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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)

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the **2010** calendar year, or tax year beginning **7/01**, **2010**, and ending **6/30**, **2011**

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

NORTHEASTERN CENTER INC
PO BOX 817
KENDALLVILLE, IN 46755

D Employer Identification Number **35-1403134**

E Telephone number **(260) 347-2453**

G Gross receipts \$ **11,316,743.**

F Name and address of principal officer **JERRY HOLLISTER**
SAME AS C ABOVE

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)

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

J Website: **WWW.NECMH.ORG**

K Form of organization Corporation Trust Association Other **L** Year of Formation **1975** **M** State of legal domicile **IN**

H(c) Group exemption number **▶**

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities <u>NORTHEASTERN CENTER HELPS INDIVIDUALS IN EMOTIONAL AND MENTAL DISTRESS ACHIEVE HEALING THROUGH ACCESSIBLE, AFFORDABLE, AND QUALITY BEHAVIORAL HEALTH SERVICES AND PROVIDES CHARITY CARE TO THOSE WHO ARE UNABLE TO PAY.</u>		
	2 Check this box <input type="checkbox"/> 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)	11
	4	Number of independent voting members of the governing body (Part VI, line 1b)	11
	5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	234
	6	Total number of volunteers (estimate if necessary)	147
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	0.
7b	Net unrelated business taxable income from Form 990-T, line 34	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year: 4,376,710. Current Year: 5,056,944.
	9	Program service revenue (Part VIII, line 2g)	8,288,199. 6,213,110.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	42,445. 36,046.
	11	Other revenue (Part VIII, column (A), lines 5, 6, 8c, 9c, 10c, and 11e)	448. 10,643.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	12,707,802. 11,316,743.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	700.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	
	15	Salaries, other compensation, employee benefits (Part IX, column (B), lines 5-10)	8,592,885. 8,032,053.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	
	b	Total fundraising expenses (Part IX, column (B), line 23)	3,564.
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	3,552,411. 2,713,574.	
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	12,145,996. 10,745,627.	
19	Revenue less expenses Subtract line 18 from line 12	561,806. 571,116.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year: 11,899,994. End of Year: 12,197,174.
	21	Total liabilities (Part X, line 26)	2,191,221. 1,861,636.
	22	Net assets or fund balances Subtract line 21 from line 20	9,708,773. 10,335,538.

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: *Jerry Hollister*
 Date: **1/18/12**
 Type or print name and title: **Jerry Hollister, CEO**

Paid Preparer Use Only

Print/Type preparer's name: **ROBERT E. MARTIN, CPA**
 Preparer's signature: *Robert E. Martin*
 Date: **1/17/2012**
 Check if self-employed PTIN: **N/A**

Firm's name: **BADEN, GAGE & SCHROEDER, LLC**
 Firm's address: **6920 POINTE INVERNESS WAY #300 FORT WAYNE, IN 46804-7926**
 Firm's EIN: **N/A**
 Phone no: **260-422-2551**

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

SCANNED FEB 06 2012

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Part III Statement of Program Service Accomplishments

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

X

1 Briefly describe the organization's mission

SEE SCHEDULE O

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 X

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 X

If 'Yes,' describe these changes on Schedule O SEE 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 \$ 5,360,248. including grants of \$) (Revenue \$ 3,556,557.)

OUTPATIENT SERVICES: THE OUTPATIENT FACILITIES LOCATED IN DEKALB, LAGRANGE, NOBLE, AND STEUBEN COUNTIES OFFER PSYCHIATRIC, PSYCHOTHERAPY, AND SPECIALIZED COUNSELING SERVICES TO PERSONS OF ALL AGES AND WALKS OF LIFE. PERSONS SEEK ASSISTANCE WITH DEPRESSION, ANXIETY, ADDICTIONS, FAMILY CONFLICTS, LOSS, UNEMPLOYMENT AND OTHER LIFE STRESSES. THERAPY SESSIONS ARE INDIVIDUALLY DESIGNED TO HELP PERSONS IDENTIFY THEIR PROBLEMS, DEFINE GOALS AND WORK TOWARD RECOVERY. DURING THE YEAR ENDED JUNE 30, 2011, THE OUTPATIENT DEPARTMENTS SERVED 4,359 PERSONS IN SEARCH OF HEALING AND RECOVERY, AND PROVIDED \$3,719,713 IN CHARITY CARE.

4b (Code) (Expenses \$ 2,348,199. including grants of \$) (Revenue \$ 2,087,778.)

INPATIENT SERVICES: THE INPATIENT FACILITY IS LOCATED IN DEKALB COUNTY. THIS 16 BED UNIT PROVIDES ADULTS AND GERIATRICS WITH PSYCHIATRIC STABILIZATION SERVICES. ALL SERVICES ARE PROVIDED BY TRAINED MEDICAL STAFF, BEHAVIORAL HEALTH THERAPISTS, TECHNICIANS AND PSYCHIATRISTS. THE EMERGENCY ON-CALL STAFF ARE ALSO LOCATED AT THIS SITE AND ARE AVAILABLE 24 HOURS PER DAY, 7 DAYS PER WEEK, AND WORK CLOSELY WITH OTHER SERVICE PROVIDERS IN THE COMMUNITY TO ENSURE CONTINUITY OF CARE FOR LOCAL RESIDENTS IN CRISIS. THE INPATIENT HOSPITAL SERVED 597 CONSUMERS DURING THE FISCAL YEAR ENDED JUNE 30, 2011, AND PROVIDED \$1,014,569 IN CHARITY CARE.

4c (Code) (Expenses \$ 671,043. including grants of \$) (Revenue \$ 476,172.)

SEE SCHEDULE O

4d Other program services (Describe in Schedule O) SEE SCHEDULE O

(Expenses \$ 156,010. including grants of \$) (Revenue \$ 92,603.)

4e Total program service expenses 8,535,500.

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	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors? (see instructions)	X	
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		X
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	X	
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		
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		X
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		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III		X
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		X
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	X	
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, line 10? If 'Yes,' complete Schedule D, Part VI	X	
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		X
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		X
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		X
e Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X	X	
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	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If 'Yes,' complete Schedule D, Parts XI, XII, and XIII		X
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	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
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		X
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 United States? If 'Yes,' complete Schedule F, Parts II and IV		X
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 United States? If 'Yes,' complete Schedule F, Parts III and IV		X
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)		X
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		X
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		X
20 a Did the organization operate one or more hospitals? If 'Yes,' complete Schedule H	X	
b If 'Yes' to line 20a, did the organization attach its audited financial statements to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	X	

Part IV Checklist of Required Schedules (continued)

	Yes	No
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? <i>If 'Yes,' complete Schedule I, Parts I and II</i>		X
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? <i>If 'Yes,' complete Schedule I, Parts I and III</i>		X
23 Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If 'Yes,' complete Schedule J</i>	X	
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, and that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25</i>	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
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?		X
d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		X
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? <i>If 'Yes,' complete Schedule L, Part I</i>		X
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? <i>If 'Yes,' complete Schedule L, Part I</i>		X
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? <i>If 'Yes,' complete Schedule L, Part II</i>		X
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? <i>If 'Yes,' complete Schedule L, Part III</i>		X
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? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
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? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M</i>	X	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If 'Yes,' complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If 'Yes,' complete Schedule N, Part II</i>		X
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? <i>If 'Yes,' complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1</i>	X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?		X
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)? <i>If 'Yes,' complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If 'Yes,' complete Schedule R, Part V, line 2</i>		X
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? <i>If 'Yes,' complete Schedule R, Part VI</i>		X
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	X	

BAA

Form 990 (2010)

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
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. 25		
1 b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 0		
1 c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2 a	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. 234		
2 b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
3 b	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O		
4 a	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)?		X
4 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		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5 b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5 c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?		
6 a	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?		X
6 b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7 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?		X
7 b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?		
7 c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7 d	If 'Yes,' indicate the number of Forms 8282 filed during the year. 7d		
7 e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7 f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7 g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7 h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9 a	Did the organization make any taxable distributions under section 4966?		
9 b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10 a	Initiation fees and capital contributions included on Part VIII, line 12. 10a		
10 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		
11 a	Gross income from members or shareholders. 11a		
11 b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). 11b		
12 a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12 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.		
13 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		
13 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		
13 c	Enter the amount of reserves on hand. 13c		
14 a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14 b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O		

Part VI Governance, Management and Disclosure For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 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
1 a	Enter the number of voting members of the governing body at the end of the tax year		
1 b	Enter the number of voting members included in line 1a, above, who are independent		
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?		X
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?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Does the organization have members or stockholders?		X
7 a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
7 b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8 a	The governing body?	X	
8 b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director or 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		X

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

		Yes	No
10 a	Does the organization have local chapters, branches, or affiliates?		X
10 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?		
11 a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	X	
11 b	Describe in Schedule O the process, if any, used by the organization to review this Form 990 SEE SCHEDULE O		
12 a	Does the organization have a written conflict of interest policy? If 'No,' go to line 13	X	
12 b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12 c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done SEE SCHEDULE O	X	
13	Does the organization have a written whistleblower policy?	X	
14	Does the organization have a written document retention and destruction policy?	X	
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?		
15 a	The organization's CEO, Executive Director, or top management official SEE SCHEDULE O	X	
15 b	Other officers of key employees of the organization SEE SCHEDULE O	X	
15 c	If 'Yes' to line 15a or 15b, describe the process in Schedule O (See instructions)		
16 a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16 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?		

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 Forms 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 SCHEDULE O
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 DEB GALBRAITH 220 SOUTH MAIN STREET KENDALLVILLE IN 46755 (260) 347-2453

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

1 a 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 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) CARL ZIMMERMAN PRESIDENT	1	X		X			0.	0.	0.	
(2) ADA BONTRAGER SECRETARY	1	X		X			0.	0.	0.	
(3) ROGER MCDONALD VICE PRESIDENT	1	X		X			0.	0.	0.	
(4) FRED BROWN DIRECTOR	1	X					0.	0.	0.	
(5) REBECCA CALHOUN DIRECTOR	1	X					0.	0.	0.	
(6) JANET KNAPP DIRECTOR	1	X					0.	0.	0.	
(7) DAVID SCHMIDT DIRECTOR	1	X					0.	0.	0.	
(8) JOSEPHINE JOEST DIRECTOR	1	X					0.	0.	0.	
(9) SARAH DREIBELBIS DIRECTOR	1	X					0.	0.	0.	
(10) JOHN COX DIRECTOR	1	X					0.	0.	0.	
(11) ERICA BAILER BIERNAT DIRECTOR	1	X					0.	0.	0.	
(12) JERRY HOLLISTER CEO	40			X			247,991.	0.	21,569.	
(13) DR DONALD SMITH DOCTOR	40				X		167,794.	0.	12,346.	
(14) LYNNEA CARDER-RADEL MEDICAL DIR	40				X		255,703.	0.	11,455.	
(15) SYLVIA RUTTEN DOCTOR	40					X	127,669.	0.	3,912.	
(16)										
(17)										

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Sch 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			
(18) -----										
(19) -----										
(20) -----										
(21) -----										
(22) -----										
(23) -----										
(24) -----										
(25) -----										
(26) -----										
(27) -----										
(28) -----										
(29) -----										

1 b Sub-total	799,157.	0.	49,282.
c Total from continuation sheets to Part VII, Section A	0.	0.	0.
d Total (add lines 1b and 1c)	799,157.	0.	49,282.

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 **▶ 4**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If 'Yes,' complete Schedule J for such individual</i>		X
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? <i>If 'Yes' complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If 'Yes,' complete Schedule J for such person</i>		X

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

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 **▶ 0**

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	1 a Federated campaigns	1 a				
	b Membership dues	1 b				
	c Fundraising events	1 c				
	d Related organizations	1 d				
	e Government grants (contributions)	1 e 4,963,347.				
	f All other contributions, gifts, grants, and similar amounts not included above	1 f 93,597.				
	g Noncash contributions included in Ins 1a-1f	\$ 31,274.				
	h Total. Add lines 1a-1f	▶ 5,056,944.				
PROGRAM SERVICE REVENUE	Business Code					
	2 a <u>OUTPATIENT SERVICES</u>		3,556,557.	3,556,557.		
	b <u>INPATIENT SERVICES</u>		2,087,778.	2,087,778.		
	c <u>RESIDENTIAL SERVICES</u>		476,172.	476,172.		
	d <u>PARTIAL HOSPITALIZATION</u>		92,603.	92,603.		
	e _____					
	f All other program service revenue					
	g Total. Add lines 2a-2f	▶ 6,213,110.				
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts)	▶ 33,746.			33,746.	
	4 Income from investment of tax-exempt bond proceeds	▶				
	5 Royalties	▶				
	6 a Gross Rents	(i) Real				
		(ii) Personal				
		b Less rental expenses				
		c Rental income or (loss)				
	d Net rental income or (loss)	▶				
	7 a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other	2,300.			
		b Less cost or other basis and sales expenses				
		c Gain or (loss)	2,300.			
	d Net gain or (loss)	▶ 2,300.			2,300.	
	8 a Gross income from fundraising events (not including \$ _____ 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	▶			
	9 a Gross income from gaming activities See Part IV, line 19	a				
		b Less direct expenses	b			
c Net income or (loss) from gaming activities		▶				
10 a 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				
11 a <u>FINANCE CHARGES</u>		10,277.	10,277.			
b <u>MISCELLANEOUS REVENUE</u>		366.	366.			
c _____						
d All other revenue						
e Total. Add lines 11a-11d	▶ 10,643.					
12 Total revenue. See instructions	▶ 11,316,743.	6,223,753.	0.	36,046.		

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				
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	650,136.	492,809.	157,327.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages	5,923,398.	4,754,956.	1,166,316.	2,126.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	342,413.	275,642.	66,771.	
9 Other employee benefits	651,169.	493,586.	157,583.	
10 Payroll taxes	464,937.	374,274.	90,663.	
11 Fees for services (non-employees)				
a Management				
b Legal	27,315.		27,315.	
c Accounting	48,800.		48,800.	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other	132,519.	132,519.		
12 Advertising and promotion	52,301.	42,855.	9,446.	
13 Office expenses	198,362.	157,502.	40,860.	
14 Information technology	46,710.	15,626.	31,084.	
15 Royalties				
16 Occupancy	492,018.	395,852.	96,166.	
17 Travel	247,064.	206,795.	40,269.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	11,861.	10,062.	1,799.	
20 Interest	3,969.	3,969.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	356,942.	265,490.	91,452.	
23 Insurance	130,745.	109,698.	21,047.	
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 <u>BAD DEBT</u>	356,824.	356,824.		
b <u>DUES, FEES, LICENSES</u>	221,242.	97,414.	123,828.	
c <u>CLIENT MEALS</u>	114,714.	114,612.	102.	
d <u>INPATIENT PRESCRIPTIONS</u>	86,369.	86,369.		
e <u>SUPPLIES</u>	40,205.	37,038.	3,167.	
f All other expenses	145,614.	111,608.	32,568.	1,438.
25 Total functional expenses Add lines 1 through 24f	10,745,627.	8,535,500.	2,206,563.	3,564.
26 Joint costs. Check here <input type="checkbox"/> 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	2,239.	1	2,179.	
	2	Savings and temporary cash investments	5,991,002.	2	6,319,532.	
	3	Pledges and grants receivable, net		3		
	4	Accounts receivable, net	1,382,909.	4	1,652,631.	
	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)		6		
	7	Notes and loans receivable, net		7		
	8	Inventories for sale or use		8		
	9	Prepaid expenses and deferred charges	106,132.	9	97,423.	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	7,570,540.			
	10b	Less accumulated depreciation.	3,913,263.	4,069,127.	10c	3,657,277.
	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	348,585.	15	468,132.	
16	Total assets Add lines 1 through 15 (must equal line 34)	11,899,994.	16	12,197,174.		
LIABILITIES	17	Accounts payable and accrued expenses	660,412.	17	839,597.	
	18	Grants payable		18		
	19	Deferred revenue		19		
	20	Tax-exempt bond liabilities.	700,000.	20	400,000.	
	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		23		
	24	Unsecured notes and loans payable to unrelated third parties		24		
	25	Other liabilities Complete Part X of Schedule D	830,809.	25	622,039.	
	26	Total liabilities. Add lines 17 through 25	2,191,221.	26	1,861,636.	
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29 and lines 33 and 34.					
	27	Unrestricted net assets	9,615,957.	27	10,274,708.	
	28	Temporarily restricted net assets	92,816.	28	60,830.	
	29	Permanently restricted net assets		29		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> 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	9,708,773.	33	10,335,538.		
34	Total liabilities and net assets/fund balances.	11,899,994.	34	12,197,174.		

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Part XI Reconciliation 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)	11,316,743.
2	Total expenses (must equal Part IX, column (A), line 25)	10,745,627.
3	Revenue less expenses Subtract line 2 from line 1	571,116.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	9,708,773.
5	Other changes in net assets or fund balances (explain in Schedule O) SEE SCHEDULE O	55,649.
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	10,335,538.

Part XII Financial Statements and Reporting

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

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?

b Were the organization's financial statements audited by an independent accountant?

c If 'Yes' to line 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

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 separate 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?

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

	Yes	No
2a		X
2b	X	
2c	X	
3a	X	
3b	X	

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Form 990 (2010)

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2010

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization

NORTHEASTERN CENTER INC

Employer identification number

35-1403134

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 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 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?

- (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 supported organization?
- (ii) A family member of a person described in (i) above?
- (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11 g (i)		
11 g (ii)		
11 g (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 column (i) listed in your governing document?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2010

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 'unusual grants')						
2 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
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)						
6 Public support. Subtract line 5 from line 4						

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						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	%
16a 33-1/3% support test – 2010. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33-1/3% support test – 2009. If the organization did not check a 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 ▶ <input type="checkbox"/>		
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 ▶ <input type="checkbox"/>		
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 ▶ <input type="checkbox"/>		
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 ▶ <input type="checkbox"/>		

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 yr 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 yr 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 lns 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 section 501(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 ▶

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**

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

If the organization answered 'Yes,' to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations: Complete Part I-A only

If the organization answered 'Yes,' to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B Do not complete Part II-A

If the organization answered 'Yes,' to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III

Name of organization NORTHEASTERN CENTER INC	Employer identification number 35-1403134
--	---

Part I-A: Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV
- 2 Political expenditures ▶ \$ _____
- 3 Volunteer hours

Part I-B: Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$ _____ 0.
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$ _____ 0.
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If 'Yes,' describe in Part IV

Part I-C: Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$ _____
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$ _____
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
(1)	-----			
(2)	-----			
(3)	-----			
(4)	-----			
(5)	-----			
(6)	-----			

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ

Schedule C (Form 990 or 990-EZ) 2010

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A Check if the filing organization belongs to an affiliated group
- B Check if the filing organization checked box A and 'limited control' provisions apply

Limits on Lobbying Expenditures (The term 'expenditures' means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
1 a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a If zero or less, enter -0-														
i Subtract line 1f from line 1c If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2 a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

BAA

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities? If 'Yes,' describe in Part IV SEE PART IV	X		2,048.
j Total Add lines 1c through 1i			2,048.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If 'Yes,' enter the amount of any tax incurred under section 4912			
c If 'Yes,' enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		X	

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carryover lobbying and political expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered 'No' OR if Part III-A, line 3 is answered 'Yes.'

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

PART II-B, LINE 1I- OTHER ACTIVITIES DESCRIPTION

INDIRECT LOBBYING EXPENSES WERE INCURRED THROUGH MEMBERSHIPS AND FEES PAID TO ORGANIZATIONS THAT USE A PERCENTAGE OF THOSE FEES OR MEMBERSHIPS TO PURSUE LOBBYING ACTIVITIES.

Part IV Supplemental Information *(continued)*

Area with horizontal dashed lines for supplemental information.

**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, lines 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

Employer identification number

NORTHEASTERN CENTER INC

35-1403134

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 can 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 education) Preservation of an historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 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 Tax 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, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 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 (ASC 958), 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 (ASC 958), 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 (ASC 958) 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 acquisition, 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 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

- c** Beginning balance
- d** Additions during the year
- e** Distributions during the year
- f** Ending balance

	Amount
1c	
1d	
1e	
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	292,579.	277,129.	325,821.		
b Contributions					
c Net investment earnings, gains, and losses	55,650.	15,450.	-48,692.		
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	348,229.	292,579.	277,129.		

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

- a** Board designated or quasi-endowment ▶ 100.00 %
- b** Permanent endowment ▶ _____ %
- c** Term endowment ▶ _____ %

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

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)	X	
3a(ii)		X
3b		

b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?

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

Part VI 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		327,270.		327,270.
b Buildings		5,792,806.	2,565,349.	3,227,457.
c Leasehold improvements		205,598.	195,745.	9,853.
d Equipment		1,244,866.	1,152,169.	92,697.
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c))				3,657,277.

BAA

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

(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		
(3) Other		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		
Total. (Column (b) must equal Form 990 Part X, column (B) line 12.)		

Part VIII Investments—Program Related. (See Form 990, Part X, line 13) N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, column (B) line 13.)		

Part IX Other Assets. (See Form 990, Part X, line 15) N/A

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column(B), line 15)	

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

(a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) DEFERRED REVENUE	31,119.
(3) ESTIMATED THIRD PARTY PAYOR SETTLEM	538,000.
(4) MRO MATCH LIABILITY	52,920.
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25)	622,039.

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 (ASC 740) **SEE PART XIV**

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements		N/A
1	Total revenue (Form 990, Part VIII, column (A), line 12)	
2	Total expenses (Form 990, Part IX, column (A), line 25)	
3	Excess or (deficit) for the year Subtract line 2 from line 1	
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	
9	Total adjustments (net) Add lines 4 through 8	
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		N/A
1	Total revenue, gains, and other support per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments	2a
b	Donated services and use of facilities	2b
c	Recoveries of prior year grants	2c
d	Other (Describe in Part XIV)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV)	4b
c	Add lines 4a and 4b	4c
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		N/A
1	Total expenses and losses per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities	2a
b	Prior year adjustments	2b
c	Other losses	2c
d	Other (Describe in Part XIV)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV)	4b
c	Add lines 4a and 4b	4c
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5

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, line 2, 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

PART V, LINE 4 - INTENDED USES OF ENDOWMENT FUND
 THE PURPOSE OF THE ORGANIZATION'S ENDOWMENT FUNDS ARE TO PROVIDE A STREAM OF INTEREST INCOME FOR FUTURE CAPITAL OR PROGRAM DEVELOPMENT.

PART X - FIN 48 FOOTNOTE
 MANAGEMENT OF NORTHEASTERN CENTER, INC. HAS CONSIDERED THE GUIDANCE OF FIN 48 AND HAS DETERMINED THAT THE ORGANIZATION HAS NO UNCERTAIN TAX POSITIONS. THE FOLLOWING IS FROM THE FOOTNOTES OF THE FINANCIAL STATEMENTS.

Part XIV Supplemental Information (continued)

PART X - FIN 48 FOOTNOTE (CONTINUED)

NORTHEASTERN CENTER, INC. IS A TAX-EXEMPT NOT-FOR-PROFIT ORGANIZATION UNDER SECTION 501(C) (3) OF THE INTERNAL REVENUE CODE. THEREFORE, NO PROVISION FOR INCOME TAX IS INCLUDED IN THE FINANCIAL STATEMENTS.

THE ACCOUNTING STANDARD WHICH PROVIDES GUIDANCE ON ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES ADDRESSES THE DETERMINATION OF WHETHER TAX BENEFITS CLAIMED OR EXPECTED TO BE CLAIMED ON A TAX RETURN SHOULD BE RECORDED IN THE FINANCIAL STATEMENTS. UNDER THIS GUIDANCE, THE CENTER MAY RECOGNIZE THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED ON EXAMINATION BY TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION. EXAMPLES OF TAX POSITIONS INCLUDE THE TAX-EXEMPT STATUS OF THE CENTER AND VARIOUS POSITIONS RELATED TO THE POTENTIAL SOURCES OF UNRELATED BUSINESS TAXABLE INCOME (UBIT). THE TAX BENEFITS RECOGNIZED IN THE FINANCIAL STATEMENTS FROM SUCH A POSITION ARE MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50 PERCENT LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT. THERE WERE NO UNRECOGNIZED TAX BENEFITS IDENTIFIED OR RECORDED AS LIABILITIES FOR THE YEARS ENDED JUNE 30, 2011 AND 2010.

THE CENTER FILES FORMS 990 IN THE U.S. FEDERAL JURISDICTION AND THE STATE OF INDIANA. THE CENTER IS GENERALLY NO LONGER SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE FOR YEARS BEFORE 2008.

Part XIV Supplemental Information *(continued)*

Area with horizontal dashed lines for supplemental information.

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization

NORTHEASTERN CENTER INC

Employer identification number

35-1403134

Part I Financial Assistance and Certain Other Community Benefits at Cost

- 1 a Did the organization have a charity care policy? If 'No,' skip to question 6a
- b If 'Yes,' was it a written policy?
- 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to the various hospital facilities during the tax year
 - Applied uniformly to all hospital facilities
 - Applied uniformly to most hospital facilities
 - Generally tailored to individual hospital facilities
- 3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.
 - a Did 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 was the FPG family income limit for eligibility for free care
 - 100%
 - 150%
 - 200%
 - Other _____ %
 - b Did the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care.
 - 200%
 - 250%
 - 300%
 - 350%
 - 400%
 - Other _____ %
 - c If the organization did 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 used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care. **SEE PART VI**
- 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'?
- 5 a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
 - b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?
 - 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 eligible for free or discounted care?
- 6 a Did the organization prepare a community benefit report during the tax year?
 - b If 'Yes,' did the organization make it available to the public?

	Yes	No
1 a	X	
1 b	X	
2		
3 a		X
3 b	X	
3 c		
4	X	
5 a	X	
5 b		X
5 c		
6 a		X
6 b		

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)			3,794,621.	3,481,164.	313,457.	2.92
b Unreimbursed Medicaid (from Worksheet 3, column a)			4,789,611.	4,139,367.	650,244.	6.05
c Unreimbursed costs — other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	0	0	8,584,232.	7,620,531.	963,701.	8.97
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			92,306.	78,573.	13,733.	0.13
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total. Other Benefits	0	0	92,306.	78,573.	13,733.	0.13
k Total. Add line 7d and 7j	0	0	8,676,538.	7,699,104.	977,434.	9.10

Part II Community Building Activities Complete this table if the organization conducted any 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						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	0	0	0.	0.	0.	0.

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

- Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?
- Enter the amount of the organization's bad debt expense (at cost)
- Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy
- 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. **SEE PART VI**

	Yes	No
1	X	
2		
3		
5		
6		
7		

Section B. Medicare

- Enter total revenue received from Medicare (including DSH and IME)
- Enter Medicare allowable costs of care relating to payments on line 5
- Subtract line 6 from line 5. This is the surplus (or shortfall)
- 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

- Did the organization have a written debt collection policy during the tax year?
- If 'Yes,' did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI

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 (continued)

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: NORTHEASTERN CENTER INPATIENT

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If 'No,' skip to line 8		X
If 'Yes,' indicate what the Needs Assessment describes (check all that apply)			
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a Needs Assessment _____		
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If 'Yes,' describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted		
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Part VI		
5	Did the hospital facility make its Needs Assessment widely available to the public? If 'Yes,' indicate how the Needs Assessment was made widely available (check all that apply)		
a	<input type="checkbox"/> Hospital facility's website		
b	<input type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a	<input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If 'No,' explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? If 'Yes,' indicate the FPG family income limit for eligibility for free care _____%		X

Part V Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If 'Yes,' indicate the FPG family income limit for eligibility for discounted care <u> 200 </u> %	X	
11	Explained the basis for calculating amounts charged to patients? If 'Yes,' indicate the factors used in determining such amounts (check all that apply)	X	
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input checked="" type="checkbox"/> Other (describe in Part VI)		
12	Explained the method for applying for financial assistance?	X	
13	Included measures to publicize the policy within the community serviced by the hospital facility? If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply)	X	
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Part VI)		

ART VI

Billing and Collections

14	Did the hospital have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	X	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year		
a	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other actions (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year? If 'Yes,' check all collection actions in which the hospital facility or a third party engaged (check all that apply)	X	
a	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other actions (describe in Part VI)		
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply)		
a	<input checked="" type="checkbox"/> Notified patients of the financial assistance policy on admission		
b	<input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c	<input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d	<input checked="" type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance		
e	<input type="checkbox"/> Other (describe in Part VI)		

BAA

Part V Facility Information (continued)

NORTHEASTERN CENTER INPATIENT Copy 1 of 1

Policy Relating to Emergency Medical Care

18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
18	X	

If 'No,' indicate the reasons why (check all that apply)

- a** The hospital facility did not provide care for any emergency medical conditions
- b** The hospital facility did not have a policy relating to emergency medical care
- c** The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** Other (describe in Part VI)

Charges for Medical Care

19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)

- a** The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility
- b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility
- c** The hospital facility used the Medicare rate for those services
- d** Other (describe in Part VI)

ART VI

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

20		X

If 'Yes,' explain in Part VI

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient?

ART VI

21	X	
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If 'Yes,' explain in Part VI

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? 8

Name and address	Type of Facility (describe)
1 KENDALLVILLE OUTPATIENT CLINIC 1930 EAST DOWLING STREET KENDALLVILLE, IN 46755	OUTPATIENT MENTAL HEALTH CLINIC
2 AUBURN OUTPATIENT CLINIC 1800 WESLEY ROAD AUBURN, IN 46706	OUTPATIENT MENTAL HEALTH CLINIC
3 ANGOLA OUTPATIENT CLINIC 200 HOOSIER DRIVE SUITE E ANGOLA, IN 46703	OUTPATIENT MENTAL HEALTH CLINIC
4 LAGRANGE OUTPATIENT CLINIC 2155 NORTH STATE ROAD 9 LAGRANGE, IN 46761	OUTPATIENT MENTAL HEALTH CLINIC
5 PROMISE HOUSE 311 NORTH MAIN STREET KENDALLVILLE, IN 46755	RESIDENTIAL CRISIS CENTER
6 WILLIAMS STREET RESIDENTIAL 220 E WILLIAMS STREET KENDALLVILLE, IN 46755	RESIDENTIAL ADULT HOME
7 KENDALLVILLE CLUBHOUSE 409 LINCOLN STREET KENDALLVILLE, IN 46755	OUTPATIENT CLUBHOUSE
8 SPINDLER ADMINISTRATION PROGRAM 220 S MAIN STREET KENDALLVILLE, IN 46755	OUTPATIENT MENTAL HEALTH CLINIC & ADMINISTRATION OFFICES

BAA

Schedule H (Form 990) 2010

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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
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- 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

PART I, LINE 3C - CHARITY CARE ELIGIBILITY CRITERIA (FPG IS NOT USED)

THE NORTHEASTERN CENTER DOES PROVIDE DISCOUNTED CARE TO ITS LOW INCOME POPULATION.

THE DISCOUNTED OR ASSISTED CARE IS CALCULATED BASED ON THE FAMILY'S INCOME LEVEL

USING THE 200% OF FEDERAL POVERTY GUIDELINES AS THE STANDARD. UNDER SOME

CIRCUMSTANCES FAMILIES ARE GIVEN SPECIAL FEE REDUCTIONS OVER AND ABOVE THE 200%

GUIDELINES, DUE TO FINANCIAL HARDSHIPS THAT MIGHT BE AN OBSTACLE TO TREATMENT. SOME

REASONS TO FURTHER REDUCE THE CONSUMERS' CO-PAY PERCENTAGES MIGHT BE HIGH MEDICAL

BILLS, FAMILY CRISIS, OR LOSS OF JOB.

PART I, LINE 7 - EXPLANATION OF COSTING METHODOLOGY

THE COSTS WERE CALCULATED BASED ON THE RATIO OF PATIENT CARE COST TO CHARGE RATIO,

USING WORKSHEET (2) PER THE 2010 IRS INSTRUCTIONS FOR SCHEDULE H, FORM 990. ALSO,

THE ALLOWANCE FOR DOUBTFUL ACCOUNTS OR BAD DEBT IS DETERMINED BY MANAGEMENT BASED ON

THE CENTER'S HISTORICAL LOSSES, SPECIFIC PATIENT CIRCUMSTANCES AND GENERAL ECONOMIC

CONDITIONS. MANAGEMENT EVALUATES THE PATIENT ACCOUNTS RECEIVABLE AGING ON A MONTHLY

BASIS AND RECORDS A PROVISION FOR DOUBTFUL ACCOUNTS BASED ON CURRENT CIRCUMSTANCES

AND CHARGES OFF THE RECEIVABLE AGAINST THE ALLOWANCE WHEN ALL ATTEMPTS TO COLLECT

THE RECEIVABLE ARE DEEMED TO HAVE FAILED IN ACCORDANCE WITH THE CENTER'S COLLECTION

POLICY.

Part VI Supplemental Information

Complete this part to provide the following information

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS: THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS DETERMINED BY MANAGEMENT BASED UPON THE CENTER'S HISTORICAL LOSSES, SPECIFIC PATIENT CIRCUMSTANCES AND GENERAL ECONOMIC CONDITIONS. MANAGEMENT EVALUATES THE PATIENT ACCOUNTS RECEIVABLE AGING ON A MONTHLY BASIS AND RECORDS A PROVISION FOR DOUBTFUL ACCOUNTS BASED ON CURRENT CIRCUMSTANCES AND CHARGES OFF THE RECEIVABLE AGAINST THE ALLOWANCE WHEN ALL ATTEMPTS TO COLLECT THE RECEIVABLE ARE DEEMED TO HAVE FAILED IN ACCORDANCE WITH THE CENTER'S COLLECTION POLICY. IN ADDITION, THE ABOVE BAD DEBT AT COST WAS CALCULATED BASED ON THE RATIO OF PATIENT CARE COST TO CHARGE RATIO, USING WORKSHEET (2) PER THE 2010 IRS INSTRUCTIONS FOR SCHEDULE H, FORM 990.

PART III, LINE 8 - EXPLANATION OF SHORTFALL AS COMMUNITY BENEFIT

THE MEDICARE ALLOWABLE COSTS ARE REPORTED DIRECTLY FROM THE 2011 INPATIENT COST REPORT THAT IS ISSUED TO NATIONAL GOVERNMENT SERVICES ON AN ANNUAL BASIS. THE INPATIENT COST REPORT IS COMPLETED BY AN INDEPENDENT THIRD PARTY AND WILL BE AUDITED BY NATIONAL GOVERNMENT SERVICES AT A LATER DATE.

PART III, LINE 9B - PROVISIONS ON COLLECTION PRACTICES FOR QUALIFIED PATIENTS

A PERCENTAGE REDUCTION MAY BE GRANTED OR ASSISTED TO EACH CONSUMER BASED ON THEIR INCOME AND ABILITY TO PAY. THE CONSUMERS' OBLIGATION CAN BE AFFECTED BY THE TERMS OF A THIRD PARTY AGREEMENT. IN SOME CASES IT IS REQUIRED THAT PAYMENT BY THE THIRD PARTY BE ACCEPTED AS PAYMENT IN FULL IN WHICH CASE THE PATIENT DOES NOT HAVE AN

Part VI Supplemental Information

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PART III, LINE 9B - PROVISIONS ON COLLECTION PRACTICES FOR QUALIFIED PATIENTS (C

OBLIGATION, AS IS THE CASE WITH A CONSUMER WITH MEDICAID WHO IS COVERED UNDER

SECTION 447.15 OF THE CODE OF FEDERAL REGULATIONS. IMMEDIATELY UPON CONCLUSION OF

THIRD PARTY PAYMENT, THE CONSUMER'S ACCOUNT WILL BE REVIEWED AND ADJUSTED FOR

APPROPRIATE LEVELS OF ASSISTANCE, AND A BILLING STATEMENT WILL BE GENERATED AND SENT

TO THE ADDRESS ON RECORD. IF WITHIN THIRTY DAYS OF SENDING A BILLING STATEMENT NO

PAYMENT IS RECEIVED, THE ACCOUNT SHALL BE PLACED INTO DELIQUENCY AND THE FOLLOWING

STEPS WILL THEN BE TAKEN: 1) A WRITTEN LETTER PROMPTING PAYMENT. 2) 30 DAYS LATER A

SECOND LETTER PROMPTING PAYMENT. 3) 30 DAYS LATER A THIRD LETTER PROMPTING PAYMENT

AND A FOLLOW UP PHONE CALL. 4) 30 DAYS LATER THE ACCOUNT WILL BE TURNED OVER TO

COLLECTIONS.

PART V, LINE 11H - OTHER FACTORS USED IN DETERMINING AMOUNTS CHARGED PATIENTS

THE LEVEL OF INCOME IS FIRST USED TO DETERMINE THE AMOUNT OF ASSISTANCE THAT EACH

NON-INSURED CONSUMER WILL RECEIVE. IF THE CONSUMER IS STILL UNABLE TO MEET THE

CO-PAYS ESTABLISHED, DUE TO EXTENUATING CIRCUMSTANCES, THEN A SPECIAL FEE REDUCTION

MAY BE REQUESTED AND GRANTED.

PART V, LINE 19D - OTHER BILLING DETERMINATION OF INDIVIDUALS WITHOUT INSURANCE

INPATIENT ASSISTANCE MAY BE GRANTED WHEN NO THIRD PARTY PAYOR IS AVAILABLE. THE

PERCENTAGE OF ASSISTANCE GIVEN IS BASED ON THE CONSUMER'S LEVEL OF INCOME.

ASSISTANCE OR SLIDING FEE SCALE IS THEN APPLIED BASED ON THE STANDARD SET FORTH IN

Part VI Supplemental Information

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PART V, LINE 19D - OTHER BILLING DETERMINATION OF INDIVIDUALS WITHOUT INSURANCE (CONTINUED)

THE INPATIENT ASSISTANCE/ CHARITY CARE POLICY, FI1125.

PART V, LINE 21 - CHARGE PATIENTS AMOUNT EQUAL GROSS CHARGE FOR SERVICES

AS STATED IN THE CHARITY CARE POLICY FI1125, SECTION 2.1: ANYONE WHO HAS INCOME GREATER THAN OR EQUAL TO \$60,000 SHALL NOT RECEIVE ASSISTANCE.

IT IS STANDARD PRACTICE THAT ANYONE WHO WILL NOT DISCLOSE THEIR INCOME LEVEL OR INSURANCE COMPANY IS ALSO CHARGED AT 100%, AS ARE CONSUMERS WHOSE CHARGES ARE USED TO MEET THEIR DEDUCTIBLE.

PART VI - NEEDS ASSESSMENT

THE NORTHEASTERN CENTER ASSESSES COMMUNITY NEEDS THROUGH SURVEYS CIRCULATED AND

COMPLETED BY EXISTING CONSUMERS AND REFERRAL SOURCES, AS WELL AS THE COMMUNITY IN

GENERAL. CONSUMER SURVEYS ARE ONGOING WHILE COMMUNITY SURVEYS ARE DONE PERIODICALLY.

PART VI - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

ALL NEW ADMITTING CONSUMERS RECEIVE AN INTAKE PACKET THAT IS TO BE REVIEWED BEFORE

THEIR FIRST INTAKE APPOINTMENT. AMONG OTHER THINGS, THE PACKET INCLUDES A COPY OF

THE SLIDING FEE SCALE THAT IS USED TO DETERMINE THE AMOUNT THAT EACH CONSUMER WILL

BE RESPONSIBLE TO PAY FOR EACH VISIT. AT INTAKE THE CONSUMER IS REQUIRED TO BRING IN

VERIFICATION OF INCOME TO SUBSTANTIATE THEIR FINANCIAL NEED. THIS HELPS STAFF

DETERMINE ASSISTANCE ELIGIBILITY AS WELL AS HELPS TO EDUCATE THE CONSUMER AGAIN ON

THEIR ASSISTANCE LEVELS AND PAYMENT OPTIONS. AT THE END OF THE ADMISSION PROCESS THE

CONSUMER INITIALS THAT THEY HAVE BEEN INFORMED OF THEIR CLIENT RESPONSIBILITY TO PAY

AND THAT THEY UNDERSTAND THEIR ASSISTANCE LEVEL. THE THERAPISTS AND CASE

Part VI Supplemental Information

Complete this part to provide the following information

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PART VI - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE (CONTINUED)

FACILITATORS WORK WITH THE CONSUMERS TO ENSURE THAT THE CONSUMERS, WHO ARE ELIGIBLE FOR GOVERNMENT INSURANCE, ARE ENROLLED AND FULLY COVERED. THE NORTHEASTERN CENTER DOES NOT DENY SERVICE TO A CONSUMER BASED ON THIER ABILITY TO PAY.

PART VI - COMMUNITY INFORMATION

NORTHEASTERN CENTER OFFERS MENTAL HEALTH SERVICES IN FOUR PRIMARY NORTHEASTERN INDIANA COUNTIES, NOBLE, LAGRANGE, STEUBEN AND DEKALB. ALL FOUR COUNTIES ARE PRIMARILY RURAL WITH APPROXIMATELY 161,000 TOTAL RESIDENTS. THE MOST CURRENT AVAILABLE CENSUS BUREAU INFORMATION REPORTS THE AVERAGE HOUSEHOLD INCOME IS \$45,000 WITH APPROXIMATELY 13% OF RESIDENTS LIVING BELOW THE FEDERAL POVERTY GUIDELINES. THE NORTHEASTERN CENTER STRIVES TO BRING PROFESSIONAL STAFF TO THIS MEDICALLY UNDERSERVED COMMUNITY.

PART VI - STATES WHERE COMMUNITY BENEFIT REPORT FILED

IN

ADDITIONAL INFORMATION

THE NORTHEASTERN CENTER IS GOVERNED BY A VOLUNTEER BOARD WHO COMES FROM MANY WALKS OF LIFE. ALL BOARD MEMBERS LIVE WITHIN THE FOUR COUNTY AREA AND ARE DEEPLY COMMITTED TO THEIR INDIVIDUAL COMMUNITIES AS WELL AS TO THE NORTHEASTERN CENTER AS A WHOLE. THE BOARD AND EMPLOYEES OF NORTHEASTERN CENTER WORK DILIGENTLY TO ENSURE THAT THE CENTER REMAINS A VIABLE COMMUNITY MENTAL HEALTH CENTER WITHIN THE COUNTIES. ALL

Part VI Supplemental Information

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ADDITIONAL INFORMATION (CONTINUED)

ANNUAL SURPLUS FUNDS ARE REINVESTED BACK INTO THE NORTHEASTERN CENTER IN ORDER TO PROVIDE FURTHER SERVICES AND OPPORTUNITIES FOR GROWTH IN THE YEARS TO COME. THROUGH THESE SURPLUSES, THE NORTHEASTERN CENTER IS ABLE TO CONDUCT AND PARTICIPATE IN NUMEROUS COMMUNITY ACTIVITIES THROUGHOUT THE YEAR. THE MAIN GOAL OF THESE ACTIVITIES IS TO INCREASE AWARENESS OF SERVICES, OVERCOME STIGMAS ASSOCIATED WITH MENTAL HEALTH, AND TO PRESENT SERVICE ACCESS TO THE COMMUNITY. COMMUNITY ACTIVITIES INCLUDE: PROVIDING SCREENINGS AT VARIOUS COMMUNITY HEALTH FAIRS WITH AN EMPHASIS ON A NUMBER OF DIFFERENT AREAS INCLUDING GENERAL MENTAL HEALTH AWARENESS, ADDICTIONS, GERIATRICS, ADOLESCENTS, EDUCATION AND CORPORATE EVENTS. THERE ARE NUMEROUS YOUTH EVENTS GEARED TOWARD MENTAL HEALTH AWARENESS INCLUDING THE LOCAL SCIENCE FAIR SPONSORSHIP AND THE JANE GEORGE SCHOLARSHIP, WHICH PROVIDES A SCHOLARSHIP TO A LOCAL GRADUATING SENIOR PURSUING A CAREER IN MENTAL HEALTH. THE NORTHEASTERN CENTER ALSO PUT ON MORE THAN SIXTY PRESENTATIONS OF KIDS ON THE BLOCK AND LITTLE BEAR TO OVER 1,300 SCHOOL CHILDREN IN OUR FOUR COUNTY AREA. BOTH PROGRAMS FOCUS ON CHALLENGES SIGNIFICANT TO CHILDREN, SUCH AS CHILD ABUSE, BULLYING AND DRUG USE. THE NORTHEASTERN CENTER IS FACED WITH SEVERAL SERVICE HURDLES DUE TO ITS RURAL SERVICE AREA. RECRUITMENT OF QUALIFIED STAFF INCLUDING PHYSICIANS IS AN ONGOING CHALLENGE. THE NORTHEASTERN CENTER WORKS DILIGENTLY TO HIRE QUALITY MENTAL HEALTH PROFESSIONALS TO PROVIDE SERVICES TO A POPULATION WHO IS GREATLY UNDER SERVED. THE OTHER LARGE

Part VI Supplemental Information

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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

ADDITIONAL INFORMATION (CONTINUED)

CHALLENGE IS CONSUMER TRANSPORTATION. WITH LITTLE OPTION FOR PUBLIC TRANSPORTATION
 NORTHEASTERN CENTER MAINTAINS ITS OWN FLEET OF VANS WHICH TRANSPORTS CONSUMERS TO
 VARIOUS PROGRAMS AND APPOINTMENTS. IN ADDITION, NORTHEASTERN CENTER IS REWARDED WITH
 MANY VOLUNTEER DRIVERS WHO TRAVEL MORE THAN 10,000 MILES PER YEAR TRANSPORTING
 CONSUMERS.

**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, line 23.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

**Open to Public
Inspection**

Name of the organization

NORTHEASTERN CENTER INC

Employer identification number

35-1403134

Part I Questions Regarding Compensation

1 a Check the appropriate 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

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If 'No,' complete Part III to explain

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?

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

- | | |
|--|---|
| <input type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> 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?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?
 If 'Yes' to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only section 501(c)(3) and 501(c)(4) organizations 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?
b Any related organization?
 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?
b Any related organization?
 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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If 'Yes,' describe in Part III

9 If 'Yes' to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2010

Part III 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 and incentive compensation	(iii) Other reportable compensation				
JERRY HOLLISTE	166,282	0	81,709	14,555	7,014	269,560	0
1 (i)	0	0	0	0	0	0	0
1 (ii)	167,794	0	0	9,365	2,981	180,140	0
2 (i)	0	0	0	0	0	0	0
2 (ii)	235,703	20,000	0	3,899	7,556	267,158	0
3 (i)	0	0	0	0	0	0	0
3 (ii)							
4 (i)							
4 (ii)							
5 (i)							
5 (ii)							
6 (i)							
6 (ii)							
7 (i)							
7 (ii)							
8 (i)							
8 (ii)							
9 (i)							
9 (ii)							
10 (i)							
10 (ii)							
11 (i)							
11 (ii)							
12 (i)							
12 (ii)							
13 (i)							
13 (ii)							
14 (i)							
14 (ii)							
15 (i)							
15 (ii)							
16 (i)							
16 (ii)							

SCHEDULE K
 (Form 990)

Supplemental Information on Tax Exempt Bonds

Department of the Treasury
 Internal Revenue Service

▶ Complete if the organization answered 'Yes' to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part V.
 ▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization: **NORTHEASTERN CENTER INC**
 Employer identification number: **35-1403134**

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A INDIANA DEVELOPMENT FINANC	35-1602316	454909DR0	7/24/2003	1,825,000.	QUALIFIED 501(C) (3) BOND TO C		X		X		X
B											
C											
D											

Part II Proceeds

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired								
2 Amount of bonds legally defeased								
3 Total proceeds of issue		1,825,000.						
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds		36,500.						
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds		1,788,500.						
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion		2005						
14 Were the bonds issued as part of a current refunding issue?		X						
15 Were the bonds issued as part of an advance refunding issue?		X						
16 Has the final allocation of proceeds been made?	X							
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X						

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule K (Form 990) 2010

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b Are there any research agreements that may result in private business use of bond-financed property?		X						
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?	X							
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a GIC?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X						
6 Did the bond issue qualify for an exception to rebate?	X							

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No 1545-0047

2010

Open To Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organizations answered 'Yes'**
on Form 990, Part IV, lines 29 or 30.
▶ **Attach to Form 990.**

Name of the organization

Employer identification number

NORTHEASTERN CENTER INC

35-1403134

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles	X	1	31,274.	MARKET VALUE
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (_____)				
26 Other ▶ (_____)				
27 Other ▶ (_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

b If 'Yes,' describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b If 'Yes,' describe in Part II

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

	Yes	No
30 a		X
31	X	
32 a		X

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) 2010

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No 1545-0047

2010

Department of the Treasury
Internal Revenue Service

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



Name of the organization

NORTHEASTERN CENTER INC

Employer identification number

35-1403134

FORM 990, PART III, LINE 1 - ORGANIZATION MISSION

NORTHEASTERN CENTER HELPS INDIVIDUALS IN EMOTIONAL AND MENTAL DISTRESS ACHIEVE HEALING THROUGH ACCESSIBLE, AFFORDABLE, AND QUALITY BEHAVIORAL HEALTH SERVICES AND PROVIDES CHARITY CARE TO THOSE WHO ARE UNABLE TO PAY. THE NORTHEASTERN CENTER GAVE CONSUMERS A TOTAL OF \$6,379,658 IN CHARITY CARE RELIEF FOR FISCAL YEAR 2011.

FORM 990, PART III, LINE 3 - CEASED CONDUCTING OR SIGNIFICANT CHANGES TO SERVICES

AS A RESULT OF SIGNIFICANT CHANGES TO THE MEDICAID CODE, THE ACT TEAM MEETINGS AND THE CLUBHOUSE DAYS BECAME UNALLOWABLE SERVICES UNDER THE NEW RULES. THESE TWO SERVICES ALONG WITH OTHER MODIFICATIONS TO THE MEDICAID REGULATIONS REDUCED TOTAL MEDICAID REVENUES FROM 35% OF TOTAL REVENUE DOLLARS DOWN TO 24%, OR A LOSS IN MEDICAID DOLLARS OF APPROXIMATELY \$1,578,000.

FORM 990, PART III, LINE 4C - PROGRAM SERVICE ACCOMPLISHMENTS

RESIDENTIAL SERVICES: THE RESIDENTIAL SERVICES ARE COMPRISED OF FOUR ADULT RESIDENTIAL HOMES. TWO OF THE ADULT HOMES ARE HUD HOMES. THEY PROVIDE UP TO 14 BEDS FOR SHORT OR LONG-TERM STAYS FOR MEN AND WOMEN WITH LOW INCOME, CHRONIC MENTAL HEALTH NEEDS AND SUBSTANCE ABUSE ADDICTIONS. SERVICES FOR THESE HOMES INCLUDE 24 HOUR SUPERVISION, SKILL BUILDING TRAININGS FOR GREATER INDEPENDENCE, AND SPECIALIZED SERVICES TO ADDRESS CHEMICAL ADDICTIONS.

THE PROMISE HOUSE IS A TEMPORARY CRISIS HOUSE. RESIDENTS WHO RESIDE HERE REQUIRE RESPITE CARE, ON-GOING STABILIZATION SKILLS AND EMOTIONAL SUPPORT. THE 24 HOURS PER DAY, 7 DAYS PER WEEK STAFF, TRAINED IN CRISIS MANAGEMENT, WORK WITH THESE CONSUMERS UNTIL THEY ARE ABLE TO INDEPENDENTLY MOVE BACK INTO THEIR COMMUNITY.

THE FOURTH RESIDENTIAL HOME IS AN INDEPENDENT GROUP LIVING HOUSE. RESIDENTS WHO RESIDE HERE ARE WORKING TOWARD INDEPENDENT LIVING. TECHNICIANS ARE AVAILABLE FOR DAILY SKILLS TRAINING AND TO PROVIDE SOME SUPERVISION, BUT RESIDENTS GENERALLY ARE SELF-SUFFICIENT AND SOMETIMES EMPLOYED. DURING THE YEAR ENDED JUNE 30, 2011 THE

Name of the organization

NORTHEASTERN CENTER INC

Employer identification number

35-1403134

FORM 990, PART III, LINE 4C - PROGRAM SERVICE ACCOMPLISHMENTS

RESIDENTIAL PROGRAM PROVIDED HOUSING FOR 79 CONSUMERS AND PROVIDED \$413,301 IN CHARITY CARE SERVICES.

FORM 990, PART III, LINE 4D - OTHER PROGRAM SERVICES DESCRIPTION

OTHER SERVICES: PARTIAL HOSPITALIZATION OR CLUBHOUSE SERVICES

THE CLUBHOUSE SERVED 118 CONSUMERS IN FISCAL YEAR 2011. THE CONSUMERS OR CLUBHOUSE MEMBERS SHARE WORK ORDERED ACTIVITIES WITH TRAINED STAFF TO SUPPORT THE DAILY OPERATIONS OF THE CLUBHOUSE. BY TAKING PART IN THE MANAGEMENT AND THE DAILY OPERATIONS, THE MEMBERS ACHIEVE NEW CONFIDENCES THROUGH INCREASING THEIR SELF-ESTEEM ALONG WITH BUILDING SOCIAL AND INDEPENDENT LIVING SKILLS. MEMBERS GAIN THE ENJOYMENT OF NEW RELATIONSHIPS AND THE FEELING OF BELONGING. ALTHOUGH NO LONGER A PAID MEDICAID PROGRAM, THE NORTHEASTERN CENTER CONTINUES TO PROVIDE THIS PROGRAM TO BE ABLE TO OFFER ACCESS AND GROWTH FOR THIS POPULATION. DURING FISCAL YEAR 2011 \$1,232,075 WAS PROVIDED IN CHARITY CARE. TRANSPORTATION IS AVAILABLE DAILY.

FORM 990, PART VI, LINE 11B - FORM 990 REVIEW PROCESS

PRIOR TO FILING THE 990 WITH THE IRS, A COPY OF THE 990 WITH ALL APPLICABLE SCHEDULES WAS PRESENTED TO THE FULL GOVERNING BOARD.

FORM 990, PART VI, LINE 12C - EXPLANATION OF MONITORING AND ENFORCEMENT OF CONFLICTS

ANNUAL DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST ARE OBTAINED FROM ALL OFFICERS, DIRECTORS, AND KEY EMPLOYEES. THE GOVERNING BOARD REVIEWS ALL POTENTIAL CONFLICTS OF INTEREST. IF A CONFLICT IS DEEMED TO EXIST, THE INDIVIDUAL MUST CEASE ACTIVITY GIVING RISE TO THE CONFLICT OR CEASE ASSOCIATION WITH THE AGENCY.

FORM 990, PART VI, LINE 15A - COMPENSATION REVIEW & APPROVAL PROCESS FOR CEO, EXEC. DIR., OR TOP MGT

THE EXECUTIVE COMMITTEE OF THE GOVERNING BOARD IS CHARGED WITH OVERSEEING COMPENSATION OF THE ORGANIZATION'S CEO IN ACCORDANCE WITH THE INTERNAL COMPENSATION POLICY ESTABLISHED BY THE GOVERNING BOARD. COMPENSATION FOR THE CEO IS DETERMINED IN

Name of the organization

NORTHEASTERN CENTER INC

Employer identification number

35-1403134

FORM 990, PART VI, LINE 15A - COMPENSATION REVIEW & APPROVAL PROCESS FOR CEO, EXEC. DIR., OR TOP MGT

CONSULTATION WITH A COMPARABILITY SURVEY CONDUCTED BY THE INDIANA COUNCIL OF COMMUNITY MENTAL HEALTH CENTERS FOR ALL MENTAL HEALTH CENTERS IN THE STATE OF INDIANA. THE CEO'S CONTRACT WAS RENEWED IN 2010. A REVIEW OF THE CEO'S CONTRACT IS CONDUCTED ANNUALLY AND IS DOCUMENTED IN MINUTES MAINTAINED BY THE GOVERNING BOARD. THE LAST REIVEW WAS CONDUCTED IN NOVEMBER OF 2010.

FORM 990, PART VI, LINE 15B - COMPENSATION REVIEW & APPROVAL PROCESS FOR OFFICERS & KEY EMPLOYEES

THE ORGANIZATION'S CEO AND HUMAN RESOURCE DIRECTOR DETERMINE THE SALARY RANGE PROVIDED FOR THE ORGANIZATION'S MEDICAL DIRECTOR. THIS DETERMINATION IS BASED ON COMPARABILITY DATA PROVIDED BY THE INDIANA COUNCIL OF COMMUNITY MENTAL HEALTH CENTERS AND IS THE RESULT OF A SURVEY OF ALL MENTAL HEALTH CENTERS IN THE STATE OF INDIANA. GENERAL MARKET CONDITIONS MAY ALSO CONTRIBUTE TO THE NEGOTIATED SALARY AMOUNT. THE COMPENSATION IS SET IN A SIGNED, WRITTEN CONTRACT, WHICH WAS LAST UPDATED IN 2010.

FORM 990, PART VI, LINE 19 - OTHER ORGANIZATION DOCUMENTS PUBLICLY AVAILABLE

THE AGENCY, AT A FEE ALLOWED BY LAW, AND UPON REQUEST, PROVIDES COPIES OF ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

NORTHEASTERN CENTER INC

Employer identification number

35-1403134

OMB No 1545-0047

2010

Open to Public Inspection

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.

Part II Identification of Disregarded Entities (Complete if the organization answered 'Yes' to 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
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

Part III Identification of Related Tax-Exempt Organizations (Complete if the organization answered 'Yes' to 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) Sec 512(b)(13) controlled entity?	
						Yes	No
(1) <u>COMMUNITY CENTER FOUNDATION</u> <u>PO BOX 817</u>							
(2) <u>KENDALLVILLE, IN 46755</u> <u>35-1837246</u>	<u>ASSISTANCE</u>	<u>IN</u>	<u>501(C) (3)</u>	<u>9</u>	<u>N/A</u>		<u>X</u>
(3) <u>PIONEER LODGE INC</u> <u>PO BOX 817</u>							
(4) <u>KENDALLVILLE, IN 46755</u> <u>35-1937581</u>	<u>HOUSING</u>	<u>IN</u>	<u>501(C) (3)</u>	<u>9</u>	<u>N/A</u>		<u>X</u>
(5) <u>PIONEER LODGE II INC</u> <u>PO BOX 817</u>							
(6) <u>KENDALLVILLE, IN 46755</u> <u>35-1937580</u>	<u>HOUSING</u>	<u>IN</u>	<u>501(C) (3)</u>	<u>9</u>	<u>N/A</u>		<u>X</u>
(7) -----							

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered 'Yes' to 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) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												
(2) -----												
(3) -----												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered 'Yes' to 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
(2) -----							
(3) -----							

Part V Transactions With Related Organizations (Complete if the organization answered 'Yes' to 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 of this schedule

1 During the tax year did the organization 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

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

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' to 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) Disproportionate 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
(1) ----- ----- ----- -----										
(2) ----- ----- ----- -----										
(3) ----- ----- ----- -----										
(4) ----- ----- ----- -----										
(5) ----- ----- ----- -----										
(6) ----- ----- ----- -----										
(7) ----- ----- ----- -----										
(8) ----- ----- ----- -----										

Part VII Supplemental Information

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

Area with horizontal dashed lines for supplemental information.

NORTHEASTERN CENTER INC

35-1403134

FORM 990, PART XI, LINE 5
OTHER CHANGES IN NET ASSETS OR FUND BALANCES

CHANGE IN VALUE OF BENEFICIAL INTEREST

TOTAL \$ 55,649.
\$ 55,649.

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension -- check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print	Name of exempt organization NORTHEASTERN CENTER INC	Employer identification number 35-1403134
File by the due date for filing your return See instructions.	Number, street, and room or suite number If a P.O. box, see instructions. PO BOX 817	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions KENDALLVILLE, IN 46755	

Enter the Return code for the return that this application is for (file a separate application for each return)..... 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

● The books are in the care of . ▶ DEB GALBRAITH -----

Telephone No. ▶ (260) 347-2453 ----- FAX No. ▶ -----

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 2/15, 20 12, to file the exempt organization return for the organization named above
The extension is for the organization's return for:

- ▶ calendar year 20 ____ or
- ▶ tax year beginning 7/01, 20 10, and ending 6/30, 20 11.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	3a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	\$	0.
c Balance due. Subtract line 3b from line 3a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	3c	\$	0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

Consolidated Financial Statements

**Northeastern Center, Inc.
and Affiliates**

June 30, 2011 and 2010

NORTHEASTERN CENTER, INC. AND AFFILIATES

Consolidated Financial Statements
June 30, 2011 and 2010

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Certified Public Accountants • Business Consultants

Independent Auditors' Report

Board of Directors
Northeastern Center, Inc. and Affiliates
Kendallville, Indiana

We have audited the accompanying consolidated statement of financial position of Northeastern Center, Inc. and Affiliates (a nonprofit organization) as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Northeastern Center, Inc. and Affiliates as of June 30, 2010, were audited by other auditors whose report dated September 20, 2010, expressed an unqualified opinion on those consolidated statements. We did not audit the financial statements of Opportunity Apartment, Inc., a wholly owned subsidiary, which statements reflect total assets of \$588,568 and \$603,652 as of June 30, 2011 and 2010, and total support and revenues of \$147,537 and \$143,592 for the years then ended. Those statements were audited by other auditors whose report has been furnished to us and the predecessor auditors, and our opinion, insofar as it relates to the amounts included for Opportunity Apartments, Inc., is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011, on our consideration of Northeastern Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements. The 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 not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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.

Baden, Gage & Schroeder, LLC

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
September 29, 2011

NORTHEASTERN CENTER, INC. AND AFFILIATES

Consolidated Statements of Financial Position June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 4,841,913	\$ 4,254,511
Cash - restricted	5,020	5,338
Certificates of deposit	1,246,928	980,856
Patient accounts receivable, net of allowances of \$286,216 in 2011 and \$259,880 in 2010	777,354	865,591
Receivable - other	877,000	518,204
Prepaid expenses	<u>103,240</u>	<u>116,140</u>
Total Current Assets	7,851,455	6,740,640
PROPERTY AND EQUIPMENT	8,935,407	9,065,690
LESS: Accumulated depreciation	<u>4,489,237</u>	<u>4,195,844</u>
Net Property and Equipment	4,446,170	4,869,846
OTHER ASSETS		
Certificates of deposit - long-term	298,653	818,967
Bond costs, net of accumulated amortization of \$81,794 in 2011 and \$73,778 in 2010	92,530	102,323
Land available for sale	72,571	-
Assets limited as to use	131,794	138,929
Beneficial interest in assets held by community foundations	<u>348,229</u>	<u>292,581</u>
Total Other Assets	<u>943,777</u>	<u>1,352,800</u>
TOTAL ASSETS	<u>\$ 13,241,402</u>	<u>\$ 12,963,286</u>

See Notes to Consolidated Financial Statements.

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 110,344	\$ 109,896
Security deposits	4,270	4,641
Accounts payable	115,548	179,346
Accrued wages and benefits	364,295	352,264
Accrued other expenses	367,499	163,153
Deferred income	31,119	-
MRO match liability	52,920	63,112
Estimated third-party payor settlements	<u>538,000</u>	<u>745,650</u>
Total Current Liabilities	1,583,995	1,618,062
LONG-TERM DEBT (Net of current maturities)	<u>1,679,160</u>	<u>1,989,504</u>
Total Liabilities	3,263,155	3,607,566
NET ASSETS		
Unrestricted net assets	9,569,188	8,970,325
Unrestricted - board designated	<u>348,229</u>	<u>292,579</u>
Total Unrestricted Net Assets	9,917,417	9,262,904
Temporarily restricted	<u>60,830</u>	<u>92,816</u>
Total Net Assets	<u>9,978,247</u>	<u>9,355,720</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,241,402</u>	<u>\$ 12,963,286</u>

NORTHEASTERN CENTER, INC. AND AFFILIATES

Consolidated Statements of Activities Years Ended June 30, 2011 and 2010

	2011	2010
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenue		
Net patient service revenues	\$ 6,213,110	\$ 8,255,325
	3,327,564	2,711,466
	933,135	902,957
Outreach program	549,048	570,488
Disproportionate share revenue	153,600	142,890
Other	305,413	298,377
Net assets released from restrictions	38,807	37,582
Total Revenue	11,520,677	12,919,085
Operating Expenses		
Salaries and wages	6,589,677	6,832,278
Employee benefits	1,388,314	1,630,386
Operating expenses	730,342	865,717
Office expense	487,630	643,503
Travel and transportation	271,604	291,249
Other expenses	84,468	98,911
Purchased services	286,416	815,195
Building expenses	376,755	393,584
Bad debt expense	357,748	396,316
Depreciation and amortization	395,276	410,241
Fundraising	1,438	2,551
Total Operating Expenses	10,969,668	12,379,931
Operating Income Before Other Income (Deductions)	551,009	539,154
Other Income (Deductions)		
Interest income	33,746	32,386
Gain on disposal of property and equipment	3,541	10,059
Finance charges	10,568	18,247
Change in beneficial interest	55,649	15,450
Total Other Income (Deductions)	103,504	76,142
CHANGE IN UNRESTRICTED NET ASSETS	654,513	615,296
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Grants	-	29,623
Contributions	6,821	4,286
Net assets released from restrictions	(38,807)	(37,582)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(31,986)	(3,673)
CHANGE IN NET ASSETS	622,527	611,623
NET ASSETS, BEGINNING OF YEAR	9,355,720	8,744,097
NET ASSETS, END OF YEAR	\$ 9,978,247	\$ 9,355,720

See Notes to Consolidated Financial Statements.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Consolidated Statements of Cash Flows Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 622,527	\$ 611,623
Adjustments to Reconcile Net Income to Net Cash Provided By		
Operating Activities:		
Depreciation and amortization	385,482	399,793
Amortization of debt issuance costs	9,794	10,448
Gain on disposal of property and equipment	(3,541)	(10,059)
Bad debt expense	357,748	395,912
Change in beneficial interest	(55,649)	(15,450)
(Increase) Decrease in Assets:		
Patient accounts receivable	(269,511)	30,357
Other receivables	(358,796)	1,014,817
Prepaid expenses	12,900	(17,672)
Increase (Decrease) in Liabilities:		
Accounts payable	(63,798)	(59,249)
Accrued wages and benefits	12,031	22,824
Other current liabilities	17,623	(324,084)
Net security deposits	(53)	(525)
Net Cash Provided By Operating Activities	666,757	2,058,735
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,545,581)	(1,799,823)
Proceeds from the sale of investments	1,799,823	1,495,262
Proceeds from the sale of equipment	2,300	18,250
Purchase of property and equipment	(33,136)	(135,442)
Change in assets limited as to use	7,135	(96,032)
Net Cash Provided By (Used In) Investing Activities	230,541	(517,785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for debt issuance costs	-	(47,422)
Proceeds from issuance of long-term debt	-	810,000
Reduction of long-term debt	(309,896)	(753,197)
Net Cash Provided By (Used In) Financing Activities	(309,896)	9,381
NET INCREASE IN CASH	587,402	1,550,331
CASH, BEGINNING OF YEAR	4,254,511	2,704,180
CASH, END OF YEAR	\$ 4,841,913	\$ 4,254,511
SUPPLEMENTARY INFORMATION:		
Cash paid for interest	\$ 39,932	\$ 74,141

See Notes to Consolidated Financial Statements.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 1. Significant Accounting Policies

Organization and Nature of Business:

Northeastern Center, Inc. and Affiliates ("Northeastern") is an Indiana not-for-profit organization that provides mental health services to the counties of LaGrange, Steuben, Noble and DeKalb. Northeastern is the sole member, and exercises control over four other not-for-profit organizations: Opportunity Apartments, Inc., Pioneer Lodge, Inc., Pioneer Lodge II, Inc., and Community Center Foundation, Inc. (collectively the "Affiliates").

Opportunity Apartments, Inc., Pioneer Lodge, Inc., and Pioneer Lodge II, Inc. provide housing for chronically mentally disabled persons and were financed with mortgage loans from the U.S. Department of Housing and Urban Development ("HUD").

Community Center Foundation, Inc. ("Foundation") exists to support the programming and other operations of Northeastern Center, Inc. Foundation is considered to be a public foundation pursuant to the Internal Revenue Services determination.

The following is a summary of the accounting policies adopted by Northeastern and Affiliates (individually and collectively referred to as the "Center"), which have a significant effect on the consolidated financial statements.

Basis of Accounting:

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of Northeastern Center, Inc. and Affiliates. All inter-organization accounts and transactions have been eliminated in consolidation.

Basis of Presentation:

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.

Unrestricted Net Assets: Unrestricted net assets include expendable resources over which the Center's Board of Directors has discretionary control and are used to carry out the Centers' operations in accordance with its bylaws.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Center.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) **June 30, 2011 and 2010**

Note 1. Significant Accounting Policies (Continued)

Basis of Presentation (Continued):

Permanently Restricted Net Assets: Permanently restricted net assets include resources subject to donor-imposed stipulations that they be maintained permanently by the Center. The Center does not have permanently restricted net assets.

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 and the reported amounts of revenues and expenses during the reporting period. Areas where significant estimates, that are sensitive to changes in the near term, are used in the accompanying consolidated financial statements include the allowance for uncollectible accounts, estimated third-party contractual allowances and contractual adjustments, estimated third-party payor settlements (Medicare and Medicaid), and self-funded medical claims incurred but unpaid. Actual results could differ from those estimates.

Cash:

The Center maintains its cash in bank deposit accounts which, at various times throughout the years ended June 30, 2011 and 2010, exceeded federally insured limits.

Restricted Cash:

Restricted cash consists of tenant security deposits of the Affiliates. The Affiliates receive and hold security deposits for tenants until their lease termination, at which time the security deposits may be refunded under certain conditions. The restricted cash is reported as an asset with the corresponding amount reported as a liability in the consolidated statements of financial position.

Certificates of Deposit:

Certificates of deposit are in accounts that are federally insured up to \$250,000 per financial institution. The certificates of deposit are recorded at cost. These investments have maturity dates ranging from 12-months to 24-months.

Patient Accounts Receivable:

The Center accounts for receivables based on the amounts billed to individuals and third-party payors for mental health services and apartment rentals provided to patients. Contractual adjustments, discounts, and an allowance for uncollectible accounts are recorded to report receivables for these services at their net realizable value. Past due receivables are determined based upon contractual terms. The Center does not accrue interest on any of its patient accounts receivable, except for private pay patient accounts receivable. For those accounts that have aged out over thirty days without payment, the Center assesses a finance charge. Additional charges are assessed each following month on the unpaid balance.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) **June 30, 2011 and 2010**

Note 1. Significant Accounting Policies (Continued)

Allowance for Uncollectible Accounts:

The allowance for uncollectible accounts is determined by management based upon the Center's historical losses, specific patient circumstances and general economic conditions. Management evaluates the patient accounts receivable aging on a monthly basis and records a provision for uncollectible accounts based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the Center's collection policy. Management believes the allowance of \$286,216 and \$259,880 as of June 30, 2011 and 2010, respectively, is adequate to cover potential losses from uncollectible accounts.

Property and Equipment:

Property and equipment is recorded at cost or, if received by donation, at fair value at the date of the gift. Items with a cost or value of \$5,000 or more and a useful life of one year or more are capitalized. The Affiliates each use \$500 as their level of expenditure for determining whether or not to capitalize and depreciate property and equipment. Additions and improvements that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method based on estimated useful lives of the related assets. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Impairment of Long-Lived Assets:

On an ongoing basis, the Center reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Center recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2011 and 2010, management believes that no impairment existed.

Assets Limited As To Use:

Assets limited as to use consist of the Affiliates' funded reserve accounts required by HUD for capital repairs and replacements.

Debt Issuance Costs:

The costs associated with the issuance of debt are deferred and are being amortized over the life of the related debt using the effective-interest method. One of the Affiliates refinanced its mortgage with HUD. Capitalized costs as of June 30, 2011 and 2010, related to this 2010 refinancing totaled \$46,021 and \$47,422, respectively. These costs will be amortized using the effective-interest method over the life of the mortgage.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) June 30, 2011 and 2010

Note 1. Significant Accounting Policies (Continued)

Beneficial Interest in Assets Held by Community Foundations:

The beneficial interest is recorded at fair value. The Center reflects the changes in the fair value as other income or deductions in the consolidated statements of activities.

Net Patient Service Revenues:

Net patient service revenues are reported at estimated net realizable amounts due from patients, third-party payors, and others for services rendered. Revenue is recorded at the Center's established billing rates at the time the services are performed, and provides a specified level of patient financial assistance based on a patient's ability to pay. The difference is recorded as contractual allowances to reduce patient revenue to a net realizable amount.

Northeastern derived 20% and 29% of its total revenues from the Medicaid program for the years ended June 30, 2011 and 2010, respectively. As of June 30, 2011, receivables from Medicaid comprise approximately 16% of total patient receivables (approximately 20% at June 30, 2010). Gross patient service fee revenues and related patient financial assistance for the years ended June 30, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Inpatient services	\$ 3,100,820	\$ 3,307,273
Residential care	1,335,676	1,994,635
Partial hospitalization	1,232,075	1,618,908
Outpatient services	11,643,690	10,221,088
Consultation/education	<u>-</u>	<u>30</u>
	17,312,261	17,141,934
Contractual adjustments	(4,719,493)	(3,585,008)
Charity care	<u>(6,379,658)</u>	<u>(5,301,601)</u>
Net patient service fee revenues	<u>\$ 6,213,110</u>	<u>\$ 8,255,325</u>

Charity Care:

The Center provides care without charge or at amounts less than its established rates to patients, who meet certain criteria under its charity care policy. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are reported as revenue with a corresponding service fee adjustment.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)
June 30, 2011 and 2010

Note 1. Significant Accounting Policies (Continued)

Contributions:

All contributions are considered to be available for the general programs of the Center unless specifically restricted by the donor. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes:

Northeastern Center, Inc. and Affiliates is a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income tax is included in these statements.

The accounting standard which provides guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Center and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2011 and 2010.

The Center files forms 990 in the U.S. federal jurisdiction and the State of Indiana. The Center is generally no longer subject to examination by the Internal Revenue Service for years before 2008.

Reclassification:

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

Subsequent Events:

Management of the Center has evaluated events and transactions for possible recognition or disclosure through September 29, 2011, the date the consolidated financial statements were available to be issued.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) **June 30, 2011 and 2010**

Note 2. Property and equipment

Property and equipment consisted of the following at June 30:

	<u>Useful Lives</u>	<u>2011</u>	<u>2010</u>
Land		\$ 761,831	\$ 834,402
Leasehold improvements	6-10 years	205,598	195,953
Buildings	30 years	6,655,155	6,644,856
Machinery and equipment	5-10 years	517,246	550,431
Furniture and fixtures	5-10 years	144,475	141,475
Vehicles	4 years	573,864	614,689
Computer equipment	3-5 years	<u>77,238</u>	<u>83,884</u>
		8,935,407	9,065,690
Less: Accumulated depreciation		<u>4,489,237</u>	<u>4,195,844</u>
		<u>\$ 4,446,170</u>	<u>\$ 4,869,846</u>

Depreciation expense totaled \$385,482 and \$399,794, for the years ended June 30, 2011 and 2010, respectively.

Note 3. Land Available for Sale

During the year ended June 30, 2011, management and the board of directors decided to sell a portion of land owned by the Center. The land is located in Kendallville, Indiana and is valued at cost of \$72,571, at June 30, 2011.

Note 4. Beneficial Interests

As of June 30, 2011 and 2010, Northeastern has invested \$275,000, at cost, in designated separate funds (the "Northeastern Center Funds") of the community foundations of Noble, Steuben, LaGrange and DeKalb counties (the "community foundations"). The funds invested represent monies originally contributed by Northeastern to the endowment funds of the community foundations and Northeastern has specified itself as the beneficiary of periodic distributions of investment earnings. Although Northeastern has granted the community foundations variance power pursuant to the agreements between Northeastern and the community foundations, Northeastern is permitted to record an asset reflecting the present value of its beneficial interest as both donor and beneficiary of its invested principal and undistributed earnings of the Northeastern Center Funds held by the community foundations. With respect to contributions received directly from other donors by the community foundations for the benefit of Northeastern, this portion of Northeastern Center Funds (fair value approximating \$169,961 at June 30, 2011 and \$163,700 at June 30, 2010) has not been reflected as part of Northeastern's beneficial interest as the donor grants the community foundations variance power, which precludes recognition of expected cash flows by the beneficiary.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2011 and 2010

Note 4. Beneficial Interests (Continued)

At June 30, 2011 and 2010, the fair value of the investments held by the community foundations for which Northeastern is both donor and beneficiary is reflected in the consolidated statements of financial position as "beneficial interest in assets held by community foundations."

During the years ended June 30, 2011 and 2010, Northeastern received no distributions of investment earnings from the Northeastern Center Funds.

Note 5. Fair Value of Financial Instruments

The Center utilizes the Fair Value Measurements framework, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, a fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices (Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity at the measurement date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Beneficial interest is assets held by community foundations: Valued based on the underlying investments held by and reported to the Center by the community foundations.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) June 30, 2011 and 2010

Note 5. Fair Value of Financial Instruments (Continued)

The following table summarizes assets measured at fair value on a recurring basis as of June 30:

	2011	2010
Level 3:		
Beneficial interest in assets held by community foundations	\$ <u>348,229</u>	\$ <u>292,581</u>

The table below presents information about the changes in the beneficial interest in assets held by community foundations, which is measured at fair value on a recurring basis using significant unobservable inputs:

Balance, June 30, 2009		\$ 277,131
Change in value of beneficial interest in assets held by community foundations		15,450
Balance, June 30, 2010		292,581
Change in value of beneficial interest in assets held by community foundations		55,648
Balance, June 30, 2011		\$ <u>348,229</u>

The change in value in beneficial interest is included in support and revenue in the statement of activities and is related to an asset still held at the financial position date.

Note 6. Line of Credit

The Center has available a \$500,000 line of credit. It is renewable annually, and the current line of credit agreement has a maturity of October 31, 2011. The line is collateralized by substantially all of the Center's assets. Interest is based on the prime interest rate (3.25% at June 30, 2011 and 2010). There were no amounts outstanding at June 30, 2011 and 2010.

Note 7. Long-Term Debt

Long-term debt at June 30, 2011 and 2010, consisted of the following:

	2011	2010
Northeastern:		
Promissory note, Series 2003, Indiana Development Finance Authority	\$ 400,000	\$ 700,000

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) June 30, 2011 and 2010

Note 7. Long-Term Debt (Continued)

	<u>2011</u>	<u>2010</u>
Affiliates:		
Real estate mortgage notes with HUD, collateralized by real estate mortgages and certain equipment:		
Opportunity Apartments, Inc. - payable in monthly installments of \$3,798 including interest at 4.43%, with final maturity in June 2045	\$ 800,104	\$ 810,000
Pioneer Lodge, Inc.	295,300	295,300
Pioneer Lodge II, Inc.	294,100	294,100
	1,789,504	2,099,400
Less, Current maturities	110,344	109,896
	\$ 1,679,160	\$ 1,989,504

The Series 2003 promissory note is evidence of a loan to Northeastern by the Indiana Development Finance Authority ("IDFA"). The loan was made from the proceeds of the sale of revenue bonds, Series 2003 (Northeastern Center, Inc.) issued under an indenture of a Trust and Security Agreement dated July 28, 2003, between IDFA and JP Morgan Chase Bank, as Trustee. Interest on the promissory note at a variable rate (0.50% at June 30, 2011 and 0.85% at June 30, 2010) is payable monthly. The principal is payable in annual installments with final maturity in July 2018. The proceeds from the Series 2003 promissory note were used to construct an inpatient facility adjacent to Northeastern's existing outpatient office site in Auburn, Indiana.

The Series 2003 Bonds are limited obligations of the IDFA and are collateralized by an assignment to the Trustee of the IDFA's interest in the loan agreement between the IDFA and the Center, and a first mortgage on certain real and personal property of Northeastern. The Trustee has also issued an irrevocable letter of credit in the amount not to exceed \$1,847,500. The letter of credit expires July 15, 2013. The financing agreement for the Series 2003 promissory note contains, among other provisions, certain restrictive covenants relating to required amounts of cash and short-term investments and maintenance of certain required financial ratios, of which the Center was in compliance for the years ended June 30, 2011 and 2010.

Subsequent to the fiscal year end, Northeastern made a scheduled payment of \$100,000, and management elected to redeem the incremental unscheduled principal amount of \$300,000 related to the Series 2003 Bonds. Such redemption will occur on September 26, 2011.

On May 28, 2010, Opportunity Apartments, Inc. executed a new mortgage note with the Federal Housing Administration under Section 207 pursuant to Section 223(f) of the National Housing Act, as amended. The original amount of the mortgage was \$810,000. The proceeds from the mortgage note were used to pay in full the prior mortgage note and to fund the initial replacement reserve and mortgage escrow deposits.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) June 30, 2011 and 2010

Note 7. Long-Term Debt (Continued)

The mortgage notes of Pioneer Lodge, Inc. and Pioneer Lodge II, Inc. are real estate mortgage notes under the Capital Advance Program with HUD. The Pioneer Lodge, Inc. mortgage note has a final maturity date of March 1, 2036 and the Pioneer Lodge II, Inc. mortgage note has a final maturity date of March 1, 2037. Under the terms of these mortgage notes, the notes bear no interest and repayment is not required so long as the mortgaged facility remains available for very low income elderly persons or very low income persons with disabilities in accordance with Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act of 1990 (whichever is applicable), the regulatory agreement and regulations. In the event of default, the entire principal sum with interest at 7.75% per annum is due and payable without notice at the option of HUD. The carrying amount of these two notes at June 30, 2011 and 2010, which represents the total borrowings against the notes, aggregated \$589,400. These obligations are reflected as long-term liabilities, since no payments are required unless a default occurs and HUD demands repayment. As of June 30, 2011 and 2010, the amount of interest which would be payable in the event of a default on both of these notes aggregates \$685,216 and \$639,557, respectively. This amount is not reflected as a liability on the consolidated statements of financial position because it is contingent upon an event of default and a demand for payment by HUD which management considers unlikely.

Total interest costs for the years ended June 30, 2011 and 2010, aggregated \$39,617 and \$72,755, respectively.

Maturities of long-term debt for the next five years and in the aggregate are as follows:

2012	\$	110,344
2013		110,812
2014		111,300
2015		111,811
2016		12,345
Thereafter		<u>1,332,892</u>
	\$	<u>1,789,504</u>

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are either donor-restricted for specific purposes or for use in a specified period of time. At June 30, 2011 and 2010, the restricted purposes are as follows:

	<u>2011</u>	<u>2010</u>
Capital assets with time restrictions	\$ 40,760	\$ 74,247
Programming	6,549	5,321
Fundraising	<u>13,521</u>	<u>13,248</u>
	<u>\$ 60,830</u>	<u>\$ 92,816</u>

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2011 and 2010

Note 8. Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets have been released from restriction due to the purpose or time restriction being met for the years ending June 30, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Capital assets with time restrictions	\$ 33,487	\$ 34,832
Programming	4,545	2,750
Fundraising	<u>775</u>	<u>-</u>
	<u>\$ 38,807</u>	<u>\$ 37,582</u>

Note 9. County Financial Assistance

County financial assistance received by Northeastern consisted of the following:

	<u>2011</u>	<u>2010</u>
	\$ 236,125	\$ 228,489
	249,564	241,494
	262,073	253,599
	<u>185,373</u>	<u>179,375</u>
	<u>\$ 933,135</u>	<u>\$ 902,957</u>

County financial assistance for community mental health centers in Indiana is a matter of state law. The law requires that a county will provide financial assistance to community mental health centers that offer services to the population of the county. The amount of financial assistance provided by the county is based on a predetermined growth quotient by the State's Department of Local County Government. There is no assurance that future county financial assistance will be at the same levels as prior years.

As of June 30, 2011 and 2010, other receivables include amounts due from (to) counties for financial assistance aggregating \$22,319 and \$18,769 respectively. The ultimate collection of such amounts is generally not an issue; however, the timing of the collection is dependent on the counties' collection of property taxes and the counties' cash flows and other obligations.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) June 30, 2011 and 2010

Note 10. Retirement Plan

Northeastern has a 401(k) plan for eligible employees. Under the 401(k) plan's safe harbor rules, Northeastern is required to contribute 3% of each eligible employee's earnings, regardless of the amount such employees contributed on their own. A second component includes a match of employee contributions up to a percentage at the discretion of management, by action of Northeastern's board of directors. A third component of the retirement plan is based on Northeastern's profitability, which is determined at the discretion of management, by action of Northeastern's board of directors. Pursuant to the requirements of the plan, the employer's safe harbor contribution is paid bi-weekly with the amounts withheld from participating employees' earnings. In order to participate in the retirement plan, eligible employees are defined as those who have one year of service, attained the age of 21, and have provided Northeastern annually with 1,000 hours of service. For the year ended June 30, 2011 and 2010, Northeastern paid \$162,287 and \$176,408 in safe harbor contributions and an additional \$97,476 and \$0 in discretionary contributions, respectively.

Note 11. Indiana 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. At June 30, 2011 and 2010, the Center recorded a receivable of \$294,271 and \$294,789, respectively, and recognized revenue of \$549,048 and \$570,488, respectively, for the years then ended.

Note 12. Functional Expenses

The Center provides mental health services to its surrounding communities. Functional expenses categorized by program and supporting services for the years ended June 30, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Inpatient	\$ 2,348,200	\$ 2,452,206
Residential care	671,928	974,571
Partial hospitalization	156,010	697,427
Outpatient	5,359,852	5,574,223
Consultation/education	-	142,441
Apartments	223,115	233,935
General and administrative	2,207,424	2,305,128
Fundraising	<u>3,139</u>	<u>-</u>
	<u>\$ 10,969,668</u>	<u>\$ 12,379,931</u>

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) June 30, 2011 and 2010

Note 13. Commitments and Contingencies

Operating Leases:

Northeastern leases certain of its building facilities under several long-term operating leases with terms expiring through February 2013. Certain of the leases contain renewal options.

Future minimum annual lease commitments under the above non-cancelable operating leases for each of the years ending June 30 are as follows:

2012	\$	69,949
2013		<u>44,433</u>
	\$	<u>114,382</u>

Total rental expense for all operating leases, aggregated \$96,149 and \$203,052 for the years ended June 30, 2011 and 2010, respectively.

Litigation:

Northeastern is involved in various legal proceedings which are ordinary, routine litigation inherent in the health care industry. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are without merit or are of such types, or involve such amounts, that losses, if any, would not have a significant effect on the Center's consolidate financial position or results of operations.

Self Insurance:

Northeastern is self-insured for a portion of certain employee health benefits (\$55,000 and \$50,000 annually per employee for June 30, 2011 and 2010, respectively, with an annual aggregate of approximately \$1,000,000 at June 30, 2011 and 2010). Northeastern accrues for the estimated losses occurring from both asserted and unasserted claims. The estimate of the liability for unasserted claims arising from incurred but not reported claims is based on analysis of historical claims data. At June 30, 2011 and 2010, the total self-insured liability was \$129,647 and \$145,696, respectively. The liability is accounted for under accrued wages and benefits on the statements of financial position.

Third-Party Payor Audit:

During the year ended June 30, 2005, the Center was the subject of a retrospective audit of its Medicaid reimbursement claims submitted during the period April 1, 2003 through June 30, 2004. This audit resulted in the issuance of a determination letter requesting a repayment by the Center of approximately \$386,000. The Center and its legal counsel filed a request for administrative appeal of that determination in accordance with Indiana law and the matter was assigned to an administrative law judge. At June 30, 2010, management estimated the settlement repayment to be approximately \$173,000. During the year ended June 30, 2011, the amount was settled and repaid at \$86,000.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued) **June 30, 2011 and 2010**

Note 13. Commitments and Contingencies (Continued)

Third-Party Payor Audit (Continued):

During the year ended June 30, 2007, the Center was the subject of another audit of its Medicaid reimbursement claims submitted during the period January 1, 2005 through December 31, 2005. At June 30, 2010, a determination letter had not been filed. During the year ended June 30, 2011, a Notice of Final Determination had been received in the amount of \$115,617; however, this audit is still pending final resolution.

As a result, management has determined the estimated accrual as the pending amount from the 2007 audit, plus other years subject to audit based on the payback of the 2005 and 2007 audits performed. At June 30, 2011 and 2010, the total estimated audit liability was \$538,000 and \$745,650, respectively.

Management believes the existing accrual for the estimated third-party payor audits are adequate to provide for the ultimate resolution of the unresolved audits, and any exposure related to any potential audits of the years subject to audit as of the year ended June 30, 2011.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Schedule of Expenditures of Federal Awards **Year Ended June 30, 2011**

Note 1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Center's Federal awards program and is presented on the accrual basis of accounting. 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 amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Risk-Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Center qualifies as a low-risk auditee.



Certified Public Accountants • Business Consultants

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Northeastern Center, Inc. and Affiliates
Kendallville, Indiana

We have audited the financial statements of Northeastern Center, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Northeastern Center, Inc.'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 Northeastern Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 was not designed to 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeastern Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Directors, others within the entity, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Baden, Gage & Schroeder, LLC

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
September 29, 2011



Certified Public Accountants • Business Consultants

**Independent Auditors' Report 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
Northeastern Center, Inc. and Affiliates
Kendallville, Indiana

Compliance

We have audited Northeastern Center, Inc.'s compliance 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 Northeastern Center, Inc.'s major federal programs for the year ended June 30, 2011. Northeastern Center, Inc.'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 Northeastern Center, Inc.'s management. Our responsibility is to express an opinion on Northeastern Center, Inc.'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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Northeastern Center, Inc.'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 of Northeastern Center, Inc.'s compliance with those requirements.

In our opinion, Northeastern Center, Inc. complied, in all material respects, with the 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.

Internal Control over Compliance

Management of Northeastern Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northeastern Center, Inc.'s internal control over compliance with the 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 Northeastern Center, Inc.'s internal control over compliance.

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

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 and use of management, the Audit Committee, the Board of Directors, others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Baden, Gage & Schroeder, LLC".

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
September 29, 2011

NORTHEASTERN CENTER, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

YES NO

Significant deficiency(ies) identified that are not considered to be material weaknesses?

YES None Reported

Noncompliance material to financial statements noted?

YES NO

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

YES NO

Significant deficiency(ies) identified that are not considered to be material weakness(es)?

YES None Reported

Type of auditors' 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 OMB Circular A-133?

YES NO

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.959

Block Grant for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

YES NO

Section II- Financial Statement Findings

There were no financial statement findings.

Section III-Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs.

Section IV-Prior Audit Findings

There were no financial statement findings.

There were no federal award findings or questioned costs.