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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
MERIDIAN SERVICES CORP

Doing Business As

Number and street (or P O box if mail is not delivered to street address)
240 North Tillotson Avenue

Room/suite

City or town, state or country, and ZIP + 4
Muncie, IN 473043988

D Employer identification number
35-1302836

E Telephone number
(765) 288-1928

G Gross receipts $ 31,075,129

F Name and address of principal officer
Hank A Milius - President CEO
240 North Tillotson Avenue
Muncie, IN 473043988

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www meridiansc org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1971

M State of legal domicile IN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
To promote and improve the mental health and quality of life of individuals in the communities we serve

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	562
6	Total number of volunteers (estimate if necessary)	**6**	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	12,294,220	9,458,215
	9 Program service revenue (Part VIII, line 2g)	17,298,863	20,931,791
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	80,820	250,686
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	450,356	434,437
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	30,124,259	31,075,129
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	453,874	373,523
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	20,179,116	21,310,955
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶65,230		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	8,162,632	8,037,804
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	28,795,622	29,722,282
	19 Revenue less expenses Subtract line 18 from line 12	1,328,637	1,352,847

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	24,235,744	26,644,520
	21 Total liabilities (Part X, line 26)	5,591,900	6,647,829
	22 Net assets or fund balances Subtract line 21 from line 20	18,643,844	19,996,691

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer — Date: 2011-10-24

Kirk W Shafer CPA V P Finance
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ☐	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no ▶

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☐

1 Briefly describe the organization's mission

To promote and improve the mental health and quality of life of individuals in the communities we serve

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 6,498,153 including grants of $ 0) (Revenue $ 6,908,927)

Outpatient behavioral health counseling programs to adults Meridian Services Corp provides mental health and addictions services to residents of the communities that we serve (primarily those in Delaware, Henry, Jay, Randolph, and Wayne Counties) Services include outpatient, partial hospitalization, chemical dependency, case management, and consultation and education

4b (Code) (Expenses $ 8,729,910 including grants of $ 0) (Revenue $ 7,664,729)

Behavioral health inpatient and medical services Meridian Services Corp operates a 20-bed inpatient unit and provides behavioral medical services to residents of the communities that we serve (primarily those in Delaware, Henry, Jay, Randolph, and Wayne Counties)

4c (Code) (Expenses $ 3,640,633 including grants of $ 0) (Revenue $ 4,429,857)

Outpatient behavioral health counseling programs for children Meridian Services Corp provides mental health and addictions services to residents of the communities that we serve (primarily those in Delaware, Henry, Jay, Randolph, and Wayne Counties) Services include outpatient, family-centered services, partial hospitalization, chemical dependency, case management, and consultation and education

4d Other program services (Describe in Schedule O) **See also Additional Data for Description**

(Expenses $ 5,529,874 including grants of $ 0) (Revenue $ 6,536,670)

4e **Total program service expenses** ▶ $ 24,398,570

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ **Yes** ☑ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . .

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	40		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	562		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .		14b		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 9		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ IN

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Kirk W Shafer CPA
240 N Tillotson Ave
Muncie, IN 473043988
(765) 288-1928

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII . . . . . .☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Ms Terri Matchett Chairman	0	X						0	0	0
(2) Mr Mike Lunsford Vice-Chairman	0	X						0	0	0
(3) Mr Brent Webster Secretary	0	X						0	0	0
(4) Mr Wayne Shaffer Board Member	0	X						0	0	0
(5) Ms Vicki Tague Board Member	0	X						0	0	0
(6) Mr John Bowles Board Member	0	X						0	0	0
(7) Mr Micah Maxwell Board Member	0	X						0	0	0
(8) Mr Doug Loy Board Member	0	X						0	0	0
(9) Dr David Gobble Board Member	0	X						0	0	0
(10) Hank A Milius President/CEO	50			X				389,000	0	130,543
(11) Kirk W Shafer V P Finance	50			X				170,856	0	18,851
(12) Sarfraz Khan MD Medical Director	50					X		221,859	0	29,897
(13) Izzet Yazgan MD Staff Psychiatrist	40					X		187,101	0	27,583
(14) Snieguole Radzeviciene MD Staff Psychiatrist	40					X		193,611	0	24,440
(15) Bob Coles VP Business Development	40					X		122,226	0	20,733
(16) Brian Donley VP Clinical Services	40					X		118,989	0	22,804

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								1,403,642	0	274,851

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 11

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Interim Healthcare of Indianapolis 8803 North Meridian Street Suite 325 Indianapolis, IN 46260	Physician recruitment agency	254,153
Staff Care Inc PO Box 281923 Atlanta, GA 30384	Physician recruitment agency	250,206
Dennis Wenger & Abrell PC Attorneys At Law 324 West Jackson Street Muncie, IN 47305	Legal Services	170,841
Pridemark Construction 419 South Walnut Street Muncie, IN 47308	Contract Work on Construction Project	168,681
Havel Bros Div of Shambauch & Son PO Box 1287 Ft Wayne, IN 46801	Heating & Air Maintenance	148,720

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 5

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 0				
	d	Related organizations	1d 0				
	e	Government grants (contributions)	1e 9,194,260				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 263,955				
	g	Noncash contributions included in lines 1a-1f $	0				
	h	**Total.** Add lines 1a-1f		9,458,215			
Program Service Revenue			Business Code				
	2a	Medicare/Medicaid	624100	16,239,020	16,239,020	0	0
	b	Self Pay and 3rd Party Net Service	624100	2,454,380	2,454,380	0	0
	c	BMH Reimbursements	624100	2,238,391	2,238,391	0	0
	d						
	e						
	f	All other program service revenue		0	0	0	0
	g	**Total.** Add lines 2a–2f		20,931,791			
	3	Investment income (including dividends, interest and other similar amounts)		250,686	0	0	250,686
	4	Income from investment of tax-exempt bond proceeds		0	0	0	0
	5	Royalties		0	0	0	0
			(i) Real / (ii) Personal				
	6a	Gross Rents	434,437 / 0				
	b	Less rental expenses	0 / 0				
	c	Rental income or (loss)	434,437 / 0				
	d	Net rental income or (loss)		434,437	0	0	434,437
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)	0 / 0				
	d	Net gain or (loss)					
Other Revenue	8a	Gross income from fundraising events (not including $ 0 of contributions reported on line 1c) See Part IV, line 18 a					
	b	Less direct expenses b					
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19 a					
	b	Less direct expenses b					
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances a					
	b	Less cost of goods sold b					
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		0			
	12	**Total revenue.** See Instructions		31,075,129	20,931,791	0	685,123

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22	373,523	373,523		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	551,967		551,967	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	16,441,565	13,949,736	2,448,052	43,777
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	705,755	386,790	318,548	417
9 Other employee benefits	2,314,668	1,900,076	408,198	6,394
10 Payroll taxes	1,297,000	1,064,688	228,963	3,349
a Fees for services (non-employees) Management				
b Legal	221,099	152,165	68,934	0
c Accounting	94,954		94,954	0
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	1,029,461	877,820	151,641	0
12 Advertising and promotion	514,053	305,942	208,111	0
13 Office expenses	387,804	189,424	197,588	792
14 Information technology	648,119	532,031	108,697	7,391
15 Royalties				
16 Occupancy	1,055,514	866,456	189,058	0
17 Travel	440,012	361,199	78,813	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	217,959	178,919	36,554	2,486
20 Interest	10,350	8,496	1,854	0
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,012,535	855,154	157,381	0
23 Insurance	83,210	83,210	0	0
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a Bad Debt	1,574,787	1,574,787	0	0
b BMH Pass Through	693,274	693,274	0	0
c				
d				
e				
f All other expenses	54,673	44,880	9,169	624
25 **Total functional expenses.** Add lines 1 through 24f	29,722,282	24,398,570	5,258,482	65,230
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		20,157	1	20,221
	2	Savings and temporary cash investments		7,777,287	2	9,118,306
	3	Pledges and grants receivable, net		357,086	3	681,068
	4	Accounts receivable, net		2,961,939	4	2,573,006
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		277,492	9	302,095
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 20,517,928			
	b	Less accumulated depreciation	10b 10,079,317	10,518,434	10c	10,438,611
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		2,323,349	15	3,511,213
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		24,235,744	16	26,644,520
Liabilities	17	Accounts payable and accrued expenses		4,426,529	17	5,805,741
	18	Grants payable			18	
	19	Deferred revenue		51,631	19	24,269
	20	Tax-exempt bond liabilities		235,864	20	110,082
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		419,116	23	0
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		458,760	25	707,737
	26	**Total liabilities.** Add lines 17 through 25		5,591,900	26	6,647,829
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		17,853,794	27	19,996,691
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		790,050	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		18,643,844	33	19,996,691
	34	Total liabilities and net assets/fund balances		24,235,744	34	26,644,520

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	31,075,129
2	Total expenses (must equal Part IX, column (A), line 25)	2	29,722,282
3	Revenue less expenses Subtract line 2 from line 1	3	1,352,847
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	18,643,844
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	19,996,691

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☑ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MERIDIAN SERVICES CORP

Employer identification number
35-1302836

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☑ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	9,143,248	12,069,257	12,497,835	12,294,220	10,622,799	56,627,359
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf	0	0	0	0	0	0
3 The value of services or facilities furnished by a governmental unit to the organization without charge	0	0	0	0	0	0
4 **Total.** Add lines 1 through 3	9,143,248	12,069,257	12,497,835	12,294,220	10,622,799	56,627,359
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						0
6 **Public Support.** Subtract line 5 from line 4						56,627,359

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4	9,143,248	12,069,257	12,497,835	12,294,220	10,622,799	56,627,359
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	208,064	73,077	-19,028	80,820	250,685	593,618
9 Net income from unrelated business activities, whether or not the business is regularly carried on	0	0	0	0	0	0
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	0	0	0	0	0	0
11 **Total support** (Add lines 7 through 10)						57,220,977

12 Gross receipts from related activities, etc (See instructions) — **12** 0

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14	Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))	**14**	98 963 %
15	Public Support Percentage for 2009 Schedule A, Part II, line 14	**15**	99 001 %

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☑

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	**15**	
16	Public support percentage from 2009 Schedule A, Part III, line 15	**16**	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**18**	

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Additional Data

Software ID: 10000077
Software Version: v1.00
EIN: 35-1302836
Name: MERIDIAN SERVICES CORP

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 5,529,874 including grants of $ 0) (Revenue $ 6,536,670)

Outpatient behavioral health counseling programs Meridian Services Corp provides additional services to residents of the communities that we serve (primarily those in Delaware, Henry, Jay, Randolph, and Wayne Counties) Services include emergency access, residential, vocational rehabilitation, and services to clients dually diagnosed with intellectual disabilities and mental illness

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MERIDIAN SERVICES CORP

Employer identification number
35-1302836

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

		(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	492,027	266,388	320,262		
b	Contributions	0	200,000	250		
c	Investment earnings or losses	101,087	25,639	-54,124		
d	Grants or scholarships	0	0	0		
e	Other expenditures for facilities and programs	0	0	0		
f	Administrative expenses	0	0	0		
g	End of year balance	593,114	492,027	266,388		

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 1 00 %
- c Term endowment ▶ 0 %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)	Yes	
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	1,099,749	0		1,099,749
b Buildings	13,054,485	0	5,204,930	7,849,555
c Leasehold improvements	0	0	0	0
d Equipment	6,141,083	0	4,874,387	1,266,696
e Other	222,611	0	0	222,611
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				10,438,611

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Endowment Funds	593,114
(2) Indiana Funds Recovery	751,097
(3) Agency Funds Held	179,951
(4) Funds Held in Trust Under Trust Indenture, Less Current Portion	707,737
(5) BMH Reimbursement	490,534
(6) Other receivables/assets	788,780
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	3,511,213

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
Other Long Term Liabilities	707,737
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	707,737

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	31,075,129
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	29,722,282
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	1,352,847
4	Net unrealized gains (losses) on investments	4	0
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV)	8	0
9	Total adjustments (net) Add lines 4 - 8	9	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,352,847

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	31,075,129
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	0		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIV)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	31,075,129
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV)	4b	0		
c	Add lines **4a** and **4b**			4c	0
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	31,075,129

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	29,722,282
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIV)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	29,722,282
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV)	4b	0		
c	Add lines **4a** and **4b**			4c	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	29,722,282

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
SchD_P05_S00_L04	Schedule D, Part V, Line 4	Meridian Services Corp established Agency Funds with the Community Foundations located in Delaware County, Henry County and Jay County
SchD_P10_S00_L02	Schedule D, Part X, Line 2	The Center is organized as a not-for-profit corporation under Section 501 (c) (3) of the United States Internal Revenue Code Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Center and recognize a tax liability if the Center has taken an uncertain position that more likely than not would be sustained upon examination by various federal and state taxing authorities Management has analyzed the tax positions taken by the Center, and has concluded that as of June 30, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements The Center is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress As such, the Center is generally exempt from income taxes However, the Center is required to file Federal Form 990 Return of Organization Exempt from Income Tax which is an informational return only

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MERIDIAN SERVICES CORP

Employer identification number
35-1302836

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other .50 %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			2,171,398		2,171,398	7 71 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			20,230,167	12,223,910	7,996,257	28 41 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs	0	0	22,401,565	12,223,910	10,167,655	36 12 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			15,000		15,000	0 05 %
f Health professions education (from Worksheet 5)			25,000		25,000	0 09 %
g Subsidized health services (from Worksheet 6)			2,540,398	1,474,822	1,065,576	3 79 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j **Total** Other Benefits	0	0	2,580,398	1,474,822	1,105,576	3 93 %
k **Total.** Add lines 7d and 7j	0	0	24,981,963	13,698,732	11,273,231	40 05 %

Part II Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing			205,152	196,336	8,816	0 03 %
2	Economic development			217,452	154,231	63,221	0 22 %
3	Community support			125,721	80,511	45,210	0 16 %
4	Environmental improvements						
5	Leadership development and training for community members			10,000		10,000	0 04 %
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			75,000		75,000	0 27 %
9	Other						
10	**Total**	0	0	633,325	431,078	202,247	0 72 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense (at cost)	2	1,060,311		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	1,371,981		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	2,362,428		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-990,447		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes	
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Meridian Gero-Psych Hospital 2401 West University Avenue Muncie, IN 47304	X								

Part V **Facility Information** *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **14**

Name and address	Type of Facility (Describe)
1 See Additional Data Table	

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
SchH_P01_S00_L06a	Schedule H, Part I, Line 6a	It is a free standing report that is not included in any other organization's report

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07	Schedule H, Part I, Line 7	Used the cost to charge ratios as outlined in the worksheets located in the instructions

Identifier	ReturnReference	Explanation
SchH_P01_S00_L072f	Schedule H, Part I, Line 7, Column f	Bad debt was not included in calculating the percentage in Schedule H, Part I, Line 7, column (f)

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07g	Schedule H, Part I, Line 7g	The entire amounts reported on line 7g related to the operation of a psychiatric outpatient office and medical office

Identifier	ReturnReference	Explanation
SchH_P02_S00_L00	Schedule H, Part II	Meridian Services Corp is a progressive healthcare organization specializing in "whole person" health, integrating physical, mental and social well-being The focus on a broader spectrum of health including primary medical care, behavioral health and human services offers a well-rounded approach for happier, healthier patients

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	Part III, 2 Cost to change ratio per worksheet 2 instructions Part III, 3 Every attempt is made to gather sufficient information from patients for accurate determination of their eligibility for charity care and/or financial assistance Part III, 4 Patient service revenue and patient accounts receivable are recorded at the net realizable amounts based on established charges when the patient service is rendered The Center has agreements with third-party payers that provide for payments to the Center at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, discounted charges and per diem payments Charges for services to patients are primarily based on the patients' ability to pay The allowances offset against patient accounts receivable represents management's estimate of the expected losses to be realized, and is based on historical experience, current economic conditions, and other relevant factors Interest is not charged on outstanding accounts receivable As of June 30, 2011 and 2010, the allowances totaled $4,232,437 and $4,664,225, respectively Of the total allowance amounts, $1,879,748 and $2,940,902 as of June 30, 2011 and 2010, respectively, related to uncollectible bad debts on self-pay accounts

Identifier	ReturnReference	Explanation
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	Part III, 6 Medicare allowable cost is from the Medicare cost report Part III, 8, Medicare reimbursement is inadequate to cover the costs of providing services

Identifier	ReturnReference	Explanation
SchH_P03_S0C_L09b	Schedule H, Part III, Section C, Line 9b	Part III, 9b Patients are encouraged to make extended payment arrangements when experiencing any difficulties in paying the net fees assessed after taking into account their financial status, available assets, and medical liabilities

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L19	Schedule H, Part V, Section B, Line 19	100% of charge for those patients with income greater than 200 % of federal poverty guidelines in accordance with HRSA and HHS regulations

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L21	Schedule H, Part V, Section B, Line 21	100% of charge for those patients with income greater than 200 % of federal poverty guidelines in accordance with HRSA and HHS regulations

Identifier	ReturnReference	Explanation
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	Meridian Services Corp focus' on a broader spectrum of health including primary medical care, behavioral health and human services offers a well-rounded approach for happier, healthier patients Meridian Health Services has been serving the community for over 35 years and is accredited by the Joint Commission and certified by the Indiana Division of Mental Health and Addictions

Identifier	ReturnReference	Explanation
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	Many healthcare insurance plans pay for all or part of the services provided by Meridian Services Corp Medicaid and Medicare are also accepted The fee for each service that Meridian Health Services provides is based solely on the cost of the service We recognize that families vary greatly in their ability to pay If needed, payment arrangements can be made with our business office Billing statements are sent out monthly Statements list the services rendered and payments received through the previous month Out-of-pocket payments are due at the time services are provided and are held as credit until payment is received from insurance providers Our business office is available 8 a m - 5 p m , Monday through Friday, to answer billing questions by calling 765-741-0306

Identifier	ReturnReference	Explanation
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	Meridian Services Corp provides services in over 20 counties throughout Indiana, primarily those in Delaware, Henry, Jay, Randolph, and Wayne Counties It has outpatient locations in 9 counties with a main campus location at 240 N Tillotson Avenue in Muncie, which includes 3 different specialty facilities, Suzanne Gresham Center, Meridian MD and Gero-Psychiatric Hospital

Additional Data

Software ID: 10000077
Software Version: v1.00
EIN: 35-1302836
Name: MERIDIAN SERVICES CORP

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **14** Name and address	Type of Facility (Describe)
Meridian Services Corp 240 North Tillotson Avenue Muncie, IN 47304	Outpatient/admin
Annex 130 North Tillotson Avenue Muncie, IN 47304	Outpatient
Gresham Center 3620 White River Boulevard Muncie, IN 47304	Outpatient
Henry County 930 North 14th Street New Castle, IN 47362	Outpatient
Jay County 931 West Water Street Portland, IN 47371	Outpatient
Randolph County 2 Omco Square Winchester, IN 47394	Outpatient
Wayne County 18 SouthWest 5th Street Richmond, IN 47374	Outpatient
Meridian MD 110 North Tillotson Avenue Muncie, IN 47304	Primary Care
Eber House 1101 North Wheeling Avenue Muncie, IN 47303	Residential
Ford House 325 South Bittersweet Lane Muncie, IN 47304	Residential
Lewis House 407 West Adams Muncie, IN 47305	Residential
Logan House 1422 North Tillotson Avenue Muncie, IN 47304	Residential
Teaboldt House 536 South 14th Street New Castle, IN 47362	Residential
Ellison House 1944 West 8th Street Muncie, IN 47302	Sub-Acute

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MERIDIAN SERVICES CORP

Employer identification number
35-1302836

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶

3 Enter total number of other organizations . . . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Shelter Plus Care Program	31	164,052			
(2) Residential and Food	70	141,398			
(3) Client Activities	500	32,885			
(4) Client Assistance	500	20,812			
(5) Client Transportation	500	10,401			
(6) HIV Client Care Assistance	10	3,976			

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
SchI_P01_S00_L02	Schedule I, Part I, Line 2	Meridian Services Corp uses specific forms for each grant that they have This allows Meridian to post to specific general ledger accounts

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MERIDIAN SERVICES CORP

Employer identification number
35-1302836

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☑ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☑ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Hank A Milius	(i)	299,400	46,020	43,580	100,208	40,999	530,207	558,727
	(ii)	0	0	0	0	0	0	0
(2) Kirk W Shafer	(i)	147,053	12,000	11,803	0	21,299	192,155	205,318
	(ii)	0	0	0	0	0	0	0
(3) Sarfraz Khan MD	(i)	195,791	0	26,068	0	31,876	253,735	237,009
	(ii)	0	0	0	0	0	0	0
(4) Izzet Yazgan MD	(i)	183,526	0	3,575	0	29,371	216,472	205,109
	(ii)	0	0	0	0	0	0	0
(5) Snieguole Radzeviciene MD	(i)	189,507	0	4,104	0	25,478	219,089	0
	(ii)	0	0	0	0	0	0	0
(6) Bob Coles	(i)	111,742	10,000	484	0	22,776	145,002	150,795
	(ii)	0	0	0	0	0	0	0
(7) Brian Donley	(i)	108,485	10,000	504	0	25,251	144,240	144,217
	(ii)	0	0	0	0	0	0	0
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
SchJ_P01_S00_L01a	Schedule J, Part I, Line 1a	Hank Milius, President/CEO is reimbursed for social club dues, which is not reported as taxable compensation
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	Compensation for officers is based on a review of salary surveys, 990 searches, and research completed by an independent contractor The research is reviewed by the Executive Committee and used to determine annual compensation, which is documented in the personnel file Salary surveys are obtained from the Indiana Council of Community Mental Health Centers, MHCA, MGMA, and NCCBHC
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	Meridian Services Corp provides a supplemental non-qualified retirement plan described under section 457 (f) for its President-CEO The plan is funded annually and vesting only occurs if the participant is still employed on January 15, 2017 No plan benefit payments were made to the participant during 2010
SchJ_P01_S00_L07	Schedule J, Part I, Line 7	Performance bonus is based on annual measurable goals established by Board of Directors and subsequently quantified/approved by the Executive Committee

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.

▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MERIDIAN SERVICES CORP

Employer identification number
35-1302836

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV **Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) No transactions exceeding minimum	No transactions exceeding minimum	0	No transactions exceeding minimum		No

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MERIDIAN SERVICES CORP

Employer identification number
35-1302836

Identifier	Return Reference	Explanation
F990_P06_S0B_L11b	Form 990, Part VI, Section B, Line 11b	The form 990 and related attachments were made available to the full Board of Directors for their review

Identifier	Return Reference	Explanation
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	The Center has a conflict of interest policy Annually each member of the Board of Directors, the Officers, and Key Employees are required to sign a Conflict of Interest Statement

Identifier	Return Reference	Explanation
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	Compensation for officers is based on a review of salary surveys, 990 searches, and research completed by an independent contractor The research is reviewed by the Executive Committee and used to determine annual compensation, which is documented in the personnel file Salary surveys are obtained from the Indiana Council of Community Mental Health Centers, MHCA, MGMA, and NCCBHC

Identifier	Return Reference	Explanation
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	The organization makes its governing documents, conflict of interest policy, and financial statements available to the public per request

Identifier	Return Reference	Explanation
F990_P10_S00_L29	Form 990, Part X, Line 29	There was an error last year in classifying Board restricted net assets as permanently restricted net assets, however, they are truely unrestricted net assets

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MERIDIAN SERVICES CORP

Employer identification number
35-1302836

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) LTC Inc 240 N Tillotson Ave Muncie, IN 47304 31-1190460	Housing for disabled clients	IN	501(c)(3)	9	N/A		
(2) LTC-II Inc 240 N Tillotson Ave Muncie, IN 47304 35-1862757	Housing for disabled clients	IN	501(c)(3)	9	N/A		

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**	**No**
b	Gift, grant, or capital contribution to other organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from other organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for other organization(s)	**1d**	**No**
e	Loans or loan guarantees by other organization(s)	**1e**	**No**
f	Sale of assets to other organization(s)	**1f**	**No**
g	Purchase of assets from other organization(s)	**1g**	**No**
h	Exchange of assets	**1h**	**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**	**No**
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**	**No**
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	**No**
n	Sharing of paid employees	**1n**	**No**
o	Reimbursement paid to other organization for expenses	**1o**	**No**
p	Reimbursement paid by other organization for expenses	**1p**	**No**
q	Other transfer of cash or property to other organization(s)	**1q**	**No**
r	Other transfer of cash or property from other organization(s)	**1r**	**No**

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

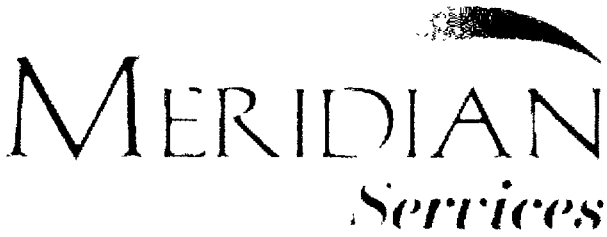
Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation



MERIDIAN SERVICES CORP
BOARD PACKET

JUNE 30, 2011 AND 2010

MERIDIAN SERVICES CORP

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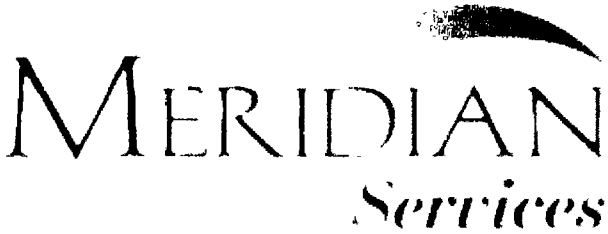

MERIDIAN SERVICES CORP

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2011

MERIDIAN SERVICES CORP

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JUNE 30, 2011 AND 2010

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Meridian Services Corp
Muncie, Indiana

We have audited the accompanying statements of financial position of Meridian Services Corp (the Center) as of June 30, 2011 and 2010 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2011 and 2010 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Board of Directors
Meridian Services Corp
Muncie, Indiana

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

INSERT SIGNATURE

DATE

MERIDIAN SERVICES CORP

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS

	2011	2010
Current assets		
Cash and cash equivalents	$ 8,550,775	$ 7,216,129
Investments	587,752	581,319
Net patient accounts receivable	2,573,006	2,553,768
Grants receivable	681,068	357,086
Other receivables	2,030,359	1,597,434
Other current assets	482,098	426,986
Total current assets	14,905,058	12,732,722
Property and equipment, net	10,438,611	10,518,434
Other assets	1,300,851	984,592
Total assets	$ 26,644,520	$ 24,235,748

LIABILITIES AND NET ASSETS

	2011	2010
Current liabilities		
Current maturities of long-term debt	$ 62,897	$ 62,897
Line of credit payable to bank	-0-	419,116
Accounts payable and other current liabilities	945,634	663,484
Accrued payroll and benefits	3,516,553	2,838,387
Estimated third-party settlements	780,657	330,000
Other current liabilities	24,269	112,484
Total current liabilities	5,330,010	4,426,368
Long-term liabilities		
Long-term debt less current maturities	110,082	172,967
Estimated third-party settlements	500,000	500,000
Other long-term liabilities	707,737	492,565
Total long-term liabilities	1,317,819	1,165,532
Total liabilities	6,647,829	5,591,900
Net assets		
Unrestricted	19,536,445	18,333,848
Board designated - unrestricted	460,246	310,000
Total net assets - unrestricted	19,996,691	18,643,848
Total liabilities and net assets	$ 26,644,520	$ 24,235,748

See accompanying notes to financial statements.

MERIDIAN SERVICES CORP

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Net patient service revenue		
Gross patient service revenue	$ 37,619,780	$ 41,269,390
Contractual allowances	(14,458,640)	(19,799,635)
MRO match	(4,467,740)	(4,652,910)
Net patient service revenue	18,693,400	16,816,845
Other operating revenues, gains and support		
Grant revenue	6,858,075	8,664,225
Medicaid Funds Recovery	1,569,825	1,296,782
County funds	766,360	720,824
IU Health Ball Memorial Hospital reimbursement	2,238,391	2,204,269
Other income	539,549	562,741
Total other operating revenues, gains and support	11,972,200	13,448,841
Total operating revenues	30,665,600	30,265,686
Expenses		
Salaries and wages	16,993,533	15,845,736
Employee benefits	4,299,488	4,188,225
Purchased services	387,861	462,853
Contracted services	957,653	1,629,865
Operations and supplies	361,381	431,518
General office	472,843	451,796
Travel	440,011	461,605
Building	385,495	364,942
Repairs and maintenance	670,019	624,171
Bad debts	1,574,787	1,591,880
Interest	10,350	19,497
Depreciation	1,012,535	1,034,378
Other	2,156,326	2,004,884
Total expenses	29,722,282	29,111,350
Operating income	943,318	1,154,336
Nonoperating revenues and expenses		
Interest and investment income	250,686	82,861
Contributions	158,121	91,567
Gain (loss) on disposal of property and equipment	718	(126)
Total nonoperating revenues and expenses	409,525	174,302
Excess of revenue over expenses / change in net assets	1,352,843	1,328,638
Net assets, beginning of year	18,643,848	17,315,210
Net assets, end of year	$ 19,996,691	$ 18,643,848

See accompanying notes to financial statements.

MERIDIAN SERVICES CORP

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Operating activities		
Change in net assets	$ 1,352,843	$ 1,328,638
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,012,535	1,034,378
(Gain) loss on disposal of property and equipment	(718)	126
Change in beneficial interest in assets held by others	(101,087)	(225,639)
Bad debts	1,574,787	1,591,880
Changes in operating assets and liabilities		
Net patient accounts receivable	(1,594,025)	936,055
Grants receivable	(323,982)	1,240,668
Other receivables	(432,925)	(480,473)
Other current assets	(55,112)	65,813
Other assets	(215,172)	(184,398)
Estimated third-party settlements	450,657	(139,000)
Accounts payable and other liabilities	1,087,273	321,357
Net cash flows from operating activities	2,755,074	5,489,405
Investing activities		
Changes in short term investments	(6,433)	(6,924)
Purchases of property and equipment	(931,994)	(1,921,233)
Net cash flows from investing activities	(938,427)	(1,928,157)
Financing activities		
Repayment of long-term debt	(62,885)	(62,897)
Repayment of line of credit payable to bank	(419,116)	-0-
Net cash flows from financing activities	(482,001)	(62,897)
Net change in cash and cash equivalents	1,334,646	3,498,351
Cash and cash equivalents, beginning of year	7,216,129	3,717,778
Cash and cash equivalents, end of year	$ 8,550,775	$ 7,216,129
Supplemental cash flows information		
Cash paid for interest	$ 12,665	$ 20,052

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Meridian Services Corp (the Center) is a community mental health center with the purpose of providing outpatient, inpatient, partial hospitalization, emergency, chemical dependency, education and consultative mental health services as deemed necessary and appropriate. During 2010, the Center added a department to provide comprehensive integrated primary care services. The Center's primary service area includes Delaware, Henry, Jay, Randolph and Wayne counties of Indiana, but the Center provides select services in 20 counties throughout Central and East Central Indiana.

Use of Estimates

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

Method of Accounting

The financial statements are presented on the accrual basis. Accordingly, revenues are recorded at the time services are rendered and expenses are recorded as incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, money market savings and any investments with an original maturity of 90 days or less. The Center maintains its cash in bank deposits accounts, which, at times may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Short-term interest-bearing investments consist of certificates of deposit and other income producing securities of less than one-year maturity. These investments are readily convertible to cash and are stated at contract value, which approximates fair value. Interest and investment income (loss) is included in nonoperating revenues and expenses in the statements of activities and changes in net assets.

Property and Equipment

Property, plant and equipment are stated at cost, or if donated, at fair market value at the date of donation, and include expenditures for new additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss for the period is recognized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The estimated useful lives range from 3-20 years.

Financial Statement Presentation, Net Assets and Contributions

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are based upon the existence or absence of donor imposed restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets released from restrictions. The Center has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Public Support and Grants Receivable

The Center has a contract with the State of Indiana Division of Mental Health to provide community mental health services. The State has a performance based reimbursement system. Under this program, the Center is paid a fixed quarterly amount for outcome measures and a performance based quarterly amount for process measures with a possible bonus at year-end.

Indiana state law stipulates that the counties served by comprehensive community mental health centers provide the centers a designated amount based upon a stipulated formula. Tax receipts are designated to be remitted to the centers by June and December each year. The Center recognizes the county tax receipts as income in the period the funds are due from the counties. Accordingly, amounts are recorded as receivable or deferred revenue based upon the timing of the actual receipts.

The Center receives federal, state and other grants for providing services in specific program areas Receipt of these funds is subject to the fulfillment of certain obligations by the Center as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. These amounts are also recorded as public support. Any amounts due to the Center for these funds and programs are included in grants receivable in the statements of financial position.

The Center derives a significant portion of its revenue from third-party payors and Federal and state funding programs. The receipt of future revenues by the Center is subject to among other factors, Federal and state policies affecting the health care industry, economic conditions that may include an inability to control expenses in periods of inflation, increased competition, market pressures on premium rates and other conditions, which are impossible to predict.

Other Receivables

Other receivables consist primarily of amounts due from Medicaid Funds Recovery Program, grants receivable and county tax appropriations.

Net Patient Service Revenues and Patient Accounts Receivable

Patient service revenue and patient accounts receivable are recorded at the net realizable amounts based on established charges when the patient service is rendered.

The Center has agreements with third-party payers that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges and per diem payments. Charges for services to patients are primarily based on the patients' ability to pay. The allowances offset against patient accounts receivable represents management's estimate of the expected losses to be realized, and is based on historical experience, current economic conditions, and other relevant factors. Interest is not charged on outstanding accounts receivable. As of June 30, 2011 and 2010, the allowances totaled $4,232,437 and $4,664,225, respectively. Of the total allowance amounts, $1,879,748 and $2,940,902 as of June 30, 2011 and 2010, respectively, related to uncollectible bad debts on self-pay accounts.

Included in net patient service revenue are reimbursements from Medicare, Medicaid, Commercial payors and self-pay patients. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. Given the current regulatory and reimbursement environment, there can be no assurances that adequate reimbursement levels will continue to be available for the services provided by the Center. Significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material adverse effect on the Center's liquidity, financial condition and results of operations.

Deferred Compensation Plan

The Center maintains a 457(f) deferred compensation plan for certain key employees that fully vests after a designated length of service with the Center. If any key employee leaves the Center prior to their designated length of service, the key employee's pro-rata share of the deferred compensation plan reverts to the Center. The funds are invested in a mutual fund account. The participants are at risk if the mutual funds decline and future funding is at the discretion of the Center.

The Center funded approximately $100,000 in 2011 and 2010. The Center expenses these payments to the plan within employee benefits. The balances as of June 30, 2011 and 2010 were $707,737 and $492,565, respectively, and are carried at the market value of the mutual funds and are included in other assets in the statements of financial position. The Center has recorded a corresponding liability in the statements of financial position.

Estimated Third-Party Settlements

Estimated third party settlements for Medicare, Medicaid, and MRO reflect the difference between interim reimbursement and reimbursement as determined by contractual agreements and third-party audits. In addition, estimated third party settlements reflect any estimated difference owed to or by the Center after such amounts have been audited.

Medicaid Funds Recovery Program

The Center participates in a program with the State of Indiana whereby administrative actions performed by the Center that support the proper and efficient operation of the Indiana State Medicaid plan are reimbursed by the Federal Government, subject to the Center providing matching funds. Funding under the Medicaid Funds Recovery Program is available only to those providers who are certified as Managed Care Providers or Community Mental Health Centers by the Division of Mental Health and Addiction. At June 30, 2011 and 2010, the Center recorded a receivable of $751,097 and $688,671, respectively, and recognized revenue of $1,569,825 and $1,296,782 for the years then ended.

IU Health Ball Memorial Hospital Reimbursement

The Center receives reimbursement from IU Health Ball Memorial Hospital for the leasing of certain employees. The revenue from these reimbursements is recorded in the other operating revenues, gains and support section of the statements of activities and changes in net assets.

Charity Care

The Center provides care to clients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, those amounts are not reported as net client service revenue. Estimated charity care provided in 2011 and 2010 was $3,224,987 and $5,579,352, respectively.

Financial Instruments

Financial instruments consist of cash and cash equivalents, investments, accounts receivable, other assets, estimated third-party settlements, accounts payable, accrued payroll and benefits, long-term debt and other long-term liabilities. The carrying amount reported in the statements of financial position for the aforementioned assets and liabilities approximate fair value based on short-term maturity and variable rate nature of debt.

Income Taxes

The Center is organized as a not-for-profit corporation under Section 501(c) (3) of the United States Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Center and recognize a tax liability if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities Management has analyzed the tax positions taken by the Center, and has concluded that as of June 30, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Center is generally exempt from income taxes. However, the Center is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Litigation

The Center is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Center's future financial position or results from operations.

Operating Indicator and Performance Indicator

The statements of activities and changes in net assets include a performance indicator called excess of revenue over expenses / change in net assets. Consistent with industry practice, the performance indicator does not include certain changes in unrestricted net assets such as unrealized gains and losses on investments other than trading securities, contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets. The statements of activities and changes in net assets also include an operating indicator, operating income, which excludes interest and investment income (loss), contributions and the loss on disposal of property and equipment.

Compensated Absences

The Center's policy on compensated absences allows all regular full-time and part-time employees to accrue compensated absences in proportion to their full-time equivalency and length of service with the Center. Employees may accrue between 80 and 200 hours a year up to a maximum of 520 hours depending on the employee status and length of service with the Center. Compensated absences are accrued when incurred and reported as a liability included in accrued payroll and benefits on the statements of financial position.

Advertising Costs

The Center expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2011 and 2010 was $139,160 and $506,817, respectively.

Subsequent Events

The Center evaluated events or transactions occurring subsequent to the financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued which is DATE.

Reclassifications

Certain 2010 balances were reclassified to conform to the 2011 presentation. There is no effect on the consolidated change in net assets as a result of these reclassifications.

2. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During the year ended June 30, 2005, the Center established Agency Funds with the Community Foundations located in Delaware County, Henry County and Jay County. The total amount funded was $200,000. An additional $80,050 was funded in 2008 and $200,000 was funded in 2010. The principal is included in unrestricted net assets of the Center's statements of financial position. The Community Foundations have variance power over the assets. The Center may receive annual distributions based on the Community Foundation's distribution policy; however, no distributions have been received from the Agency Funds.

As of June 30, 2011 and 2010, the funds were recorded at fair market value which totaled $593,114 and $492,027, respectively. These amounts are included in other assets in the statements of financial position. The funds recognized unrealized gains of $101,087 and $25,639 in 2011 and 2010, respectively. These gains are included in interest and investment income in the statements of activities and changes in net assets.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2011	2010
Land and improvements	$ 1,099,749	$ 859,843
Buildings	13,054,485	12,781,531
Equipment	6,141,083	5,574,157
Construction in progress	222,611	418,353
	20,517,928	19,633,884
Accumulated depreciation	10,079,317	9,115,450
Property and equipment, net	$ 10,438,611	$ 10,518,434

4. LINE OF CREDIT

At June 30, 2011 and 2010, the Center had available a $500,000 line of credit with First Merchants Bank. The line of credit is secured by investments held by First Merchants Bank. At June 30, 2011 and 2010, the Center had outstanding borrowings of $-0- and $419,116, respectively on this line of credit. The line of credit matures in June 2012 with fixed interest of 2.75%.

5. LONG-TERM DEBT

A summary of long-term debt is as follows:

	2011	2010
Revenue Bonds, variable rate of 2.76%; monthly principal payments of $5,241 expiring March, 2014. The bonds are secured by mortgages on the related real estate.	$ 172,979	$ 235,864
Less current maturities	62,897	62,897
	$ 110,082	$ 172,967

The bonds are subject to mandatory prepayment, in whole or in part, when funds are provided for payment of the note subject to certain conditions set forth in the agreements. The bonds are in a private placement. The annual interest rate (2.76% at June 30, 2011 and 2010) is equal to 85% of Chase's prime rate in effect on March 1 of each year and remains in effect through the last day of February of the following year. Chase has notified the Center that the bank is no longer monitoring debt covenants.

Scheduled principal payments on long-term debt are as follows:

Year Ending June 30,	
2012	62,897
2013	62,897
2014	47,185
	$ 172,979

6. SELF-FUNDED EMPLOYEE HEALTH PLAN

The Center offers employees participation in a self-funded health plan. The plan is administered by an outside benefits consulting firm. Effective January 1, 2007, the Center established a Voluntary Employee Benefit Association (VEBA) to ensure that adequate amounts are contributed to pay future benefit obligations.

The VEBA is responsible for paying claims incurred by the Center's employees and their dependents and for paying administrative expenses and reinsurance premiums For the years ended June 30, 2011 and 2010, the Center recorded $1,941,080 and $1,975,000, respectively for the health related expenses. For the plan period ending December 31, 2011, the plan has reinsurance to cover individual claims in excess of $70,000 and aggregate claims in excess of $2,445,998. The maximum aggregate reinsurance is $1,000,000 per plan year.

7. CONCENTRATIONS OF CREDIT RISK

The Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Accounts receivable and revenues from clients and third-party payors were as follows:

	Receivables		Revenue	
	2011	2010	2011	2010
Medicare	19%	11%	16%	11%
Medicaid	24%	23%	63%	65%
Self-pay	30%	44%	13%	15%
Other third-party payors	27%	22%	8%	9%
	100%	100%	100%	100%

8. CONTINGENCIES

Under terms of federal and state grants, periodic audits are required and certain costs may be challenged as to allowability under terms of the grants. Such audits could lead to reimbursement to the grantor agency. However, management is of the opinion that the risk of material disallowance is remote.

9. FUNCTIONAL EXPENSES

The Center provides mental health services to residents within its primary service area. Expenses related to providing these services are as follows:

	2011	2010
Healthcare services	$ 24,398,570	$ 23,952,091
General and administrative	5,323,712	4,843,402
	$ 29,722,282	$ 28,795,493

10. RETIREMENT PLAN

The Center has a contributory defined contribution retirement plan covering substantially all employees. Pension expense determined in accordance with the plan document (3% of covered compensation, a 1% discretionary contribution plus a discretionary matching contribution) was $705,755 and $663,261 for the years ended June 30, 2011 and 2010, respectively.

11. RELATED PARTY TRANSACTIONS

The Center is the sponsor of two (2) corporations (LTC, Inc. and LTC-II, Inc.), each of which is organized to construct, own and operate their own 20 unit apartment community. LTC, Inc. (d/b/a Gillbeke Apartments) was organized pursuant to Section 202 of the National Housing Act (as amended) and has entered into a housing assistance payment contract with the Department of Housing and Urban Development (HUD). LTCII, Inc. (d/b/a Goodall Apartments) was organized pursuant to Section 811 of the National Affordable Housing Act (as amended) and has entered into a project rental assistance contract with HUD. LTC, Inc. and LTC-II, Inc. are each separately governed by a Board of Directors that includes a board member and staff of the Center. LTC, Inc. and LTC-II, Inc. are managed by a third-party property management company. There were no revenues or outstanding receivables from these two corporations during 2011 or 2010.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Major classes of assets and liabilities that are measured at fair value are categorized according to a fair value hierarchy that prioritizes the inputs to value techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

- Level 1 inputs are readily determinable using unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 inputs are derived from quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 are as follows:

	June 30, 2011			
	Total	Level 1	Level 2	Level 3
Assets				
Deferred compensation				
Mutual funds				
Growth	$ 215,561	$ 215,561	$ -0-	$ -0-
Blended	74,114	74,114	-0-	-0-
Value	133,132	133,132	-0-	-0-
Fixed income	194,908	194,908	-0-	-0-
World allocation	17,460	17,460	-0-	-0-
Alternative	34,822	34,822	-0-	-0-
Real estate	37,740	37,740	-0-	-0-
	707,737	707,737	-0-	-0-
Beneficial interest in assets held by others	593,114	-0-	593,114	-0-
Total	$ 1,300,851	$ 707,737	$ 593,114	$ -0-
Liabilities				
Deferred compensation				
Mutual funds	$ 707,737	$ 707,737	$ -0-	$ -0-

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2010 are as follows:

	June 30, 2010			
	Total	Level 1	Level 2	Level 3
Assets				
Deferred compensation				
Mutual funds	$ 492,565	$ 492,565	$ -0-	$ -0-
Beneficial interest in assets held by others	492,027	-0-	492,027	-0-
Total	$ 984,592	$ 492,565	$ 492,027	$ -0-
Liabilities				
Deferred compensation				
Mutual funds	$ 492,565	$ 492,565	$ -0-	$ -0-

13. MEDICAL MALPRACTICE CLAIMS

The Center purchases professional and general liability insurance to cover medical malpractice claims. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to clients.

The State of Indiana puts a judgment cap of $1,250,000 on malpractice claims for those institutions and individual physicians willing to participate in the state funded insurance "pool".

The "pool" requires that an institution/physician be responsible for the first $250,000 of every claim and the state will fund the remaining balance of each claim. In addition to the above, the state also requires that each individual physician carry a policy year aggregate limit of $750,000 and the institution (based upon size) carry a $5,000,000 policy year aggregate limit.

14. LEASE COMMITMENTS

The Center has entered into operating lease agreements for an outpatient office. Future minimum lease payments under non-cancelable leases as of June 30, 2011 are as follows:

Year Ending June 30,		
2012	$	64,392
2013		32,784
	$	97,176

Total rental expense for the years ended June 30, 2011 and 2010 was $73,819 and $77,023, respectively.

15. SUBSEQUENT EVENT

Subsequent to June 30, 2011, the Center resolved to acquire Family Health Services, Inc. The effective date of this acquisition is October 1, 2011.

SUPPLEMENTARY INFORMATION

MERIDIAN SERVICES CORP

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Major Programs:			
Department of Health and Human Services Substance Abuse Prevention and Treatment Block Grant Block Grant passed through the Indiana Division of Mental Health and Addictions	93 959	18-11-HO-2761	$ 911,562
Department of Health and Human Services Social Services Block Grant Block Grant funds passed through the Indiana Division of Mental Health and Addictions	93 667	18-11-HO-2761	322,472
Total major programs			1,234,034
Non-Major Programs:			
Department of Health and Human Services Community Mental Health Services Block Grant Block Grant funds passed through the Indiana Division of Mental Health and Addictions	93.958	18-11-HO-2761	270,386
Department of Health and Human Services Projects for Assistance in Transition from Homeless Mental health services funds passed through the Indiana Division of Mental Health and Addictions	93.150	18-11-HO-2761	78,000
U S Department of Housing and Urban Development Shelter Plus Care Funds passed through the Department of Metropolitan Development	14 238	SC-010-0036	195,587
Total non-major programs			543,973
Total federal awards			$ 1,778,007

Basis of Presentation

The accompanying schedule of expenditures of federal awards of the Center for the year ended June 30, 2011 is presented on the accrual basis of accounting. The basic financial statement classifications may include other financial activity for reporting purposes. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

MERIDIAN SERVICES CORP

SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
YEAR ENDED JUNE 30, 2011

Grantor	Grant ID #	Expenditures
State		
Indiana Division of Mental Health and Addictions		
Managed Care provider agreement	18-11-HO-2761	$ 4,739,383
Medicaid Funds Recovery	Not applicable	1,569,825
Other	Not applicable	340,685
Total state		6,649,893
Local		
Delaware County	Not applicable	472,854
Jay County	Not applicable	106,080
Henry County	Not applicable	187,426
Total local		766,360
Total state and local awards		$ 7,416,253

Basis of Presentation

The accompanying schedule of expenditures of state and county awards for the year ended June 30, 2011 includes the state and county awards activity of the Center and is presented on the accrual basis of accounting. The basic financial statement classifications may include other financial activity for reporting purposes. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Board of Directors
Meridian Services Corp
Muncie, Indiana

We have audited the financial statements of Meridian Services Corp (the Center), as of and for the year ended June 30, 2011, and have issued our report thereon dated DATE. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources issued by the Indiana State Board of Accounts.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
Meridian Services Corp
Muncie, Indiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Center in a separate letter dated DATE.

This report is intended solely for the information of the board of directors, management, the cognizant audit agencies, the Indiana Division of Mental Health and Addiction, other federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

INSERT SIGNATURE

DATE

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Meridian Services Corp
Muncie, Indiana

Compliance

We have audited the compliance of Meridian Services Corp (the Center) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2011. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Board of Directors
Meridian Services Corp
Muncie, Indiana

Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the board of directors, management, the cognizant audit agencies, the Indiana Division of Mental Health and Addiction other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

INSERT SIGNATURE

DATE

MERIDIAN SERVICES CORP

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued.	Unqualified
Internal control over financial reporting	
Material weakness(es) identified?	____ yes __X__ no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ yes __X__ none noted
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal controls over major programs	
Material weakness(es) identified?	____ yes __X__ no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ yes __X__ none noted
Type of auditor's report issued on compliance for major programs.	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____ yes __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.959	Substance Abuse Prevention and Treatment Block Grant
93 667	Social Services Block Grant

Dollar threshold used to distinguish between type A and B programs.	$300,000
Auditee qualified as low-risk auditee?	____ yes __X__ no

Section II – Findings related to financial statements reported in accordance with *Government Auditing Standards*:

None reported

Section III – Findings and questioned costs relating to Federal awards:

None reported

Section IV – Summary schedule of prior audit findings:

None reported