share

Basic and diluted earnings per share are calculated in accordance with Accounting Standards Codification ("ASC") 260, "*Earnings Per Share,*" using the weighted-average shares outstanding, plus the dilutive effect of outstanding stock options and restricted shares, computed using the treasury stock method. All shares and per share amounts have been adjusted to reflect the stock splits completed in 2011.

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended June 30, 2012 and 2011 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Numerator:				
Basic and diluted earnings per share:				
Income (loss) from continuing operations	$ 6,101	$(21,735)	$ 9,428	$(21,992)
(Loss) income from discontinued operations	(192)	(122)	160	(114)
Net income (loss)	$ 5,909	$(21,857)	$ 9,588	$(22,106)
Denominator:				
Weighted average shares outstanding for basic earnings per share	36,507	17,633	34,313	17,633
Effects of dilutive stock options and restricted stock units	188	—	201	—
Shares used in computing diluted earnings per common share	36,695	17,633	34,514	17,633
Basic earnings per share:				
Income (loss) from continuing operations	$ 0.17	$ (1.23)	$ 0.27	$ (1.24)
(Loss) income from discontinued operations	(0.01)	(0.01)	0.01	(0.01)
Net income (loss)	$ 0.16	$ (1.24)	$ 0.28	$ (1.25)
Diluted earnings per share:				
Income (loss) from continuing operations	$ 0.17	$ (1.23)	$ 0.27	$ (1.24)
(Loss) income from discontinued operations	(0.01)	(0.01)	0.01	(0.01)
Net income (loss)	$ 0.16	$ (1.24)	$ 0.28	$ (1.25)

3. Acquisitions

On March 1, 2012, the Company completed its acquisition of three inpatient psychiatric hospitals (the “Haven Facilities”) from Haven Behavioral Healthcare Holdings, LLC for cash consideration of $90.5 million. The Haven Facilities, with an aggregate of 166 acute inpatient psychiatric beds, are located in Arizona, Texas, and Oklahoma, respectively. The goodwill associated with the acquisition of the Haven Facilities is deductible for federal income tax purposes. The preliminary fair values of assets acquired and liabilities assumed at the acquisition date, which are subject to revision as more detailed analysis is completed and the valuation of intangible assets and other assets acquired and liabilities assumed is finalized, are as follows (in thousands):

Cash	$ 5
Accounts receivable	4,138
Prepaid expenses and other current assets	723
Property and equipment	12,723
Goodwill	74,515
Intangible assets	1,200
Total assets acquired	93,304
Accounts payable	1,183
Accrued salaries and benefits	1,523
Other accrued expenses	127
Total liabilities assumed	2,833
Net assets acquired	$90,471

On November 1, 2011, the Company completed its acquisition of PHC, Inc. d/b/a Pioneer Behavioral Health (“PHC”), a publicly-held behavioral health services company based in Massachusetts. On April 1, 2011, the Company acquired all of the equity interests of Youth and Family Centered Services, Inc. (“YFCS”). YFCS operates 13 behavioral healthcare facilities across the United States.

The qualitative factors comprising the goodwill acquired in the YFCS, PHC and the Haven Facilities acquisitions include efficiencies derived through synergies expected by the elimination of certain redundant corporate functions and expenses, the ability to leverage call center referrals to a broader provider base, coordination of services provided across the combined network of facilities, achievement of operating efficiencies by benchmarking performance, and applying best practices throughout the combined companies.

Transaction-related expenses are expensed as incurred and are comprised of the following costs for the three and six months ended June 30, 2012 and 2011 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Legal, accounting and other fees	$ 641	$ 760	$1,329	$3,366
Severance and contract termination costs	29	1,396	36	1,396
Advisory fees paid to equity sponsor	—	3,600	—	3,600
	$ 670	$ 5,756	$1,365	$8,362

Pro Forma Information

The consolidated statements of operations for the three and six months ended June 30, 2011 includes revenue of $45.5 million and income from continuing operations before income taxes of $4.1 million for YFCS relating to the period from April 1, 2011 to June 30, 2011.

The consolidated statements of operations for the three and six months ended June 30, 2012 includes: (i) revenue of $48.6 million and $94.6 million, respectively, and income from continuing operations before income taxes of $4.3 million and $5.2 million, respectively, for YFCS relating to the period from January 1, 2012 to June 30, 2012, (ii) revenue of $20.8 million and $41.2 million, respectively, and income from continuing operations before income taxes of $2.3 million and $4.2 million, respectively, for PHC relating to the period from January 1, 2012 to June 30, 2012 and (iii) revenue of $11.0 million and $14.9 million, respectively, and income from continuing operations before income taxes of $2.0 million and $2.7 million, respectively, for the Haven Facilities relating to the period from March 1, 2012 to June 30, 2012.

The following table provides certain pro forma financial information for the Company as if the YFCS, PHC and the Haven Facilities acquisitions occurred as of January 1, 2011 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	$ 100,530	$ 93,437	$ 197,018	$ 184,472
Income (loss) from continuing operations, before income taxes	$ 10,020	$ (21,549)	$ 16,439	$ (20,493)

4. Goodwill and Other Intangible Assets

The following table summarizes changes in goodwill during the six months ended June 30, 2012 (in thousands):

Balance at January 1, 2012	$186,815
YFCS and PHC acquisition adjustments	995
Acquisition of the Haven Facilities	74,515
Balance at June 30, 2012	$262,325

Other identifiable intangible assets and related accumulated amortization consist of the following as of June 30, 2012 and December 31, 2011 (in thousands):

	Gross Carrying Amount		Accumulated Amortization	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Intangible assets subject to amortization:				
Trademarks	$ 85	$ 85	$ (76)	$ (74)
Contract intangible assets	2,100	2,100	(280)	(70)
Non-compete agreements	737	588	(595)	(488)
	2,922	2,773	(951)	(632)
Intangible assets not subject to amortization:				
Licenses and accreditations	4,689	4,059	—	—
Certificates of need	2,526	2,032	—	—
	7,215	6,091	—	—
Total	$10,137	$ 8,864	$ (951)	$ (632)

In connection with the Haven Facilities acquisition, the Company acquired intangible assets with a preliminary fair value of $1.2 million consisting of non-compete agreements of $0.2 million, licenses and accreditations of $0.8 million and a certificate of need of $0.2 million. The Company incurred and capitalized $0.3 million and $0.4 million in the six months ended June 30, 2012 and year ended December 31, 2011, respectively, related to costs to obtain certificates of need. Amortization expense was approximately $0.1 million and $1.3 million for the three months ended June 30, 2012 and 2011, respectively, and approximately $0.3 million and $1.3 million for the six months ended June 30, 2012 and 2011, respectively. The Company's licenses and accreditations and certificate of need intangible assets have indefinite lives and are therefore not subject to amortization.

5. Property and Equipment

Property and equipment consists of the following as of June 30, 2012 and December 31, 2011 (in thousands):

	June 30, 2012	December 31, 2011
Land	$ 18,748	$ 14,115
Building and improvements	79,008	53,514
Equipment	11,680	8,222
Construction in progress	12,149	12,945
	121,585	88,796
Less accumulated depreciation	(8,744)	(5,824)
Property and equipment, net	$112,841	$ 82,972

6. Discontinued Operations

GAAP requires that all components of an entity that have been disposed of (by sale, by abandonment or in a distribution to owners) or are held for sale and whose cash flows can be clearly distinguished from the rest of the entity be presented as discontinued operations. In June 2012, the Company disposed of its PsychSolutions facility located in Miami, Florida and recognized a loss on disposal of $0.2 million, which is included in loss from discontinued operations on the condensed consolidated statements of operations. As part of the acquisition of YFCS on April 1, 2011, the Company acquired a facility located in Tampa Bay, Florida that was closed in 2010. In December 2011, the Company closed three outpatient facilities and a 24-bed substance abuse facility acquired from PHC on November 1, 2011. The results of operations of these facilities have been reported as discontinued operations in the accompanying consolidated financial statements.

A summary of results from discontinued operations is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	$ 1,795	$ 1,553	$ 3,570	$ 1,553
(Loss) income from discontinued operations, net of income taxes	$ (192)	$ (122)	$ 160	$ (114)

7. Long-Term Debt

Long-term debt consists of the following (in thousands):

	June 30, 2012	December 31, 2011
Senior Secured Credit Facility:		
Senior Secured Term Loans	$150,938	$ 129,938
Senior Secured Revolving Line of Credit	—	—
12.875% Senior Notes due 2018	147,635	147,521
	298,573	277,459
Less: current portion	(10,000)	(6,750)
Long-term debt	$288,573	$ 270,709

Senior Secured Credit Facility

The Company entered into the senior secured credit facility, administered by Bank of America, N.A., on April 1, 2011 (“Senior Secured Credit Facility”). The Senior Secured Credit Facility initially included $135.0 million of term loans and a revolving credit facility of $30.0 million.

On March 1, 2012, the Company amended its Senior Secured Credit Facility to provide an incremental $25.0 million of term loans and increase the revolving credit facility by $45.0 million, from $30.0 million to $75.0 million. The Company used the incremental term loans of $25.0 million and a $5.0 million borrowing under the revolving credit facility to partially fund the acquisition of the Haven Facilities on March 1, 2012. As of June 30, 2012, the Company had $74.6 million of availability under its revolving line of credit, which reflected the total revolving credit facility of $75.0 million less an undrawn letter of credit of $0.4 million. Borrowings under the revolving credit facility are subject to customary debt incurrence tests. The amended term loans require quarterly principal payments of $2.0 million for June 30, 2012 to March 31, 2013, $4.0 million for June 30, 2013 to March 31, 2014, $5.0 million for June 30, 2014 to March 31, 2015, and $6.0 million for June 30, 2015 to December 31, 2015, with the remaining principal balance due on the maturity date of April 1, 2016.

Borrowings under the Senior Secured Credit Facility are guaranteed by each of Acadia’s domestic subsidiaries and are secured by a lien on substantially all of the assets of Acadia and its domestic subsidiaries. Borrowings under the Senior Secured Credit Facility bear interest at a rate tied to Acadia’s consolidated leverage ratio (defined as consolidated funded debt to consolidated EBITDA, in each case as defined in the credit agreement governing the Senior Secured Credit Facility). The Applicable Rate for borrowings under the Senior Secured Credit Facility was 4.25% and 3.25% for Eurodollar Rate Loans and Base Rate Loans, respectively, as of June 30, 2012. Eurodollar Rate Loans bear interest at the Applicable Rate plus the Eurodollar Rate (based upon the British Bankers Association LIBOR Rate prior to commencement of the interest rate period). Base Rate Loans bear interest at the Applicable Rate plus the highest of (i) the federal funds rate plus 1/2 of 1.0%, (ii) the prime rate and (iii) the Eurodollar rate plus 1.0%. As of June 30, 2012, borrowings under the Senior Secured Credit Facility bore interest at 4.50%. In addition, Acadia is required to pay a commitment fee on undrawn amounts under the revolving line of credit. As of June 30, 2012, undrawn amounts bore interest at a rate of 0.55%.

The Senior Secured Credit Facility requires Acadia and its subsidiaries to comply with customary affirmative, negative and financial covenants, including a fixed charge coverage ratio, consolidated leverage ratio and senior secured leverage ratio. As of June 30, 2012, Acadia was in compliance with such covenants.

12.875% Senior Notes due 2018

On November 1, 2011, the Company issued $150.0 million of 12.875% Senior Notes due 2018 (the “Senior Notes”). The Senior Notes were issued at 98.323% of the aggregate principal amount of $150.0 million, a discount of $2.5 million. The notes bear interest at a rate of 12.875% per annum. The Company will pay interest on the notes semi-annually, in arrears, on November 1 and May 1 of each year, beginning on May 1, 2012 through the maturity date of November 1, 2018.

The indenture governing the Senior Notes contains covenants that, among other things, limit the Company's ability to: (i) incur or guarantee additional debt or issue certain preferred stock; (ii) pay dividends on the Company's equity interests or redeem, repurchase or retire the Company's equity interests or subordinated debt; (iii) transfer or sell assets; (iv) make certain investments; (v) incur certain liens; (vi) create restrictions on the ability of the Company's subsidiaries to pay dividends or make other payments to the Company; (vii) engage in certain transactions with the Company's affiliates; and (viii) merge or consolidate with other companies or transfer all or substantially all of the Company's assets.

The Senior Notes issued by the Company are guaranteed by each of the Company's subsidiaries, all of which are wholly owned subsidiaries. The guarantees are full and unconditional and joint and several and Acadia Healthcare Company, Inc., as the parent issuer of the Senior Notes, has no independent assets or operations.

8. Equity

On May 21, 2012, the Company completed the offering of 9,487,500 shares of its common stock (including shares sold pursuant to the exercise of the over-allotment option that the Company granted to the underwriters as part of the offering) at a price of $15.50 per share. The net proceeds to the Company from the sale of the shares, after deducting the underwriting discount of approximately $6.4 million and additional offering-related expenses of approximately $0.7 million, were approximately $139.0 million. The Company expects to use the remaining net offering proceeds principally to fund the Company's acquisition strategy.

9. Equity-Based Compensation

The Company issues stock-based awards, including stock options and restricted stock units, to certain officers, employees and non-employee directors under the Acadia Healthcare Company, Inc. 2011 Incentive Compensation Plan (the "Equity Incentive Plan"). A maximum of 2,700,000 shares of our common stock are authorized for issuance as stock options, restricted stock, restricted stock units or other share-based compensation under the Equity Incentive Plan. Stock options may be granted for terms of up to ten years. The Company recognizes expense on all share-based awards on a straight-line basis over the requisite service period of the entire award. Grants to employees generally vest in annual increments of 25% each year, commencing one year after the date of grant. The exercise prices of stock options are equal to the most recent closing price of our common stock on the date of grant.

The grant-date fair value of our stock options is estimated using the Black-Scholes option pricing model. The following table summarizes the grant-date fair value of options and the assumptions used to develop the fair value estimates for options granted during the six months ended June 30, 2012 and year ended December 31, 2011:

	June 30, 2012	December 31, 2011
Weighted average grant-date fair value of options	$ 6.80	$ 3.98
Risk-free interest rate	1.1%	1.2%
Expected volatility	42%	42%
Expected life (in years)	6.3	6.3
Dividend yield	— %	— %
Expected forfeiture rate	17%	20%

The Company's estimate of expected volatility for stock options is based upon the volatility of guideline companies given the lack of sufficient historical trading experience of the Company's common stock. The risk-free interest rate is the approximate yield on United States Treasury Strips having a life equal to the expected option life on the date of grant. The expected life is an estimate of the number of years an option will be held before it is exercised.

The Company granted 36,358 and 367,893 stock options, 74,064 and 272,488 shares of restricted stock and 8,214 and 76,842 restricted stock units to employees and non-employee directors during the three and six months ended June 30, 2012, respectively. The Company recognized $0.6 million and $1.2 million in equity-based compensation expense for the three and six months ended June 30, 2012, respectively, and $19.8 million in equity-based compensation expense for the three and six months ended June 30, 2011. As of June 30, 2012, there was $6.4 million of unrecognized compensation expense related to unvested options and restricted stock, which is expected to be recognized over the remaining weighted average vesting period of 1.8 years.

10. Income Taxes

The provision for income taxes for continuing operations for the three and six months ended June 30, 2012 reflects effective tax rates of approximately 39.1% and 37.2%, respectively.

Prior to April 1, 2011, the Company and its limited liability company subsidiaries were taxed as flow-through entities and as such, the results of operations of the Company related to the flow-through entities were included in the income tax returns of its members. On April 1, 2011, the Company and its wholly-owned LLC subsidiaries elected to be taxed as a corporation for federal and state income tax purposes, and, therefore, income taxes became the obligation of the Company subsequent to April 1, 2011.

11. Fair Value Measurements

The carrying amounts reported for cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities approximate fair value because of the short-term maturity of these instruments.

The following table summarizes the financial instruments as of June 30, 2012 and December 31, 2011, which are recorded at fair value (in thousands):

	Level 1	Level 2	Level 3	Balance at June 30, 2012
Cash and cash equivalents	$120,176	$ —	$ —	$ 120,176

	Level 1	Level 2	Level 3	Balance at December 31, 2011
Cash and cash equivalents	$ 61,118	$ —	$ —	$ 61,118

12. Commitments and Contingencies

The Company is, from time to time, subject to various claims and legal actions that arise in the ordinary course of our business, including claims for damages for personal injuries, medical malpractice, breach of contract, tort and employment related claims. In these actions, plaintiffs request a variety of damages, including, in some instances, punitive and other types of damages that may not be covered by insurance. In the opinion of management, the Company is not currently a party to any proceeding that would individually or in the aggregate have a material adverse effect on our business, financial condition or results of operations.

13. Recently Issued Accounting Standards

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-5, "*Comprehensive Income (Topic 220) – Presentation of Comprehensive Income*" ("ASU 2011-5"). ASU 2011-5 eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. Instead, ASU 2011-5 requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-5 is required to be applied retrospectively and is effective for public companies for fiscal years beginning after December 15, 2011 and interim periods within those fiscal years. These changes became effective for the Company beginning January 1, 2012. The adoption of ASU 2011-5 did not have an impact on the Company's consolidated financial statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any statements that address future results or occurrences. In some cases you can identify forward-looking statements by terminology such as "may," "might," "will," "would," "should," "could" or the negative thereof. Generally, the words "anticipate," "believe," "continue," "expect," "intend," "estimate," "project," "plan" and similar expressions identify forward-looking statements. In particular, statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance contained are forward-looking statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors, many of which are outside of our control, which could cause our actual results, performance or achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to:

- our significant debt and ability to incur substantially more debt;
- our future cash flow and earnings;
- our ability to meet our debt obligations;
- the impact of payments received from the government and third-party payors on our revenues and results of operations;
- the impact of the economic and employment conditions in the United States on our business and results of operations;
- the impact of recent healthcare reform;
- the impact of our highly competitive industry on patient volumes;
- the impact of recruitment and retention of quality psychiatrists and other physicians on our performance;
- the impact of competition for staffing on our labor costs and profitability;
- our dependence on key management personnel, key executives and our local facility management personnel;
- compliance with laws and government regulations;
- the impact of claims brought against our facilities;
- the impact of governmental investigations, regulatory actions and whistleblower lawsuits;
- difficulties in successfully integrating the operations of the Youth and Family Centered Services, Inc. ("YFCS") acquisition, PHC, Inc. d/b/a Pioneer Behavioral Health ("PHC") acquisition and three inpatient psychiatric hospitals (the "Haven Facilities") acquired from Haven Behavioral Healthcare Holdings, LLC ("Haven") or realizing the potential benefits and synergies of these acquisitions;
- difficulties in acquiring facilities in general and acquiring facilities from not-for-profit entities due to regulatory scrutiny;
- difficulties in improving the operations of the facilities we acquire;
- the impact of unknown or contingent liabilities on facilities we acquire;
- the impact of state efforts to regulate the construction or expansion of healthcare facilities on our ability to operate and expand our operations;
- the impact of controls designed to reduce inpatient services on our revenues;
- the impact of fluctuations in our operating results, quarter to quarter earnings and other factors on the price of our common stock;
- the impact of different interpretations of accounting principles on our results of operations or financial condition;
- the impact of an increase in uninsured and underinsured patients or the deterioration in the collectability of the accounts of such patients on our results of operations;
- the impact of legislative and regulatory initiatives relating to privacy and security of patient health information and standards for electronic transactions;
- the impact of the trend for insurance companies and managed care organizations to enter into sole source contracts on our ability to obtain patients;
- the fact that we have not been required to comply with regulatory requirements applicable to reporting companies until recently;
- changes in our board and corporate governance as a result of our no longer qualifying as a "controlled company"; and
- those risks and uncertainties described from time to time in our filings with the Securities and Exchange Commission.

Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. These risks and uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking

statements. These forward-looking statements are made only as of the date of this Quarterly Report on Form 10-Q. We do not undertake and specifically decline any obligation to update any such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments.

Overview

Our business strategy is to acquire and develop inpatient behavioral healthcare facilities and improve our operating results within our inpatient facilities and our other behavioral healthcare operations. Our goal is to improve the operating results of our facilities by providing high quality services, expanding referral networks and marketing initiatives while meeting the increased demand for behavioral healthcare services through expansion of our current locations as well as developing new services within existing locations. At June 30, 2012, we operated 32 behavioral health facilities with over 2,150 beds in 18 states. During the six months ended June 30, 2012, we added 125 beds to existing facilities, and we expect to add approximately 170 more beds during the last two quarters of 2012.

On May 21, 2012, we completed the offering of 9,487,500 shares of our common stock (including shares sold pursuant to the exercise of the over-allotment option that the Company granted to the underwriters as part of the offering) at a price of $15.50 per share. The net proceeds to us from the sale of the shares, after deducting the underwriting discount of approximately $6.4 million and additional offering-related expenses of approximately $0.7 million, were approximately $139.0 million. We expect to use the remaining net offering proceeds principally to fund our acquisition strategy.

On March 1, 2012, we completed the acquisition of the Haven Facilities with a combined 166 licensed beds from Haven for $90.5 million of cash consideration. Also on March 1, 2012, we amended our Senior Secured Credit Facility to provide an incremental $25.0 million of term loans and increase the revolving credit facility by $45.0 million, from $30.0 million to $75.0 million. We used the net proceeds from the December 2011 sale of our common stock, the incremental term loans of $25.0 million and a $5.0 million borrowing under the revolving credit facility to fund the acquisition of the Haven Facilities.

During 2011, we completed our acquisition of PHC, a leading national provider of inpatient and outpatient mental health and drug and alcohol addiction treatment programs in Delaware, Michigan, Nevada, Pennsylvania, Utah and Virginia, and YFCS, the largest private, for-profit provider of behavioral health, education and long-term support services exclusively for abused and neglected children and adolescents.

The recent acquisitions of facilities and services make us the leading publicly traded pure-play provider of inpatient behavioral healthcare services based upon number of licensed beds in the United States. We believe that the acquisitions of YFCS, PHC and the Haven Facilities position the combined company as a leading platform in a highly fragmented industry under the direction of an experienced management team that has significant industry expertise. We expect to take advantage of several strategies that are more accessible as a result of our increased size and geographic scale, including implementing a national marketing strategy to attract new patients and referral sources, increasing our volume of out-of-state referrals, providing a broader range of services to new and existing patients and clients and selectively pursuing opportunities to expand our facility and bed count.

Revenue

Revenue is derived from services rendered to patients for inpatient psychiatric and substance abuse care, outpatient psychiatric care and adolescent residential treatment and includes revenue payable by the Medicare program administered by the Center for Medicare and Medicaid Services, state Medicaid programs, commercial insurance (in network and out of network), and other payors including individual patients. Revenue is recorded in the period in which services are provided at established billing rates less contractual adjustments based on amounts reimbursable by Medicare or Medicaid under provisions of cost or prospective reimbursement formulas or amounts due from other third-party payors at contractually determined rates.

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The following table presents revenue by payor type and as a percentage of revenue before provision for doubtful accounts for the three and six months ended June 30, 2012 and 2011 (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012		2011		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%
Private Pay	$ 1,511	1.5%	$ 583	0.9%	$ 2,894	1.5%	$ 1,253	1.5%
Commercial	21,300	20.7%	6,661	10.4%	40,586	20.9%	12,010	14.8%
Medicare	12,329	12.0%	3,395	5.3%	20,859	10.8%	6,696	8.2%
Medicaid	64,267	62.5%	52,298	82.0%	123,494	63.6%	60,338	74.1%
Other	3,345	3.3%	891	1.4%	6,187	3.2%	1,115	1.4%
Revenue before provision for doubtful accounts	102,752	100.0%	63,828	100.0%	194,020	100.0%	81,412	100.0%
Provision for doubtful accounts	(2,222)		(253)		(3,927)		(991)	
Revenue	$100,530		$63,575		$190,093		$80,421	

The following tables present a summary of our aging of accounts receivable as of June 30, 2012 and December 31, 2011:

June 30, 2012

	Current	30-90	90-150	>150	Total
Private Pay	1.8%	2.4%	1.0%	3.5%	8.7%
Commercial	13.7%	6.2%	2.3%	1.9%	24.1%
Medicare	9.4%	1.0%	0.7%	0.4%	11.5%
Medicaid	37.8%	11.7%	3.5%	2.7%	55.7%
Total	62.7%	21.3%	7.5%	8.5%	100.0%

December 31, 2011

	Current	30-90	90-150	>150	Total
Private Pay	0.8%	1.3%	0.6%	2.2%	4.9%
Commercial	15.9%	7.9%	2.4%	2.1%	28.3%
Medicare	7.1%	1.3%	0.5%	0.4%	9.3%
Medicaid	36.9%	13.7%	3.1%	3.8%	57.5%
Total	60.7%	24.2%	6.6%	8.5%	100.0%

Results of Operations

The following table illustrates our consolidated results of operations from continuing operations for the respective periods shown (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012		2011		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenue before provision for doubtful accounts	$102,752		$ 63,828		$194,020		$ 81,412	
Provision for doubtful accounts	(2,222)		(253)		(3,927)		(991)	
Revenue	100,530	100.0%	63,575	100.0%	190,093	100.0%	80,421	100.0%
Salaries, wages and benefits	58,559	58.3%	59,024	92.8%	113,702	59.8%	69,736	86.7%
Professional fees	4,658	4.6%	2,341	3.7%	8,831	4.6%	2,716	3.4%
Supplies	4,872	4.8%	3,314	5.2%	9,317	4.9%	4,247	5.3%
Rents and leases	2,227	2.2%	1,634	2.6%	4,469	2.4%	1,985	2.5%
Other operating expenses	10,407	10.4%	5,959	9.4%	19,388	10.2%	7,845	9.8%
Depreciation and amortization	1,646	1.6%	1,956	3.1%	3,256	1.7%	2,199	2.7%
Interest expense, net	7,471	7.4%	1,992	3.1%	14,753	7.8%	2,215	2.7%
Sponsor management fees	—	—	545	0.9%	—	—	590	0.7%
Transaction-related expenses	670	0.7%	5,756	9.0%	1,365	0.7%	8,362	10.4%
Total expenses	90,510	90.0%	82,521	129.8%	175,081	92.1%	99,895	124.2%
Income (loss) from continuing operations before income taxes	10,020	10.0%	(18,946)	(29.8)%	15,012	7.9%	(19,474)	(24.2)%
Provision for income taxes	3,919	3.9%	2,789	4.4%	5,584	2.9%	2,518	3.1%
Income (loss) from continuing operations	$ 6,101	6.1%	$(21,735)	(34.2)%	$ 9,428	5.0%	$(21,992)	(27.3)%

Three months ended June 30, 2012 compared to the three months ended June 30, 2011

Revenue before provision for doubtful accounts. Revenue before provision for doubtful accounts increased $39.0 million, or 61.0%, to $102.8 million for the three months ended June 30, 2012 from $63.8 million for the three months ended June 30, 2011. The increase relates primarily to the revenue generated during the three months ended June 30, 2012 from the PHC facilities acquired on November 1, 2011 and the Haven Facilities acquired on March 1, 2012, which were not included in our results for periods prior to our acquisitions. Same-facility revenue before provision for doubtful accounts increased by $5.7 million, or 8.9%, and is primarily attributable to same-facility growth in patient days of 9.2% resulting from facility expansions.

Provision for doubtful accounts. The provision for doubtful accounts was $2.2 million for the three months ended June 30, 2012, or 2.2% of revenue before provision for doubtful accounts, compared to $0.3 million for the three months ended June 30, 2011, or 0.4% of revenue before provision for doubtful accounts. The increase in the provision for doubtful accounts as a percentage of revenue before provision for doubtful accounts is partially attributable to changes in our payor mix following the acquisitions of PHC on November 1, 2011 and the Haven Facilities on March 1, 2012. The same facility provision for doubtful accounts was $1.3 million for the three months ended June 30, 2012, or 1.8% of revenue before provision for doubtful accounts, compared to $0.3 million for the three months ended June 30, 2011, or 0.4% of revenue before provision for doubtful accounts. The same-facility provision for doubtful accounts for the three months ended June 30, 2012 was higher than in the comparable period because the provision for doubtful accounts in the three months ended June 30, 2011 reflected certain bad debt recoveries.

Salaries, wages and benefits. Salaries, wages and benefits ("SWB") expense was $58.6 million for the three months ended June 30, 2012 compared to $59.0 million for the three months ended June 30, 2011, a decrease of $0.4 million. SWB expense includes $0.6 million and $19.8 million of equity-based compensation expense for the three months ended June 30, 2012 and 2011, respectively. The $18.8 million increase in SWB expense, excluding equity-based compensation expense, is primarily attributable to the acquisition of the PHC facilities on November 1, 2011 and the acquisition of the Haven Facilities on March 1, 2012. Excluding equity-based compensation expense, SWB expense was $58.0 million, or 57.7% of revenue, for the three months ended June 30, 2012, compared to $39.2 million, or 61.6% of revenue, for the three months ended June 30, 2011. The decrease in SWB expense, excluding equity-based compensation expense, as a percentage of revenue is primarily the result of savings in employee benefit costs and lower SWB expense incurred by the PHC facilities acquired on November 1, 2011 and the Haven Facilities acquired on March 1, 2012. Same-facility SWB expense was $39.2 million for the three months ended June 30, 2012, or 57.5% of revenue, compared to $36.9 million for the three months ended June 30, 2011, or 58.0% of revenue.

Professional fees. Professional fees were $4.7 million for the three months ended June 30, 2012, or 4.6% of revenue, compared to $2.3 million for the three months ended June 30, 2011, or 3.7% of revenue. The increase in professional fees as a percentage of revenue is primarily attributable to the higher professional fees incurred by our corporate office after becoming a public company on November 1, 2011 and higher professional fees associated with the PHC facilities acquired on November 1, 2011. Same-facility professional fees were $2.0 million for the three months ended June 30, 2012, or 2.9% of revenue, compared to $2.0 million, for the three months ended June 30, 2011, or 3.2% of revenue.

Supplies. Supplies expense was $4.9 million for the three months ended June 30, 2012, or 4.8% of revenue, compared to $3.3 million for the three months ended June 30, 2011, or 5.2% of revenue. The $1.6 million increase in supplies expense is primarily attributable to the acquisition of PHC on November 1, 2011 and the Haven Facilities on March 1, 2012. Same-facility supplies expense was $3.3 million for the three months ended June 30, 2012, or 4.8% of revenue, compared to $3.3 million for the three months ended June 30, 2011, or 5.2% of revenue.

Rents and leases. Rents and leases were $2.2 million for the three months ended June 30, 2012, or 2.2% of revenue, compared to $1.6 million for the three months ended June 30, 2011, or 2.6% of revenue. The decrease in rents and leases as a percentage of revenue is primarily attributable to the acquisition of the Haven Facilities, which are owned facilities, on March 1, 2011. Same-facility rents and leases were $1.5 million for the three months ended June 30, 2012, or 2.1% of revenue, compared to $1.5 million for the three months ended June 30, 2011, or 2.3% of revenue.

Other operating expenses. Other operating expenses consist primarily of purchased services, utilities, insurance, travel and repairs and maintenance expenses. Other operating expenses were $10.4 million for the three months ended June 30, 2012, or 10.4% of revenue, compared to $6.0 million for the three months ended June 30, 2011, or 9.4% of revenue. The increase in other operating expenses as a percentage of revenue is primarily attributable to an increase in purchased services. Same-facility other operating expenses were $6.6 million for the three months ended June 30, 2012, or 9.7% of revenue, compared to $5.6 million for the three months ended June 30, 2011, or 8.9% of revenue.

Depreciation and amortization. Depreciation and amortization expense was $1.6 million for the three months ended June 30, 2012, or 1.6% of revenue, compared to $2.0 million for the three months ended June 30, 2011, or 3.1% of revenue. The decrease in depreciation and amortization is attributable to $1.2 million in amortization expense during the three months ended June 30, 2011 related to an intangible asset which became fully amortized as of June 30, 2011 offset by an increase in depreciation and amortization related to the acquisitions of PHC on November 1, 2011 and the Haven Facilities on March 1, 2012.

Interest expense. Interest expense was $7.5 million for the three months ended June 30, 2012 compared to $2.0 million for the three months ended June 30, 2011. The increase in interest expense is a result of the issuance of $150.0 million of 12.875% Senior Notes due 2018 (the "Senior Notes") on November 1, 2011.

Sponsor management fees. Sponsor management fees were $0.5 million for the three months ended June 30, 2011, which related to our professional services agreement with Waud Capital Partners, which was amended effective April 1, 2011 and terminated on November 1, 2011.

Transaction-related expenses. Transaction-related expenses were $0.7 million for the three months ended June 30, 2012 compared to $5.8 million for the three months ended June 30, 2011. Transaction-related expenses represent costs incurred in the respective periods primarily related to the acquisitions of YFCS on April 1, 2011, PHC on November 1, 2011 and the Haven Facilities on March 1, 2012.

Six months ended June 30, 2012 compared to the six months ended June 30, 2011

Revenue before provision for doubtful accounts. Revenue before provision for doubtful accounts increased $112.6 million, or 138.3%, to $194.0 million for the six months ended June 30, 2012 from $81.4 million for the six months ended June 30, 2011. The increase relates primarily to the revenue generated during the six months ended June 30, 2012 from the YFCS facilities acquired on April 1, 2011, PHC facilities acquired on November 1, 2011 and Haven Facilities acquired on March 1, 2012, which were not included in our results for periods prior to our acquisitions. Same-facility revenue before provision for doubtful accounts increased by $8.1 million, or 9.9%, and is primarily attributable to same-facility growth in patient days of 10.2% resulting from facility expansions.

Provision for doubtful accounts. The provision for doubtful accounts was $3.9 million for the six months ended June 30, 2012, or 2.0% of revenue before provision for doubtful accounts, compared to $1.0 million for the six months ended June 30, 2011, or 1.2% of revenue before provision for doubtful accounts. The increase in the provision for doubtful accounts as a percentage of revenue before provision for doubtful accounts is partially attributable to changes in our payor mix following the acquisitions of YFCS on April 1, 2011, PHC on November 1, 2011 and the Haven Facilities on March 1, 2012. The same facility provision for doubtful accounts was $2.1 million for the six months ended June 30, 2012, or 2.3% of revenue before provision for doubtful accounts,

compared to $1.0 million for the six months ended June 30, 2011, or 1.2% of revenue before provision for doubtful accounts. The same-facility provision for doubtful accounts for the six months ended June 30, 2012 was higher than in the comparable period because the provision for doubtful accounts in the six months ended June 30, 2011 reflected certain bad debt recoveries.

Salaries, wages and benefits. SWB expense was $113.7 million for the six months ended June 30, 2012 compared to $69.7 million for the six months ended June 30, 2011, an increase of $44.0 million. SWB expense includes $1.2 million and $19.8 million of equity-based compensation expense for the six months ended June 30, 2012 and 2011, respectively. The $62.6 million increase in SWB expense, excluding equity-based compensation expense, is primarily attributable to the acquisitions of YFCS on April 1, 2011, PHC on November 1, 2011 and the Haven Facilities on March 1, 2012. Excluding equity-based compensation expense, SWB expense was $112.5 million, or 59.2% of revenue, for the six months ended June 30, 2012, compared to $49.9 million, or 62.0% of revenue, for the six months ended June 30, 2011. The decrease in SWB expense, excluding equity-based compensation expense, as a percentage of revenue is primarily the result of savings in employee benefit costs and lower SWB expense incurred by the PHC facilities acquired on November 1, 2011 and the Haven Facilities acquired on March 1, 2012. Same-facility SWB expense was $50.0 million for the six months ended June 30, 2012, or 57.2% of revenue, compared to $46.5 million for the six months ended June 30, 2011, or 57.8% of revenue.

Professional fees. Professional fees were $8.8 million for the six months ended June 30, 2012, or 4.6% of revenue, compared to $2.7 million for the six months ended June 30, 2011, or 3.4% of revenue. The increase in professional fees as a percentage of revenue is primarily attributable to the higher professional fees incurred by our corporate office after becoming a public company on November 1, 2011 and higher professional fees associated with the PHC facilities acquired on November 1, 2011. Same-facility professional fees were $2.4 million for the six months ended June 30, 2012, or 2.7% of revenue, compared to $2.3 million, for the six months ended June 30, 2011, or 2.9% of revenue.

Supplies. Supplies expense was $9.3 million for the six months ended June 30, 2012, or 4.9% of revenue, compared to $4.2 million for the six months ended June 30, 2011, or 5.3% of revenue. The $5.1 million increase in supplies expense is primarily attributable to the acquisitions of YFCS on April 1, 2011, PHC on November 1, 2011 and the Haven Facilities on March 1, 2012. Same-facility supplies expense was $4.3 million for the six months ended June 30, 2012, or 4.9% of revenue, compared to $4.2 million for the six months ended June 30, 2011, or 5.3% of revenue.

Rents and leases. Rents and leases were $4.5 million for the six months ended June 30, 2012, or 2.4% of revenue, compared to $2.0 million for the six months ended June 30, 2011, or 2.5% of revenue. The decrease in rents and leases as a percentage of revenue is primarily attributable to the acquisition of the Haven Facilities, which are owned facilities, on March 1, 2011. Same-facility rents and leases were $1.8 million for the six months ended June 30, 2012, or 2.0% of revenue, compared to $1.8 million for the six months ended June 30, 2011, or 2.2% of revenue.

Other operating expenses. Other operating expenses consist primarily of purchased services, utilities, insurance, travel and repairs and maintenance expenses. Other operating expenses were $19.4 million for the six months ended June 30, 2012, or 10.2% of revenue, compared to $7.8 million for the six months ended June 30, 2011, or 9.8% of revenue. The increase in other operating expenses as a percentage of revenue is primarily attributable to an increase in purchased services. Same-facility other operating expenses were $8.6 million for the six months ended June 30, 2012, or 9.8% of revenue, compared to $7.2 million for the six months ended June 30, 2011, or 9.0% of revenue.

Depreciation and amortization. Depreciation and amortization expense was $3.3 million for the six months ended June 30, 2012, or 1.7% of revenue, compared to $2.2 million for the six months ended June 30, 2011, or 2.7% of revenue. The decrease in depreciation and amortization is attributable to $1.2 million in amortization expense during the six months ended June 30, 2011 related to an intangible asset which became fully amortized as of June 30, 2011 offset by an increase in depreciation and amortization related to the acquisitions of the YFCS facilities on April 1, 2011, the PHC facilities on November 1, 2011 and the Haven Facilities on March 1, 2012.

Interest expense. Interest expense was $14.8 million for the six months ended June 30, 2012 compared to $2.2 million for the six months ended June 30, 2011. The increase in interest expense is a result of borrowings under our Senior Secured Credit Facility and the issuance of $150.0 million of Senior Notes.

Sponsor management fees. Sponsor management fees were $0.6 million for the six months ended June 30, 2011, which related to our professional services agreement with Waud Capital Partners, which was amended effective April 1, 2011 and terminated on November 1, 2011.

Transaction-related expenses. Transaction-related expenses were $1.4 million for the six months ended June 30, 2012 compared to $8.4 million for the six months ended June 30, 2011. Transaction-related expenses represent costs incurred in the respective periods primarily related to the acquisitions of YFCS on April 1, 2011, PHC on November 1, 2011 and the Haven Facilities on March 1, 2012.

Liquidity and Capital Resources

Cash provided by continuing operating activities for the six months ended June 30, 2012 was $10.7 million compared to cash provided by continuing operating activities of $5.3 million for the six months ended June 30, 2011. The increase in cash provided by continuing operating activities is primarily attributable to cash provided by continuing operating activities of the YFCS facilities acquired on April 1, 2011, the PHC facilities acquired on November 1, 2011 and the Haven Facilities acquired on March 1, 2012. As of June 30, 2012, we had cash and cash equivalents of $120.2 million. The increase in our cash and cash equivalents from December 31, 2011 relates to the remaining unused proceeds from our equity offering completed on May 21, 2012. Days sales outstanding as of June 30, 2012 was 40 compared to 38 as of December 31, 2011.

Cash used in investing activities for the six months ended June 30, 2012 was $110.6 million compared to $183.9 million for the six months ended June 30, 2011. Cash used in investing activities for the six months ended June 30, 2012 primarily consisted of $90.5 million cash paid for the acquisition of the Haven Facilities. Cash paid for capital expenditures for the six months ended June 30, 2012 was $7.6 million, consisting of approximately $3.5 million of routine capital expenditures and $4.1 million of expansion capital expenditures. We define expansion capital expenditures as those that increase the capacity of our facilities or otherwise enhance revenue. Routine or maintenance capital expenditures were approximately 1.8% of our revenue for the six months ended June 30, 2012. Cash paid for real estate acquisitions was $13.9 million for the six months ended June 30, 2012. Cash used in investing activities for the six months ended June 30, 2011 consisted primarily of cash paid for the YFCS acquisition of $178.0 million, cash paid for capital expenditures of $3.2 million and cash paid for real estate acquisitions of $2.2 million.

Cash provided by financing activities for the six months ended June 30, 2012 was $159.1 million compared to $175.2 million for the six months ended June 30, 2011. Cash provided by financing activities for the six months ended June 30, 2012 primarily consisted of long-term debt borrowings of $25.0 million, proceeds from the issuance of common stock of $139.0 million and proceeds from stock option exercises of $0.2 million partially offset by principal payments on long-term debt of $4.0 million and payment of debt issuance costs of $1.1 million. Cash provided by financing activities for the six months ended June 30, 2011 primarily consisted of borrowings on long-term debt of $135.0 million, an increase in our revolving credit facility of $7.0 million and contributions from Acadia Healthcare Holdings, LLC of $51.0 million, partially offset by principal payments on long-term debt of $1.7 million, repayments of long-term debt of $10.0 million, payment of debt issuance costs of $5.8 million and distributions to equity holders of $0.4 million.

Senior Secured Credit Facility

We entered into the Senior Secured Credit Facility, administered by Bank of America, N.A., on April 1, 2011. The Senior Secured Credit Facility initially included $135.0 million of term loans and a revolving credit facility of $30.0 million.

On March 1, 2012, we amended our Senior Secured Credit Facility to provide an incremental $25.0 million of term loans and increase the revolving credit facility by $45.0 million, from $30.0 million to $75.0 million. We used the incremental term loans of $25.0 million and a $5.0 million borrowing under the revolving credit facility to partially fund the acquisition of the Haven Facilities on March 1, 2012. As of June 30, 2012, we had $74.6 million of availability under our revolving line of credit, which reflected the total revolving credit facility of $75.0 million less an undrawn letter of credit of $0.4 million. Borrowings under the revolving credit facility are subject to customary debt incurrence tests. The amended term loans require quarterly principal payments of $2.0 million for June 30, 2012 to March 31, 2013, $4.0 million for June 30, 2013 to March 31, 2014, $5.0 million for June 30, 2014 to March 31, 2015, and $6.0 million for June 30, 2015 to December 31, 2015, with the remaining principal balance due on the maturity date of April 1, 2016.

Borrowings under the Senior Secured Credit Facility are guaranteed by each of Acadia's domestic subsidiaries and are secured by a lien on substantially all of the assets of Acadia and its domestic subsidiaries. Borrowings under the Senior Secured Credit Facility bear interest at a rate tied to our consolidated leverage ratio (defined as consolidated funded debt to consolidated EBITDA, in each case as defined in the credit agreement governing the Senior Secured Credit Facility). The Applicable Rate for borrowings under the Senior Secured Credit Facility was 4.25% and 3.25% for Eurodollar Rate Loans and Base Rate Loans, respectively, as of June 30, 2012. Eurodollar Rate Loans bear interest at the Applicable Rate plus the Eurodollar Rate (based upon the British Bankers Association LIBOR Rate prior to commencement of the interest rate period). Base Rate Loans bear interest at the Applicable Rate plus the highest of (i) the federal funds rate plus 1/2 of 1.0%, (ii) the prime rate and (iii) the Eurodollar rate plus 1.0%. As of June 30, 2012, borrowings under the Senior Secured Credit Facility bore interest at 4.5%. In addition, we are required to pay a commitment fee on undrawn amounts under the revolving line of credit. As of June 30, 2012, undrawn amounts bore interest at a rate of 0.55%.

The interest rates and the commitment fee on unused commitments related to the Senior Secured Credit Facility are based upon the following pricing tiers:

Pricing Tier	Consolidated Leverage Ratio	Eurodollar Rate Loans	Base Rate Loans	Commitment Fee
1	<2.75:1.0	3.50%	2.50%	0.45%
2	2.75:1.0 but <3.25:1.0	3.75%	2.75%	0.50%
3	3.25:1.0 but <3.75:1.0	4.00%	3.00%	0.50%
4	3.75:1.0 but <5.00:1.0	4.25%	3.25%	0.55%
5	5.00:1.0	4.50%	3.50%	0.55%

The Senior Secured Credit Facility requires Acadia and its subsidiaries to comply with customary affirmative, negative and financial covenants. Set forth below is a brief description of such covenants, all of which are subject to customary exceptions, materiality thresholds and qualifications:

a) the affirmative covenants include the following: (i) delivery of financial statements and other customary financial information; (ii) notices of events of default and other material events; (iii) maintenance of existence, ability to conduct business, properties, insurance and books and records; (iv) payment of taxes; (v) lender inspection rights; (vi) compliance with laws; (vii) use of proceeds; (viii) interest rate hedging; (ix) further assurances; and (x) additional collateral and guarantor requirements.

b) the negative covenants include limitations on the following: (i) liens; (ii) debt (including guaranties); (iii) investments; (iv) fundamental changes (including mergers, consolidations and liquidations); (v) dispositions; (vi) sale leasebacks; (vii) affiliate transactions and the payment of management fees; (viii) burdensome agreements; (ix) restricted payments; (x) use of proceeds; (xi) ownership of subsidiaries; (xii) changes to line of business; (xiii) changes to organizational documents, legal name, form of entity and fiscal year; (xiv) capital expenditures (not to exceed 10.0% of total revenues of Acadia and its subsidiaries and including a 100% carry-forward of unused amounts to the immediately succeeding fiscal year); (xv) prepayment of redemption of certain senior secured debt; and (xvi) amendments to certain material agreements. Acadia is generally not permitted to issue dividends or distributions other than with respect to the following: (w) certain tax distributions; (x) the repurchase of equity held by employees, officers or directors upon the occurrence of death, disability or termination subject to cap of $500,000 in any fiscal year and compliance with certain other conditions; (y) in the form of capital stock; and (z) scheduled payments of deferred purchase price, working capital adjustments and similar payments pursuant to the merger agreement or any permitted acquisition.

c) The financial covenants include maintenance of the following:

- the fixed charge coverage ratio may not be less than 1.20:1.00 as of the end of any fiscal quarter;
- the consolidated leverage ratio may not be greater than the amount set forth below as of the date opposite such ratio:

Fiscal Quarter Ending	Maximum Consolidated Leverage Ratio
June 30, 2012	5.75:1.0
September 30, 2012	5.75:1.0
December 31, 2012	5.25:1.0
March 31, 2013	5.25:1.0
June 30, 2013	5.25:1.0
September 30, 2013	5.25:1.0
December 31, 2013	4.75:1.0
March 31, 2014	4.75:1.0
June 30, 2014	4.75:1.0
September 30, 2014	4.75:1.0
December 31, 2014 and each fiscal quarter ending thereafter	4.00:1.0

- The senior secured leverage ratio may not be greater than the amount set forth below as of the date opposite such ratio:

Fiscal Quarter Ending	Maximum Consolidated Senior Secured Leverage Ratio
June 30, 2012	3.00:1.0
September 30, 2012	3.00:1.0
December 31, 2012 and each fiscal quarter ending thereafter	2.50:1.0

As of June 30, 2012, Acadia was in compliance with such covenants.

12.875% Senior Notes due 2018

On November 1, 2011, we issued $150.0 million of 12.875% Senior Notes due 2018 at 98.323% of the aggregate principal amount of $150.0 million, a discount of $2.5 million. We will pay interest on the notes semi-annually, in arrears, on November 1 and May 1 of each year, beginning on May 1, 2012 through the maturity date of November 1, 2018.

The indenture governing the Senior Notes contains covenants that, among other things, limit the Company's ability to: (i) incur or guarantee additional debt or issue certain preferred stock; (ii) pay dividends on the Company's equity interests or redeem, repurchase or retire the Company's equity interests or subordinated debt; (iii) transfer or sell assets; (iv) make certain investments; (v) incur certain liens; (vi) restrict the Company's subsidiaries' ability to pay dividends or make other payments to the Company; (vii) engage in certain transactions with the Company's affiliates; and (viii) merge or consolidate with other companies or transfer all or substantially all of the Company's assets.

The Senior Notes issued by the Company are guaranteed by each of our subsidiaries, all of which are wholly owned subsidiaries. The guarantees are full and unconditional and joint and several and Acadia Healthcare Company, Inc., as the parent issuer of the Senior Notes, has no independent assets or operations.

Contractual Obligations

The following table presents a summary of contractual obligations as of June 30, 2012 (in thousands):

	Payments Due by Period				
	Within 1 Year	During Years 2-3	During Years 4-5	After 5 Years	Total
Long-term debt (a)	$36,135	$88,267	$144,958	$175,750	$445,110
Operating leases	6,345	7,516	4,577	1,950	20,388
Total obligations and commitments	$42,480	$95,783	$149,535	$177,700	$465,498

(a) Amounts include required principal payments and related interest payments. We used the 4.5% interest rate at June 30, 2012 to estimate future interest payments related to our variable-rate debt.

Off Balance Sheet Arrangements

As of June 30, 2012, we had standby letters of credit outstanding of $0.4 million related to security for the payment of claims as required by our workers' compensation insurance program.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our interest expense is sensitive to changes in market interest rates. With respect to our interest-bearing liabilities, our long-term debt outstanding at June 30, 2012 is composed of $150.0 million of fixed rate debt and $150.9 million of variable rate debt with interest based on LIBOR plus an applicable margin. A hypothetical 10% increase in interest rates would decrease our net income and cash flows by approximately $0.4 million on an annual basis based upon our borrowing level at June 30, 2012.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, our management conducted an evaluation, with the participation of our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on this evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended June 30, 2012 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are, from time to time, subject to various claims and legal actions that arise in the ordinary course of our business, including claims for damages for personal injuries, medical malpractice, breach of contract, tort and employment related claims. In these actions, plaintiffs request a variety of damages, including, in some instances, punitive and other types of damages that may not be covered by insurance. In the opinion of management, we are not currently a party to any proceeding that would have a material adverse effect on our business, financial condition or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this report, an investor should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, which could materially affect the Company's business, financial condition or future results. The risks, as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, are not the only risks facing the Company. Additional risks and uncertainties not currently known to management or that management currently deems immaterial also may materially, adversely affect the Company's business, financial condition, operating results or cash flows. The following update risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2011:

We are subject to uncertainties regarding recent health reform legislation.

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (the "PPACA"). The Healthcare and Education Reconciliation Act of 2010 (the "Reconciliation Act"), which contains a number of amendments to the PPACA, was signed into law on March 30, 2010. Two primary goals of the PPACA, combined with the Reconciliation Act (collectively referred to as the "Health Reform Legislation"), are to provide for increased access to coverage for healthcare and to reduce healthcare-related expenses.

On June 28, 2012, the United States Supreme Court upheld the constitutionality of the requirement in PPACA that individuals maintain health insurance or pay a penalty under Congress's taxing power. The Supreme Court upheld the PPACA provision expanding Medicaid eligibility to new populations as constitutional, but only so long as the expansion of the Medicaid program is optional for the states. States that choose not to expand their Medicaid programs to newly eligible populations in PPACA can only lose the new federal Medicaid funding in PPACA but not their eligibility for existing federal Medicaid matching payments.

The expansion of health insurance coverage under the Health Reform Legislation may increase the number of patients using our facilities who have either private or public program coverage. In addition, a disproportionately large percentage of new Medicaid coverage is likely to be in states that currently have relatively low income eligibility requirements and may include states where we have facilities. Furthermore, as a result of the Health Reform Legislation, there may be a reduction in uninsured patients, which should reduce our expense from uncollectible accounts receivable.

Notwithstanding the foregoing, the Health Reform Legislation makes a number of other changes to Medicare and Medicaid which we believe may have an adverse impact on us. The various provisions in the Health Reform Legislation that directly or indirectly affect reimbursement are scheduled to take effect over a number of years. Health Reform Legislation provisions are likely to be affected by the incomplete nature of implementing regulations or expected forthcoming interpretive guidance, gradual implementation and future legislation. Further Health Reform Legislation provisions, such as those creating the Medicare Shared Savings Program and the Independent Payment Advisory Board, create certain flexibilities in how healthcare may be reimbursed by federal programs in the future. Thus, we cannot predict the impact of the Health Reform Legislation on our future reimbursement at this time.

The Health Reform Legislation also contains provisions aimed at reducing fraud and abuse in healthcare. The Health Reform Legislation amends several existing laws, including the federal anti-kickback statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against healthcare providers. Congress revised the intent requirement of the anti-kickback statute to provide that a person is not required to "have actual knowledge or specific intent to commit a violation of" the anti-kickback statute in order to be found guilty of violating such law. The Health Reform Legislation also provides that any claims for items or services that violate the anti-kickback statute are also considered false claims for purposes of the federal civil False Claims Act. The Health Reform Legislation provides that a healthcare provider that knowingly retains an overpayment in excess of 60 days is subject to the federal civil False Claims Act. The Health Reform Legislation also expands the Recovery Audit Contractor program, which had previously been limited to Medicare, to Medicaid. These amendments also make it easier for severe fines and penalties to be imposed on healthcare providers that violate applicable laws and regulations.

The impact of the Health Reform Legislation on each of our facilities may vary. Because the Health Reform Legislation provisions become effective at various times over the next several years, we cannot predict the impact the Health Reform Legislation may have on our business, results of operations, cash flow, capital resources and liquidity, or whether we will be able to adapt successfully to the changes required by the Health Reform Legislation.

The Company is no longer a "controlled company" under the NASDAQ listing requirements and, as a result, no longer qualifies for exemptions from certain corporate governance requirements.

Prior to the Company's May 2012 equity offering, Waud Capital Partners controlled approximately 56.5% of the voting power of the Company's common stock. As a result, the Company was considered a "controlled company" for the purposes of the NASDAQ listing requirements. As a "controlled company," the Company was permitted to, and it did, opt out of the NASDAQ listing requirements that would otherwise require a majority of the members of the Company's board of directors to be independent and require that the Company either establish a compensation committee and a nominating and governance committee, each composed of independent directors, or otherwise ensure that the compensation of the Company's executive officers and nominees for directors are determined or recommended to the board of directors by the independent members of the board of directors. Currently we have only two independent directors, Messrs. Grieco and Miquelon.

Following the completion of the May 2012 equity offering, Waud Capital Partners controls approximately 44% of the voting power of the Company's common stock and no longer qualifies as a "controlled company" within the meaning of the NASDAQ listing requirements. As a result, the Company is no longer exempt from complying with the requirements noted above. Under the NASDAQ listing requirements, a company that ceases to be a "controlled company" must comply with the independent board committee requirements as they relate to the nominating and compensation committees on the following phase-in schedule: (1) one independent committee member at the time it ceases to be a "controlled company," (2) a majority of independent committee members within 90 days of the date it ceases to be a "controlled company" and (3) all independent committee members within one year of the date it ceases to be a "controlled company." Additionally, the NASDAQ listing requirements provide a 12 month phase-in period from the date a company ceases to be a "controlled company" to comply with the majority independent board requirement. During these phase-in periods, the Company's stockholders will not have the same protections afforded to stockholders of companies of which the majority of directors are independent and, if, within the phase-in periods, the Company is not able to recruit additional directors that would qualify as independent, or otherwise comply with the NASDAQ listing requirements, the Company may be subject to enforcement actions by NASDAQ. In addition, a change in the board of directors and committee membership may result in a change in corporate strategy and operating philosophies, and may result in deviations from the Company's current growth strategy.

Item 6. Exhibits

Exhibit No.	Exhibit Description
3.1	Amended and Restated Certificate of Incorporation, as filed on October 28, 2011 with the Secretary of State of the State of Delaware (1).
3.2	Amended and Restated Bylaws of Acadia Healthcare Company, Inc. (1).
4.1*	Amendment, dated as of April 25, 2012, to the Stockholders Agreement, dated as of November 1, 2011, by and among the Company and each of the Waud Capital Partners and management investors named therein.
10.1*	Amendment, dated as of April 25, 2012, to the Employment Agreement, dated as of March 29, 2011, between Acadia Management Company, Inc. and Norman K. Carter, III.
10.2*	Amendment, dated as of April 25, 2012, to the Employment Agreement, dated as of March 29, 2011, between Acadia Management Company, Inc. and Karen M. Prince.
10.3*	Fifth Amendment to the Credit Agreement, dated as of June 15, 2012, by and among Bank of America, NA (Administrative Agent, Swing Line Lender and L/C Issuer), Acadia Healthcare Company, Inc. (f/k/a Acadia Healthcare Company, LLC), and the lenders listed on the signature pages thereto.

31.1*	Certification of the Chief Executive Officer of Acadia Healthcare Company, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Acadia Healthcare Company, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer and Chief Financial Officer of Acadia Healthcare Company, Inc. pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Calculation Linkbase Document.
101.LAB**	XBRL Taxonomy Labels Linkbase Document.
101.PRE**	XBRL Taxonomy Presentation Linkbase Document.

(1) Incorporated by reference to exhibits filed with Acadia Healthcare Company, Inc.'s Current Report on Form 8-K filed November 1, 2011 (File No. 001-35331).

* Filed herewith.

** The XBRL related information in Exhibit 101 to this quarterly report on Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Acadia Healthcare Company, Inc.

By: /s/ David M. Duckworth
David M. Duckworth
Chief Financial Officer

Dated: August 1, 2012

EXHIBIT INDEX

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Exhibit 4.1

AMENDMENT TO STOCKHOLDERS AGREEMENT

THIS AMENDMENT TO STOCKHOLDERS AGREEMENT (this "Amendment") is made and entered into as of April 25, 2012, by and among Acadia Healthcare Company, Inc., a Delaware corporation (the "Company"), each of the Persons listed on the Schedule of WCP Investors attached hereto, and Norman K. Carter, III and Karen Prince (collectively, the "Executives").

RECITALS

A. Executives are parties to that certain Stockholders Agreement dated as of November 1, 2011 by and among the Company, the WCP Investors and the Management Investors (the "Agreement").

B. Executives, the Company and the WCP Investors desire to modify the Agreement pursuant to the terms of this Amendment.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. All capitalized terms not defined in this Amendment shall have the meanings given to such terms in the Agreement.

2. Definition of "Unrestricted Shares". The definition of "Unrestricted Shares" in Section 6 of the Agreement is hereby deleted in its entirety and replaced with the following.

"Unrestricted Shares" means, with respect to any Management Investor, as of the date of any determination, a number of such Management Investor's Subject Shares determined by multiplying (x) the total number of Subject Shares held by such Management Investor as of the date of this Agreement (as appropriately adjusted for stock splits, stock dividends, stock combinations, recapitalizations and the like) by (y) the result of 100% minus the WCP Liquidity Percentage; provided, that (a) from and after the third anniversary of the date hereof, no fewer than 33% of the Subject Shares held by such Management Investor as of the date of this Agreement shall be Unrestricted Shares, (b) from and after the fourth anniversary of the date hereof, no fewer than 67% of the Subject Shares held by such Management Investor as of the date of this Agreement shall be Unrestricted Shares, and (c) from and after the fifth anniversary of the date hereof, 100% of such Management Investor's Subject Shares shall be Unrestricted Shares; and provided further, that 50,000 of the Subject Shares held by an Executive shall become Unrestricted Shares on April 25, 2013 and an additional 50,000 of the Subject Shares held by an Executive shall become Unrestricted Shares at the expiration of each 90-day period thereafter (notwithstanding the foregoing, each Executive agrees to Transfer no more than 10,000 of such Subject Shares on any single trading day) .

3. Counterparts. This Amendment may be executed in one or more counterparts by the different parties on separate counterparts and each of which when so executed and delivered shall be an original document but all such counterparts shall together constitute one and the same instrument.

4. Conflict. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall supersede and be controlling. As modified in this Amendment, the terms of the Agreement shall continue in full force and effect.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Stockholders Agreement as of the date first written above.

COMPANY:

Acadia Healthcare Company, Inc.

By: /s/ Christopher L. Howard
Name: Christopher L. Howard
Its: Vice President and Secretary

EXECUTIVES:

/s/ Norman K. Carter, III
Name: Norman K. Carter, III

/s/ Karen Prince
Name: Karen Prince

WCP INVESTORS

WAUD CAPITAL PARTNERS II, L.P.

By: Waud Capital Partners Management II, L.P.
Its: General Partner

By: Waud Capital Partners II, L.L.C.
Its: General Partner

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Authorized Signatory

WAUD CAPITAL PARTNERS QP II, L.P.

By: Waud Capital Partners Management II, L.P.
Its: General Partner

By: Waud Capital Partners II, L.L.C.
Its: General Partner

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Authorized Signatory

WCP FIF II (ACADIA), L.P.

By: Waud Capital Partners Management II, L.P.
Its: General Partner

By: Waud Capital Partners II, L.L.C.
Its: General Partner

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Authorized Signatory

WAUD CAPITAL PARTNERS III, L.P.

By: Waud Capital Partners Management III, L.P.
Its: General Partner

By: Waud Capital Partners III, L.L.C.
Its: General Partner

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Authorized Signatory

WAUD CAPITAL PARTNERS QP III, L.P.

By: Waud Capital Partners Management III, L.P.
Its: General Partner

By: Waud Capital Partners III, L.L.C.
Its: General Partner

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Authorized Signatory

WCP FIF III (ACADIA), L.P.

By: Waud Capital Partners Management III, L.P.
Its: General Partner

By: Waud Capital Partners III, L.L.C.
Its: General Partner

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Authorized Signatory

WAUD CAPITAL AFFILIATES II, L.L.C.

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Authorized Signatory

WAUD CAPITAL AFFILIATES III, L.L.C.

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Authorized Signatory

WAUD FAMILY PARTNERS, L.P.

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: General Partner

REEVE B. WAUD 2011 FAMILY TRUST

By: /s/ Reeve B. Waud
Name: Reeve B. Waud
Its: Trustee

Exhibit 10.1

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement ("Amendment") is made and entered into as of April 25, 2012, by and between Acadia Management Company, Inc., a Delaware corporation (the "Company"), and Norman K. Carter, III ("Executive").

RECITALS

A. Executive and the Company entered into that certain Employment Agreement dated as of March 29, 2011 (the "Agreement").

B. Executive and the Company desire to modify the Agreement pursuant to the terms of this Amendment.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. All capitalized terms not defined in this Amendment shall have the meanings given to such terms in the Agreement.

2. Non-Compete; Non-Solicit. Sections 7(a) and 7(b) of the Agreement are hereby deleted in their entirety and replaced with the following.

(a) Non-Compete. In further consideration of the compensation to be paid to Executive hereunder, Executive acknowledges that during the course of his employment with the Company he has and shall become familiar with Holdings' and the Subsidiaries' trade secrets and with other Confidential Information concerning Holdings and the Subsidiaries and that his services have been and shall be of special, unique and extraordinary value to Holdings and the Subsidiaries, and, therefore, Executive agrees that:

(i) during the Employment Period and for a period thereafter of six (6) months (the "Noncompete Period"), he shall not (i) directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, or in any manner engage in any business that derives at least 25% of its gross revenue from the business of providing behavioral healthcare and/or related services or (ii) directly or indirectly manage, control, participate in, consult with or render services specifically with respect to any unit, division, segment or subsidiary of any other business that engages in or otherwise competes with (or was organized for the purpose of engaging in or competing with) the business of providing behavioral healthcare and/or related services (provided that, this clause (ii) shall not be construed to prohibit Executive from directly or indirectly owning any interest in, managing, controlling, participating in, consulting with, rendering services for, or in any manner engaging in any business activities with or for such business generally and, for the avoidance of doubt, not specifically with respect to such unit, division, segment or subsidiary), in

each case, within any geographical area in which Holdings and the Subsidiaries engage in such businesses; provided that Executive shall not be subject to the restrictions set forth in this Section 7(a)(i) if the Employment Period is terminated by the Company without Cause or by Executive with Good Reason and for so long as the Company is in breach of its obligations under Section 4(b) and such breach is not the subject of a good faith dispute between the Company and Executive. For purposes of this Agreement, the term "participate in" shall include, without limitation, having any direct or indirect interest in any Person, whether as a sole proprietor, owner, stockholder, partner, joint venturer, creditor or otherwise, or rendering any direct or indirect service or assistance to any individual, corporation, partnership, joint venture and other business entity (whether as a director, officer, manager, supervisor, employee, agent, consultant or otherwise). Nothing herein shall prohibit Executive from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation; and

(ii) during the Employment Period and for a period thereafter of twelve (12) months, Executive shall not shall not directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, or in any manner engage in any business with, for or on behalf of Behavioral Centers of America (the "BCA Noncompete Period"); provided that Executive shall not be subject to the restrictions set forth in this Section 7(a)(ii) if the Employment Period is terminated by the Company without Cause or by Executive with Good Reason and for so long as the Company is in breach of its obligations under Section 4(b) and such breach is not the subject of a good faith dispute between the Company and Executive.

(b) Non-Solicit. During the Employment Period and for a period thereafter of twelve (12) months (the "Nonsolicit Period"), Executive shall not directly or indirectly through another Person (other than on behalf of Holdings and the Subsidiaries) (i) induce or attempt to induce any employee or independent contractor of Holdings or the Subsidiaries to leave the employ or services of Holdings or the Subsidiaries, or in any way interfere with the relationship between Holdings and the Subsidiaries and any employee or independent contractor thereof, (ii) hire or seek any business affiliation with any person who was an employee or independent contractor of Holdings or the Subsidiaries at any time during the twelve (12) months prior to the Termination Date or (iii) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of Holdings or any Subsidiary to cease doing business with Holdings or such Subsidiary; provided that Executive shall not be subject to the restrictions set forth in this Section 7(b) if the Employment Period is terminated by the Company without Cause or by Executive with Good Reason and for so long as the Company is in breach of its obligations under Section 4(b) and such breach is not the subject of a good faith dispute between the Company and Executive; and provided further that the restrictions of this Section 7(b) shall not prohibit, limit or in any way interfere with Executive's ability to hire or affiliate with Karen Prince or Robert Swinson.

3. Counterparts. This Amendment may be executed in one or more counterparts by the different parties on separate counterparts and each of which when so executed and delivered shall be an original document but all such counterparts shall together constitute one and the same instrument.

4. Conflict. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall supersede and be controlling. As modified in this Amendment, the terms of the Agreement shall continue in full force and effect.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Employment Agreement as of the date first written above.

COMPANY:

Acadia Management Company, Inc.

By: /s/ Christopher L. Howard
Name: Christopher L. Howard
Its: Vice President and Secretary

EXECUTIVE:

/s/ Norman K. Carter, III
Name: Norman K. Carter, III

Exhibit 10.2

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement ("Amendment") is made and entered into as of April 25, 2012, by and between Acadia Management Company, Inc., a Delaware corporation (the "Company"), and Karen Prince ("Executive").

RECITALS

A. Executive and the Company entered into that certain Employment Agreement dated as of March 29, 2011 (the "Agreement").

B. Executive and the Company desire to modify the Agreement pursuant to the terms of this Amendment.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. All capitalized terms not defined in this Amendment shall have the meanings given to such terms in the Agreement.

2. Non-Compete; Non-Solicit. Sections 7(a) and 7(b) of the Agreement are hereby deleted in their entirety and replaced with the following.

(a) Non-Compete. In further consideration of the compensation to be paid to Executive hereunder, Executive acknowledges that during the course of her employment with the Company she has and shall become familiar with Holdings' and the Subsidiaries' trade secrets and with other Confidential Information concerning Holdings and the Subsidiaries and that his services have been and shall be of special, unique and extraordinary value to Holdings and the Subsidiaries, and, therefore, Executive agrees that:

(i) during the Employment Period and for a period thereafter of six (6) months (the "Noncompete Period"), she shall not (i) directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, or in any manner engage in any business that derives at least 25% of its gross revenue from the business of providing behavioral healthcare and/or related services or (ii) directly or indirectly manage, control, participate in, consult with or render services specifically with respect to any unit, division, segment or subsidiary of any other business that engages in or otherwise competes with (or was organized for the purpose of engaging in or competing with) the business of providing behavioral healthcare and/or related services (provided that, this clause (ii) shall not be construed to prohibit Executive from directly or indirectly owning any interest in, managing, controlling, participating in, consulting with, rendering services for, or in any manner engaging in any business activities with or for such business generally and, for the avoidance of doubt, not specifically with respect to such unit, division, segment or subsidiary), in

each case, within any geographical area in which Holdings and the Subsidiaries engage in such businesses; provided that Executive shall not be subject to the restrictions set forth in this Section 7(a)(i) if the Employment Period is terminated by the Company without Cause or by Executive with Good Reason and for so long as the Company is in breach of its obligations under Section 4(b) and such breach is not the subject of a good faith dispute between the Company and Executive. For purposes of this Agreement, the term "participate in" shall include, without limitation, having any direct or indirect interest in any Person, whether as a sole proprietor, owner, stockholder, partner, joint venturer, creditor or otherwise, or rendering any direct or indirect service or assistance to any individual, corporation, partnership, joint venture and other business entity (whether as a director, officer, manager, supervisor, employee, agent, consultant or otherwise). Nothing herein shall prohibit Executive from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation; and

(ii) during the Employment Period and for a period thereafter of twelve (12) months, Executive shall not shall not directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, or in any manner engage in any business with, for or on behalf of Behavioral Centers of America (the "BCA Noncompete Period"); provided that Executive shall not be subject to the restrictions set forth in this Section 7(a)(ii) if the Employment Period is terminated by the Company without Cause or by Executive with Good Reason and for so long as the Company is in breach of its obligations under Section 4(b) and such breach is not the subject of a good faith dispute between the Company and Executive.

(b) Non-Solicit. During the Employment Period and for a period thereafter of twelve (12) months (the "Nonsolicit Period"), Executive shall not directly or indirectly through another Person (other than on behalf of Holdings and the Subsidiaries) (i) induce or attempt to induce any employee or independent contractor of Holdings or the Subsidiaries to leave the employ or services of Holdings or the Subsidiaries, or in any way interfere with the relationship between Holdings and the Subsidiaries and any employee or independent contractor thereof, (ii) hire or seek any business affiliation with any person who was an employee or independent contractor of Holdings or the Subsidiaries at any time during the twelve (12) months prior to the Termination Date or (iii) induce or attempt to induce any customer, supplier, licensee, licensor or other business relation of Holdings or any Subsidiary to cease doing business with Holdings or such Subsidiary; provided that Executive shall not be subject to the restrictions set forth in this Section 7(b) if the Employment Period is terminated by the Company without Cause or by Executive with Good Reason and for so long as the Company is in breach of its obligations under Section 4(b) and such breach is not the subject of a good faith dispute between the Company and Executive; and provided further that the restrictions of this Section 7(b) shall not prohibit, limit or in any way interfere with Executive's ability to hire or affiliate with Norman K. Carter, III or Robert Swinson.

3. Counterparts. This Amendment may be executed in one or more counterparts by the different parties on separate counterparts and each of which when so executed and delivered shall be an original document but all such counterparts shall together constitute one and the same instrument.

4. Conflict. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall supersede and be controlling. As modified in this Amendment, the terms of the Agreement shall continue in full force and effect.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Employment Agreement as of the date first written above.

COMPANY:

Acadia Management Company, Inc.

By: /s/ Christopher L. Howard
Name: Christopher L. Howard
Its: Vice President and Secretary

EXECUTIVE:

/s/ Karen Prince
Name: Karen Prince

Exhibit 10.3

FIFTH AMENDMENT

THIS FIFTH AMENDMENT (this "Amendment"), dated as of June 15, 2012, to the Credit Agreement referenced below is by and among Acadia Healthcare Company, Inc. (f/k/a Acadia Healthcare Company, LLC), a Delaware corporation (the "Borrower"), the Guarantors identified on the signature pages hereto, the Lenders identified on the signature pages hereto and Bank of America, N.A., in its capacity as Administrative Agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, revolving credit and term loan facilities have been extended to the Borrower pursuant to the Credit Agreement (as amended, modified, supplemented, increased and extended from time to time, the "Credit Agreement") dated as of April 1, 2011, by and among the Borrower, the Guarantors identified therein, the Lenders identified therein and the Administrative Agent; and

WHEREAS, the Borrower has requested certain modifications to the Credit Agreement and the Required Lenders have agreed to such modifications to the Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Credit Agreement.

2. Amendments. The Credit Agreement is amended as follows:

2.1 In clause (b) of the definition of Consolidated EBITDA in Section 1.01 of the Credit Agreement the "and" immediately before clause (xxvi) is deleted and replaced with ";" and new clauses (xxvii) and (xxviii) are added after clause (xxvi) to read "(xxvii) any fees, expenses or charges related to any repayment of Permanent Senior Unsecured Indebtedness with the proceeds of the Equity Issuance made by the Borrower on May 21, 2012 in an aggregate amount not to exceed $6,900,000 and (xxviii) any non-cash write-off of deferred financing costs and any other non-cash loss related, in each case, to the repayment of Permanent Senior Unsecured Indebtedness (including refinancings, amendments, waivers or other modifications) permitted hereunder;"

2.2 In clause (c) of the definition of Consolidated EBITDA in Section 1.01 of the Credit Agreement the "and" immediately before clause (ii) is deleted and replaced with ";" and a new clause (iii) is added after clause (ii) to read "and (iii) any non-cash gains related to the repayment of Permanent Senior Unsecured Indebtedness (including refinancings, amendments, waivers or other modifications) permitted hereunder."

2.3 Section 2.05(b)(vi) of the Credit Agreement is amended in its entirety to read as follows:

(vi) Equity Issuances. Immediately upon the expiration of the 180 day period after the receipt by the Borrower or any Subsidiary of the Net Cash Proceeds of any Equity Issuance (other than an Excluded Equity Issuance described in clauses (a), (b) or (e) of such definition), the Borrower shall prepay the Loans and/or Cash Collateralize the L/C

Obligations in an aggregate amount equal to 50% of the difference between such Net Cash Proceeds and amounts used or expended by the Borrower or any Subsidiary as permitted by clauses (c) and (d) of the definition of Excluded Equity Issuance.

2.4 Section 7.02(a) of the Credit Agreement is deleted in its entirety and amended to read "[Reserved]".

2.5 Section 8.15 of the Credit Agreement is amended in its entirety to read as follows:

8.15 Capital Expenditures.

Permit Consolidated Capital Expenditures (a) for the fiscal year ending December 31, 2011, to exceed an amount equal to four percent (4.0%) of total revenues of the Borrower and its Subsidiaries on a consolidated basis for the immediately preceding fiscal year of the Borrower and (b) for any fiscal year thereafter, commencing with the fiscal year ending December 31, 2012, to exceed an amount equal to ten percent (10.0%) of total revenues of the Borrower and its Subsidiaries on a consolidated basis for the immediately preceding fiscal year of the Borrower.

2.6 In Section 8.17(b) of the Credit Agreement clause (ii) is amended to read as follows:

(ii) the purchase, payment, prepayment or redemption of Permanent Senior Unsecured Indebtedness with up to 50% of the Net Cash Proceeds of any Equity Issuance so long as such Net Cash Proceeds are used to make such purchase, payment, prepayment or redemption within 120 days of the receipt of such Net Cash Proceeds by the Borrower or any Subsidiary.

3. Conditions Precedent. This Amendment shall become effective as of the date hereof upon receipt by the Administrative Agent of counterparts of this Amendment executed by the Borrower, the Guarantors, the Required Lenders and the Administrative Agent.

4. Amendment is a "Loan Document". This Amendment is a Loan Document and all references to a "Loan Document" in the Credit Agreement and the other Loan Documents (including, without limitation, all such references in the representations and warranties in the Credit Agreement and the other Loan Documents) shall be deemed to include this Amendment.

5. Representations and Warranties; No Default. Each Loan Party represents and warrants to the Administrative Agent and each Lender that after giving effect to this Amendment (a) the representations and warranties of each Loan Party contained in the Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection with the Credit Agreement or any other Loan Document are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date, and (b) no Default exists.

6. Reaffirmation of Obligations. Each Loan Party (a) acknowledges and consents to all of the terms and conditions of this Amendment, (b) affirms all of its obligations under the Loan Documents and (c) agrees that this Amendment does not operate to reduce or discharge such Loan Party's obligations under the Loan Documents.

7. Reaffirmation of Security Interests. Each Loan Party (a) affirms that each of the Liens granted in or pursuant to the Loan Documents are valid and subsisting and (b) agrees that this Amendment does not in any manner impair or otherwise adversely effect any of the Liens granted in or pursuant to the Loan Documents.

8. No Other Changes. Except as modified hereby, all of the terms and provisions of the Loan Documents shall remain in full force and effect.

9. Counterparts; Delivery. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of this Amendment by facsimile or other electronic imaging means shall be effective as an original.

10. Governing Law. This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of New York.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Amendment to be duly executed as of the date first above written.

BORROWER: ACADIA HEALTHCARE COMPANY, INC.,
a Delaware corporation

By: /s/ Brent Turner
Name: Brent Turner
Title: President

GUARANTORS:
ACADIA MANAGEMENT COMPANY, INC., a Delaware corporation
ACADIA-YFCS HOLDINGS, INC., a Delaware corporation
YOUTH & FAMILY CENTERED SERVICES, INC., a Georgia corporation
ACADIA HOSPITAL OF LONGVIEW, LLC, a Delaware limited liability company
KIDS BEHAVIORAL HEALTH OF MONTANA, INC., a Montana corporation
ACADIA VILLAGE, LLC, a Delaware limited liability company
LAKEVIEW BEHAVIORAL HEALTH SYSTEM LLC, a Delaware limited liability company
ACADIA RIVERWOODS, LLC, a Delaware limited liability company
ACADIA LOUISIANA, LLC, a Delaware limited liability company
ACADIA ABILENE, LLC, a Delaware limited liability company
ACADIA HOSPITAL OF LAFAYETTE, LLC, a Delaware limited liability company
YFCS MANAGEMENT, INC., a Georgia corporation
YFCS HOLDINGS-GEORGIA, INC., a Georgia corporation
OPTIONS COMMUNITY BASED SERVICES, INC., an Indiana corporation
OPTIONS TREATMENT CENTER ACQUISITION CORPORATION, an Indiana corporation
RESOLUTE ACQUISITION CORPORATION, an Indiana corporation
RESOURCE COMMUNITY BASED SERVICES, INC., an Indiana corporation
RTC RESOURCE ACQUISITION CORPORATION, an Indiana corporation
SUCCESS ACQUISITION CORPORATION, an Indiana corporation
ASCENT ACQUISITION CORPORATION, an Arkansas corporation
SOUTHWOOD PSYCHIATRIC HOSPITAL, INC., a Pennsylvania corporation
MEMORIAL HOSPITAL ACQUISITION CORPORATION, a New Mexico corporation
MILLCREEK MANAGEMENT CORPORATION, a Georgia corporation
REHABILITATION CENTERS, INC., a Mississippi corporation
LAKELAND HOSPITAL ACQUISITION CORPORATION, a Georgia corporation
PSYCHSOLUTIONS ACQUISITION CORPORATION, a Florida corporation
YOUTH AND FAMILY CENTERED SERVICES OF NEW MEXICO, INC., a New Mexico corporation

By: /s/ Brent Turner
Name: Brent Turner
Title: President

[SIGNATURE PAGES CONTINUE]

SOUTHWESTERN CHILDREN'S HEALTH SERVICES, INC., an Arizona corporation
YOUTH AND FAMILY CENTERED SERVICES OF FLORIDA, INC., a Florida corporation
PEDIATRIC SPECIALTY CARE, INC., an Arkansas corporation
CHILD & YOUTH PEDIATRIC DAY CLINICS, INC, an Arkansas corporation
MED PROPERTIES, INC., an Arkansas corporation
ASCENT ACQUISITION CORPORATION-CYPDC, an Arkansas corporation
ASCENT ACQUISITION CORPORATION-PSC, an Arkansas corporation
MEDUCARE TRANSPORT, L.L.C., an Arkansas limited liability company
PEDIATRIC SPECIALTY CARE PROPERTIES, LLC, an Arkansas limited liability company
CHILDRENS MEDICAL TRANSPORTATION SERVICES, LLC, an Arkansas limited liability company
MILLCREEK SCHOOLS INC., a Mississippi corporation
HABILITATION CENTER, INC., an Arkansas corporation
MILLCREEK SCHOOL OF ARKANSAS, INC., an Arkansas corporation
PSYCHSOLUTIONS, INC., a Florida corporation
WELLPLACE, INC., a Massachusetts corporation
DETROIT BEHAVIORAL INSTITUTE, INC., a Massachusetts corporation
RENAISSANCE RECOVERY, INC., a Massachusetts corporation
PHC OF MICHIGAN, INC., a Massachusetts corporation
NORTH POINT PIONEER, INC., a Massachusetts
PHC MEADOWWOOD, INC., a Delaware corporation
PHC OF UTAH, INC., a Massachusetts corporation
PHC OF VIRGINIA, INC., a Massachusetts corporation
PHC OF NEVADA, INC., a Massachusetts corporation
SEVEN HILLS HOSPITAL, INC., a Delaware corporation
BEHAVIORAL HEALTH ONLINE, INC., a Massachusetts corporation
REBOUND BEHAVIORAL HEALTH, LLC, a South Carolina limited liability company
PSYCHIATRIC RESOURCE PARTNERS, INC., a Delaware limited liability company
SUNCOAST BEHAVIORAL, LLC, a Delaware limited liability company
ACADIA MERGER SUB, LLC, a Delaware limited liability company
HERMITAGE BEHAVIORAL, LLC, a Delaware limited liability company
HAVEN HOSPITAL HOLDINGS, LLC, a Delaware limited liability company
HAVEN HOSPITAL HOLDINGS OF TEXAS, LLC, a Delaware limited liability company
HAVEN HOSPITALS, LLC, a Delaware limited liability company
RED RIVER HOSPITAL, LLC, a Delaware limited liability company
SONORA BEHAVIORAL HEALTH HOSPITAL, LLC, a Delaware limited liability company
ROLLING HILLS PROPERTIES, INC., an Oklahoma corporation
ROLLING HILLS HOSPITAL, INC., an Oklahoma corporation

By: /s/ Brent Turner
Name: Brent Turner
Title: President

[SIGNATURE PAGES FOLLOW]

ADMINISTRATIVE AGENT:	BANK OF AMERICA, N.A., as Administrative Agent
	By: /s/ Roberto Salazar
	Name: Roberto Salazar
	Title: Vice President

[SIGNATURE PAGES FOLLOW]

LENDERS: BANK OF AMERICA, N.A., as a Lender, L/C Issuer and Swing Line Lender

By: /s/ Suzanne B. Smith
Name: Suzanne B. Smith
Title: Senior Vice President

FIFTH THIRD BANK

By: /s/ William D. Priester
Name: William D. Priester
Title: Senior Vice President

CITIBANK, N.A.

By: /s/ Laura Fogarty
Name: Laura Fogarty
Title: Vice President

REGIONS BANK

By: /s/ Gregory M. Ratliff
Name: Gregory M. Ratliff
Title: Senior Vice President

RAYMOND JAMES BANK, N.A.

By: /s/ Alexander L. Rody
Name: Alexander L. Rody
Title: Senior Vice President

ROYAL BANK OF CANADA

By: /s/ Sharon M. Liss
Name: Sharon M. Liss
Title: Authorized Signatory

FIRST TENNESSEE BANK

By: /s/ Cathy Wind
Name: Cathy Wind
Title: Senior Vice President

CAPSTAR BANK

By: /s/ Timothy B. Fouts
Name: Timothy B. Fouts
Title: Senior Vice President

[SIGNATURE PAGES FOLLOW]

GE CAPITAL FINANCIAL INC.

By: /s/ Heather-Leigh Glade
Name: Heather-Leigh Glade
Title: Duly Authorized Signatory

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ John Dale
Name: John Dale
Title: Duly Authorized Signatory

JFIN FUND III, LLC

By: /s/ E. Joseph Hess
Name: E. Joseph Hess
Title: Managing Director

JEFFERIES GROUP INC.

By: /s/ John F. Stacconi
Name: John F. Stacconi
Title: Global Treasurer

Exhibit 31.1

CERTIFICATION OF CEO PURSUANT TO
RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joey A. Jacobs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acadia Healthcare Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles;
   - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2012

/s/ Joey A. Jacobs
Joey A. Jacobs
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF CFO PURSUANT TO
RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David M. Duckworth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acadia Healthcare Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles;
   - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2012

/s/ David M. Duckworth
David M. Duckworth
Chief Financial Officer

Exhibit 32.1

**CERTIFICATIONS OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Acadia Healthcare Company, Inc. (the “Company”) for the quarterly period ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joey A. Jacobs, Chief Executive Officer of the Company, and I, David M. Duckworth, Chief Financial Officer of the Company, each certify, for the purpose of complying with 18 U.S.C. Section 1350 and Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 1, 2012

/s/ Joey A. Jacobs
Joey A. Jacobs
Chairman of the Board and Chief Executive Officer

/s/ David M. Duckworth
David M. Duckworth
Chief Financial Officer