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Form **990**
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)
 The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047
2011
Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

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

C Name of organization
 NORTHEASTERN CENTER INC
 Doing Business As
 Number and street (or P O box if mail is not delivered to street address) Room/suite
 PO BOX 817
 City or town, state or country, and ZIP + 4
 KENDALLVILLE, IN 46755

D Employer identification number
 35-1403134
E Telephone number
 (260) 347-2453
G Gross receipts \$ 12,428,302

F Name and address of principal officer
 JERRY HOLLISTER
 PO BOX 817
 KENDALLVILLE, IN 46755

H(a) Is this a group return for affiliates? Yes No
H(b) Are all affiliates included? Yes No
 If "No," attach a list (see instructions)
H(c) Group exemption number ▶

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

J Website: WWW.NECMH.ORG

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

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities 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		
	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)	3	11
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	233
	6 Total number of volunteers (estimate if necessary)	6	132
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	5,056,944	5,051,856
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,213,110	7,258,751
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	36,046	34,475
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	10,643	10,648
		11,316,743	12,355,730
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	8,032,053	8,376,280
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 1,062		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	2,713,574	3,353,374
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	10,745,627	11,729,654
19 Revenue less expenses Subtract line 18 from line 12	571,116	626,076	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	12,197,174	12,452,963
	21 Total liabilities (Part X, line 26)	1,861,636	1,532,197
	22 Net assets or fund balances Subtract line 21 from line 20	10,335,538	10,920,766

Part II Signature Block

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

Sign Here
 Signature of officer: *****
 Date: 2012-12-19
 JERRY HOLLISTER CEO
 Type or print name and title

Paid Preparer's Use Only
 Preparer's signature: Robert E Martin CPA
 Date: _____
 Check if self-employed
 Preparer's taxpayer identification number (see instructions): _____
 Firm's name (or yours if self-employed), address, and ZIP + 4: Baden Gage & Schroeder LLC, 6920 Pointe Inverness Way 300, Fort Wayne, IN 468047926
 EIN: _____
 Phone no: (260) 422-2551

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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 \$8,181,042 IN CHARITY CARE RELIEF FOR FISCAL YEAR 2012

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured 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 \$ 5,961,875 including grants of \$) (Revenue \$ 3,895,225)

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, 2012, THE OUTPATIENT DEPARTMENTS SERVED 4,925 PERSONS IN SEARCH OF HEALING AND RECOVERY, AND PROVIDED \$4,816,841 IN CHARITY CARE

4b (Code) (Expenses \$ 2,687,502 including grants of \$) (Revenue \$ 3,064,053)

INPATIENT SERVICES THE INPATIENT FACILITY IS LOCATED IN DEKALB COUNTY THIS 16 BED UNIT PROVIDES ADULTS AND GERIATRICS WITH PSYCHIATRIC STABILIZATION SERVICES AND SUBSTANCE ABUSE TREATMENT 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 24/7, AND THEY WORK CLOSELY WITH OTHER SERVICE PROVIDERS IN THE COMMUNITY TO ENSURE CONTINUITY OF CARE FOR LOCAL RESIDENTS IN CRISIS THE INPATIENT HOSPITAL SERVED 690 CONSUMERS DURING THE FISCAL YEAR ENDED JUNE 30, 2012, AND PROVIDED \$1,574,098 IN CHARITY CARE

4c (Code) (Expenses \$ 695,459 including grants of \$) (Revenue \$ 277,397)

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 24/7 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, 2012 THE RESIDENTIAL PROGRAM PROVIDED HOUSING FOR 68 CONSUMERS AND PROVIDED \$483,903 IN CHARITY CARE SERVICES

4d Other program services (Describe in Schedule O)
(Expenses \$ 226,720 including grants of \$) (Revenue \$ 22,076)

4e Total program service expenses \$ 9,571,556

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)? <i>If "Yes," complete Schedule A.</i>	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i>	Yes	
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? <i>If "Yes," complete Schedule C, Part III.</i>		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i>		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i>		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i>		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i>	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i>		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i>		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i>		No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i>	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i>	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? <i>If "Yes," complete Schedule F, Part II and IV.</i>		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? <i>If "Yes," complete Schedule F, Part III and IV.</i>		No
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements.	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
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>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
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>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
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>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
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>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
b	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>	35b		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>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, and Yes/No response. Includes sub-questions 1a-1b, 2a-2b, 3a-3b, 4a-4b, 5a-5c, 6a-6b, 7a-7h, 8, 9a-9b, 10a-10b, 11a-11b, 12a-12b, 13a-13c, 14a-14b.

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> IN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization <input checked="" type="checkbox"/> 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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(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) ERICA BAILER BIERNAT Director	1 00	X						0	0	0
(2) JOHN COX Director	1 00	X						0	0	0
(3) SARAH DREIBELBIS Secretary	1 00	X		X				0	0	0
(4) DAVID SCHMIDT Vice President	1 00	X		X				0	0	0
(5) JANET KNAPP Director	1 00	X						0	0	0
(6) REBECCA CALHOUN Director	1 00	X						0	0	0
(7) FRED BROWN Director	1 00	X						0	0	0
(8) ROGER MCDONALD President	1 00	X		X				0	0	0
(9) CARL ZIMMERMAN Director	1 00	X						0	0	0
(10) CARLOS OLIVARES Director	1 00	X						0	0	0
(11) JERRY HOLLISTER CEO	40 00			X				239,002	0	25,284
(12) LYNNEA CARDER-RADEL MEDICAL DIREC	40 00			X				240,398	0	22,726
(13) DR SYLVIA RUTTEN PSYCHIATRIST	40 00					X		187,364	0	8,551
(14) DR ZULFIGAR ALI PSYCHIATRIST	40 00					X		106,540	0	5,787

Part VIII Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d					
	e	Government grants (contributions) 1e	5,007,959				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	43,897				
	g	Noncash contributions included in lines 1a-1f \$ <u>32,224</u>					
	h	Total. Add lines 1a-1f ▶	5,051,856				
Program Service Revenue	2a	RESIDENTIAL SERVICES	277,397	277,397			
	b	PARTIAL HOSPITALIZATION	22,076	22,076			
	c	OUTPATIENT SERVICES	3,895,225	3,895,225			
	d	INPATIENT SERVICES	3,064,053	3,064,053			
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f ▶	7,258,751				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) ▶	25,601			25,601	
	4	Income from investment of tax-exempt bond proceeds . . ▶	0				
	5	Royalties ▶	0				
	6a		(i) Real				
			(ii) Personal				
		b	Less rental expenses				
		c	Rental income or (loss)				
	d	Net rental income or (loss) ▶	0				
	7a		(i) Securities				
			(ii) Other		81,446		
		b	Less cost or other basis and sales expenses		72,572		
		c	Gain or (loss)		8,874		
	d	Net gain or (loss) ▶	8,874			8,874	
	8a	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 . . ▶	0					
9a	Gross income from gaming activities See Part IV, line 19 a						
b	Less direct expenses b						
c	Net income or (loss) from gaming activities . . ▶	0					
10a	Gross sales of inventory, less returns and allowances a						
b	Less cost of goods sold b						
c	Net income or (loss) from sales of inventory . . ▶	0					
	Miscellaneous Revenue	Business Code					
11a	MISCELLANEOUS REVENUE		262	262			
b	FINANCE CHARGES		10,386	10,386			
c							
d	All other revenue						
e	Total. Add lines 11a-11d ▶		10,648				
12	Total revenue. See Instructions ▶		12,355,730	7,269,399		34,475	

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)

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

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 United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	527,410	289,669	237,741	
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			
7	Other salaries and wages	6,256,429	5,143,235	1,112,156	1,038
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	326,351	276,331	50,020	
9	Other employee benefits	788,465	634,053	154,412	
10	Payroll taxes	477,625	389,792	87,833	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	12,691	5,000	7,691	
c	Accounting	40,100		40,100	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	176,517	176,517		
12	Advertising and promotion	46,363	38,478	7,885	
13	Office expenses	218,309	174,398	43,911	
14	Information technology	54,590	16,376	38,214	
15	Royalties	0			
16	Occupancy	512,244	413,162	99,082	
17	Travel	286,634	243,319	43,315	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	7,234	6,021	1,213	
20	Interest	392	392		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	320,021	232,001	88,020	
23	Insurance	134,654	111,934	22,720	
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	INPATIENT PRESCRIPTIONS	122,323	122,323		
b	CLIENT MEALS	137,968	137,914	54	
c	BAD DEBT	497,052	497,052		
d	DUES, FEES, LICENSES	611,078	514,106	96,972	
e					
f	All other expenses	175,204	149,483	25,697	24
25	Total functional expenses. Add lines 1 through 24f	11,729,654	9,571,556	2,157,036	1,062
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)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	2,179	1	1,450
	2 Savings and temporary cash investments	6,319,532	2	6,229,817
	3 Pledges and grants receivable, net		3	0
	4 Accounts receivable, net	1,652,631	4	2,291,528
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	0
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	0
	7 Notes and loans receivable, net		7	0
	8 Inventories for sale or use		8	0
	9 Prepaid expenses and deferred charges	97,423	9	88,479
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	7,684,559		
	b Less accumulated depreciation	4,182,273	10c	3,502,286
	11 Investments—publicly traded securities		11	0
	12 Investments—other securities See Part IV, line 11		12	0
	13 Investments—program-related See Part IV, line 11		13	0
	14 Intangible assets		14	0
	15 Other assets See Part IV, line 11	468,132	15	339,403
16 Total assets. Add lines 1 through 15 (must equal line 34)	12,197,174	16	12,452,963	
Liabilities	17 Accounts payable and accrued expenses	839,597	17	942,216
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	400,000	20	
	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 (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	622,039	25	589,981
	26 Total liabilities. Add lines 17 through 25	1,861,636	26	1,532,197
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	10,274,708	27	10,888,073
	28 Temporarily restricted net assets	60,830	28	32,693
	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	10,335,538	33	10,920,766	
34 Total liabilities and net assets/fund balances	12,197,174	34	12,452,963	

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)	1	12,355,730
2	Total expenses (must equal Part IX, column (A), line 25)	2	11,729,654
3	Revenue less expenses Subtract line 2 from line 1	3	626,076
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	10,335,538
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-40,848
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	10,920,766

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2011

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 **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally integrated d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (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?
- h Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

Part II Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV.) Do not include gain or loss from the sale of capital assets						
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 501(c)(3) organization, check this box and **stop here** **Section C. Computation of Public Support Percentage**

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15	

16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization **b 33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization **17a 10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization **b 10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization **18 Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part III Support Schedule for Organizations Described in IRC 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	

- 19a 33 1/3% support tests—2011.** 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—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- 20 Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID: 11000144

Software Version: 2011v1.5

EIN: 35-1403134

Name: NORTHEASTERN CENTER INC

Form 990, Special Condition Description:

Special Condition Description

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2011

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

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, line 35c (Proxy Tax), then

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

Name of the 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 on behalf of or in opposition to candidates for public office 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
2 Enter the amount of any excise tax incurred by organization managers under section 4955
3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?
4a Was a correction made?
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?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- 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												
1a 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="width: 50%; text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%; 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 on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV	Yes		1,890
j Total lines 1c through 1i			1,890
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
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?		No	

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) non-deductible 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 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Part II-B, Line 1i	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

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2011

Open to Public Inspection

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. 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 Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically importantly land area, Preservation of a certified historic structure.

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

Table with 2 columns: Description, Held at the End of the Year. Rows 2a-2d: Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), Number of conservation easements included in (c) acquired after 8/17/06.

- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year
4 Number of states where property subject to conservation easement is located
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?
6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?
9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

- 1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1; (ii) Assets included in Form 990, Part X
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items: a Revenues included in Form 990, Part VIII, line 1; b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

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

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	348,229	292,579	277,129		
b Contributions					
c Investment earnings or losses	-8,826	55,650	15,450		
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	339,403	348,229	292,579		

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

- a** Board designated or quasi-endowment ▶ 100.000 %
- 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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		328,270		328,270
b Buildings		5,830,846	2,801,993	3,028,853
c Leasehold improvements		205,598	200,789	4,809
d Equipment		1,286,905	1,179,491	107,414
e Other		32,940		32,940
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				3,502,286

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

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

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

1	Total revenue, gains, and other support per audited financial statements	1	
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	Investment 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 should equal Form 990, Part I, line 12)	5	

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

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	Investment 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 should 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, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Part X	Part X FIN48 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 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, 2012 and 2011 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 2009
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	change in value of beneficial interest \$ -8826 WRITE OFF OF BOND COSTS \$ -32022
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	THE PURPOSE OF THE ORGANIZATION'S ENDOWMENT FUNDS ARE TO PROVIDE A STREAM OF INTEREST INCOME FOR FUTURE CAPITAL OR PROGRAM DEVELOPMENT

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2011

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 Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? 1b If "Yes," is it a written policy? 2 If the organization had multiple hospitals... 3 Answer the following based on the charity care eligibility criteria... 4 Did the organization's policy provide free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care... 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Charity Care and Certain Other Community Benefits at Cost

Table with 6 columns: (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. Rows include Charity Care and Means-Tested Government Programs and Other Benefits.

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(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						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	Yes	
2	Enter the amount of the organization's bad debt expense		497,052
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	1,130,169
6	Enter Medicare allowable costs of care relating to payments on line 5	6	796,340
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	333,829
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes
9b	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	9b	Yes

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
0	NORTHEASTERN CENTER INPATIENT 1850 WESLEY ROAD AUBURN, IN 46706	X				X		X	X	

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)

NORTHEASTERN CENTER INPATIENT

Name of Hospital Facility: _____

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 2011)		
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 question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1 Yes	
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 checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those 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 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 20 ____		
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	3 Yes	
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	4	No
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)	5	No
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 checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in 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 CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in the 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 together with the reasons why it has not addressed such needs	7	No
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8 Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care ____% If "No," explain in Part VI the criteria the hospital facility used	9	No

Part V Facility Information *(continued)*

	Yes	No
10 Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) 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)	11 Yes	
12 Explained the method for applying for financial assistance?	12 Yes	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all 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 upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13 Yes	

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14 Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP 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 or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)		
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged 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 similar actions (describe in Part VI)	16 Yes	
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon 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 patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part 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? If "Yes," explain in Part VI		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	Yes	

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 from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 9

Name and address	Type of Facility (Describe)
1 KENDALLVILLE-ADL TRAINING CENTER 303 RUSH STREET KENDALLVILLE, IN 46755	TRAINING CENTER
2 SPINDLER ADMINISTRATION PROGRAM 220 S MAIN STREET KENDALLVILLE, IN 46755	OUTPATIENT MENTAL HEALTH CLINIC & ADMINISTRATION OFFICES
3 KENDALLVILLE CLUBHOUSE 409 LINCOLN STREET KENDALLVILLE, IN 46755	OUTPATIENT CLUBHOUSE
4 WILLIAMS STREET RESIDENTIAL 220 E WILLIAMS STREET KENDALLVILLE, IN 46755	RESIDENTIAL ADULT HOME
5 PROMISE HOUSE 311 NORTH MAIN STREET KENDALLVILLE, IN 46755	RESIDENTIAL CRISIS CENTER
6 LAGRANGE OUTPATIENT CLINIC 2155 NORTH STATE ROAD 9 LAGRANGE, IN 46761	OUTPATIENT MENTAL HEALTH CLINIC
7 ANGOLA OUTPATIENT CLINIC 200 HOOSIER DRIVE SUITE E ANGOLA, IN 46703	OUTPATIENT MENTAL HEALTH CLINIC
8 AUBURN OUTPATIENT CLINIC 1800 WESLEY ROAD AUBURN, IN 46706	OUTPATIENT MENTAL HEALTH CLINIC
9 KENDALLVILLE OUTPATIENT CLINIC 1930 EAST DOWLING STREET KENDALLVILLE, IN 46755	OUTPATIENT MENTAL HEALTH CLINIC
10	

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, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
	Part VI - Additional Information	<p>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 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 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</p>

Identifier	ReturnReference	Explanation
	Part VI - States Where Community Benefit Report Filed	IN

Identifier	ReturnReference	Explanation
	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 \$46,953 WITH APPROXIMATELY 13% OF RESIDENTS LIVING BELOW THE FEDERAL POVERTY GUIDELINES THE NORTHEASTERN CENTER STRIVES TO BRING PROFESSIONAL STAFF TO THIS MEDICALLY UNDERSERVED COMMUNITY

Identifier	ReturnReference	Explanation
	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 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 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

Identifier	ReturnReference	Explanation
	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

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	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.

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	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 the Inpatient Assistance/ Charity Care policy, FI1125.

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	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.

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why	THE NORTHEASTERN CENTER STRIVES TO MEET ALL OF THE MENTAL HEALTH NEEDS OF EACH COMMUNITY HOWEVER, DUE TO FINANCIAL AND TIME CONSTRAINTS, NEEDS MUST BE PRIORITIZED TO BE ABLE TO BENEFIT THE MAJORITY OF THE MEMBERS OF EACH COMMUNITY

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 3 - Account Input from Person Who Represent the Community	THE SURVEY WAS SENT TO THE LEADERS OF EACH COMMUNITY WHO SERVE ALL PEOPLE THE LEADERS INCLUDED MAYORS, PROSECUTORS, SHERIFFS, POLICE CHIEFS, PASTORS, SCHOOL ADMINISTRATORS AND PHILANTHROPIC ORGANIZATIONS

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	<p>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 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</p>

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	THE MEDICARE ALLOWABLE COSTS ARE REPORTED DIRECTLY FROM THE 2012 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

Identifier	ReturnReference	Explanation
	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 2011 IRS INSTRUCTIONS FOR SCHEDULE H, FORM 990

Identifier	ReturnReference	Explanation
	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 2011 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

Identifier	ReturnReference	Explanation
	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

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
NORTHEASTERN CENTER INC

Employer identification number

35-1403134

Part I Questions Regarding Compensation

Yes No

1a 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 idemnification 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 in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

1b

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

2

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?

4a No

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

4b No

c Participate in, or receive payment from, an equity-based compensation arrangement?

4c No

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

5a No

b Any related organization?

5b No

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

6a No

b Any related organization?

6b No

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

7 No

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 Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III

8 No

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?

9 No

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) LYNNEA CARDER-RADEL	(i) (ii)	240,398			14,736	7,990	263,124	
(2) JERRY HOLLISTER	(i) (ii)	173,126	8,042	57,834	18,230	7,054	264,286	
(3) DR SYLVIA RUTTEN	(i) (ii)	187,364			5,256	3,295	195,915	

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

OMB No 1545-0047

2011

Open to Public Inspection

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

Name of the organization
NORTHEASTERN CENTER INC

Employer identification number
35-1403134

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining 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	32,224	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

	Yes	No
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?		No
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?	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?		No
b If "Yes," describe in Part II		
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

2011

Open to Public Inspection

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

Name of the organization
NORTHEASTERN CENTER INC

Employer identification number

35-1403134

Identifier	Return Reference	Explanation
	990 Part IV Line 20b	Audited Financial Statement
Form 990, Part VI, Line 19	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 TO THE PUBLIC
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and 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
Form 990, Part VI, Line 12c	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 11	Form 990, Part VI, Line 11 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 III, Line 4d	Form 990, Part III, Line 4d Other Program Services Description	OTHER PROGRAM SERVICES 4 OTHER SERVICES PARTIAL HOSPITALIZATION OR CLUBHOUSE SERVICES THE CLUBHOUSE SERVED AND WAS SERVICED BY 136 CONSUMERS IN FISCAL YEAR 2012 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 2012 \$1,306,200 WAS PROVIDED IN CHARITY CARE TRANSPORTATION IS AVAILABLE DAILY

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
NORTHEASTERN CENTER INC

Employer identification number

35-1403134

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) OPPORTUNITY APARTMENTS INC PO BOX 817 KENDALLVILLE, IN 46755 35-1820748	HOUSING	IN	501(C)(3)	9	NA		No
(2) PIONEER LODGE II INC PO BOX 817 KENDALLVILLE, IN 46755 35-1937580	HOUSING	IN	501(C)(3)	9	NA		No
(3) PIONEER LODGE INC PO BOX 817 KENDALLVILLE, IN 46755 35-1937581	HOUSING	IN	501(C)(3)	9	NA		No
(4) COMMUNITY CENTER FOUNDATION PO BOX 817 KENDALLVILLE, IN 46755 35-1837246	ASSISTANCE	IN	501(C)(3)	9	NA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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	

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

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

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

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

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 related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)

- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses

- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n		No
1o		No
1p		No
1q		No
1r		No

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

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

Part VII Supplemental Information

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

Identifier**Return Reference****Explanation****Schedule R (Form 990) 2011**

Consolidated Financial Statements

**Northeastern Center, Inc.
and Affiliates**

June 30, 2012 and 2011

NORTHEASTERN CENTER, INC. AND AFFILIATES

Consolidated Financial Statements with Supplementary Information
June 30, 2012 and 2011

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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 statements of financial position of Northeastern Center, Inc. and Affiliates (a nonprofit organization) as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years 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 audits. We did not audit the financial statements of Opportunity Apartments, Inc., a wholly owned subsidiary. Those statements reflect total assets of \$574,200 and \$588,568 as of June 30, 2012 and 2011, and total support and revenues of \$144,208 and \$147,537 for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, 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 audits 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 audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the 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, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2012, 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 as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
September 20, 2012

NORTHEASTERN CENTER, INC. AND AFFILIATES

Consolidated Statements of Financial Position

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 5,511,337	\$ 4,841,913
Cash - restricted	4,277	5,020
Certificates of deposit	496,013	1,246,928
Patient accounts receivable, net of allowances of \$459,286 in 2012 and \$286,216 in 2011	942,610	777,354
Receivables from government agencies	1,331,175	877,000
Prepaid expenses	<u>89,520</u>	<u>103,240</u>
Total Current Assets	8,374,932	7,851,455
PROPERTY AND EQUIPMENT	9,094,481	8,935,407
LESS: Accumulated depreciation	<u>4,797,909</u>	<u>4,489,237</u>
Net Property and Equipment	4,296,572	4,446,170
OTHER ASSETS		
Certificates of deposit - long-term	309,471	298,653
Bond costs, net of accumulated amortization of \$5,333 in 2012 and \$81,794 in 2011	56,889	92,530
Land available for sale	-	72,571
Assets limited as to use	100,054	131,794
Beneficial interest in assets held by community foundations	<u>339,403</u>	<u>348,229</u>
Total Other Assets	<u>805,817</u>	<u>943,777</u>
TOTAL ASSETS	<u>\$ 13,477,321</u>	<u>\$ 13,241,402</u>

See Notes to Consolidated Financial Statements.

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 10,812	\$ 110,344
Security deposits	4,402	4,270
Accounts payable	119,671	115,548
Accrued wages and benefits	356,002	364,295
Accrued other expenses	478,285	367,499
Deferred income	29,478	31,119
MRO match liability	63,707	52,920
Estimated third-party payor settlements	<u>496,796</u>	<u>538,000</u>
Total Current Liabilities	1,559,153	1,583,995
LONG-TERM DEBT (Net of current maturities)	<u>1,368,348</u>	<u>1,679,160</u>
Total Liabilities	2,927,501	3,263,155
NET ASSETS		
Unrestricted net assets	10,177,724	9,569,188
Unrestricted - board designated	<u>339,403</u>	<u>348,229</u>
Total Unrestricted Net Assets	10,517,127	9,917,417
Temporarily restricted	<u>32,693</u>	<u>60,830</u>
Total Net Assets	<u>10,549,820</u>	<u>9,978,247</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,477,321</u>	<u>\$ 13,241,402</u>

NORTHEASTERN CENTER, INC. AND AFFILIATES

Consolidated Statements of Activities

Years Ended June 30, 2012 and 2011

	2012	2011
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenue		
Net patient service revenues	\$ 7,258,751	\$ 6,213,110
Indiana Department of Mental Health	3,200,130	3,327,564
County financial assistance	960,196	933,135
Outreach program	658,036	549,048
Disproportionate share revenue	189,597	153,600
Other	261,253	305,413
Net assets released from restrictions	29,727	38,807
Total Revenue	12,557,690	11,520,677
Operating Expenses		
Salaries and wages	6,754,134	6,589,677
Employee benefits	1,603,148	1,388,314
Operating expenses	1,146,342	730,342
Office expense	535,954	487,630
Travel and transportation	314,680	271,604
Other expenses	58,710	84,468
Purchased services	302,858	286,416
Building expenses	386,601	376,755
Bad debt expense	497,371	357,748
Depreciation and amortization	361,460	395,276
Fundraising	24	1,438
Total Operating Expenses	11,961,282	10,969,668
Operating Income Before Other Income (Deductions)	596,408	551,009
Other Income (Deductions)		
Interest income	25,602	33,746
Gain on disposal of property and equipment	8,162	3,541
Write-off of bond costs	(32,022)	-
Finance charges	10,386	10,568
Change in beneficial interest	(8,826)	55,649
Total Other Income (Deductions)	3,302	103,504
CHANGE IN UNRESTRICTED NET ASSETS	599,710	654,513
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	1,590	6,821
Net assets released from restrictions	(29,727)	(38,807)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(28,137)	(31,986)
CHANGE IN NET ASSETS	571,573	622,527
NET ASSETS, BEGINNING OF YEAR	9,978,247	9,355,720
NET ASSETS, END OF YEAR	\$ 10,549,820	\$ 9,978,247

See Notes to Consolidated Financial Statements.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Consolidated Statements of Cash Flows Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 571,573	\$ 622,527
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided		
By Operating Activities		
Depreciation and amortization	357,842	385,482
Amortization of debt issuance costs	3,618	9,794
Gain on disposal of property and equipment	(40,184)	(3,541)
Bad debt expense	497,371	357,748
Change in beneficial interest	8,826	(55,649)
Write-off of bond costs due to early repayment	32,022	-
(Increase) Decrease in Assets		
Patient accounts receivable	(662,627)	(269,511)
Receivables from government agencies	(454,175)	(358,796)
Prepaid expenses	13,720	12,900
Increase (Decrease) in Liabilities		
Accounts payable	4,123	(63,798)
Accrued wages and benefits	(8,293)	12,031
Other current liabilities	78,728	17,623
Net security deposits	875	(53)
Net Cash Provided By Operating Activities	403,419	666,757
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(252,490)	(1,545,581)
Proceeds from the sale of investments	992,586	1,799,823
Proceeds from the sale of property and equipment	80,735	2,300
Purchase of property and equipment	(208,244)	(33,136)
Change in assets limited as to use	31,740	7,135
Net Cash Provided By Investing Activities	644,327	230,541
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of long-term debt	(410,344)	(309,896)
NET INCREASE IN CASH	637,402	587,402
CASH, BEGINNING OF YEAR	4,841,913	4,254,511
CASH, END OF YEAR	\$ 5,479,315	\$ 4,841,913
SUPPLEMENTARY INFORMATION:		
Cash paid for interest	\$ 35,836	\$ 39,932

See Notes to Consolidated Financial Statements.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Note 1. Significant Accounting Policies

Organization and Nature of Business:

Northeastern Center, Inc. ("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 Center's 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, 2012 and 2011

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 not paid. 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, 2012 and 2011, 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, 2012 and 2011

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 \$459,286 and \$286,216 as of June 30, 2012 and 2011, 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, 2012 and 2011, 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 mortgage. One of the Affiliates refinanced its mortgage with HUD during 2010. Capitalized costs, net of accumulated amortization, as of June 30, 2012 and 2011, related to this refinancing totaled \$44,621 and \$46,021, respectively.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2012 and 2011

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 18% and 20% of its total revenues from the Medicaid program for the years ended June 30, 2012 and 2011, respectively. As of June 30, 2012, receivables from Medicaid comprise approximately 20% of total patient receivables (approximately 16% at June 30, 2011). Gross patient service fee revenues and related patient financial assistance for the years ended June 30, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Inpatient services	\$ 4,634,530	\$ 3,100,820
Residential care	1,153,408	1,335,676
Partial hospitalization	1,328,276	1,232,075
Outpatient services	<u>13,501,979</u>	<u>11,643,690</u>
	20,618,193	17,312,261
Contractual adjustments	(5,178,400)	(4,719,493)
Charity care	<u>(8,181,042)</u>	<u>(6,379,658)</u>
Net patient service fee revenues	<u>\$ 7,258,751</u>	<u>\$ 6,213,110</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, 2012 and 2011

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:

The Center 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 income tax (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, 2012 and 2011.

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 2009.

Subsequent Events:

Management of the Center has evaluated events and transactions for possible recognition or disclosure through September 20, 2012, the date the consolidated financial statements were available to be issued.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2012 and 2011

Note 2. Property and equipment

Property and equipment consisted of the following at June 30:

	<u>Useful Lives</u>	<u>2012</u>	<u>2011</u>
Land		\$ 800,872	\$ 761,831
Leasehold improvements	6-10 years	205,598	205,598
Buildings	30 years	6,697,171	6,655,155
Machinery and equipment	5-10 years	514,567	517,246
Furniture and fixtures	5-10 years	146,195	144,475
Vehicles	4 years	608,725	573,864
Computer equipment	3-5 years	88,413	77,238
Construction in process		<u>32,940</u>	<u>-</u>
		9,094,481	8,935,407
Less: Accumulated depreciation		<u>4,797,909</u>	<u>4,489,237</u>
		<u>\$ 4,296,572</u>	<u>\$ 4,446,170</u>

Depreciation expense totaled \$357,842 and \$385,482, for the years ended June 30, 2012 and 2011, respectively.

Subsequent to June 30, 2012, Northeastern purchased land in Angola, Indiana for \$79,574. Northeastern will be building a new outpatient center on the land. The capital budget for this project is approximately \$1,400,000. Northeastern incurred \$32,940 in costs through June 30, 2012, related to the building project. Subsequent to year end, Northeastern has signed construction contracts totaling approximately \$956,000 related to this project. The estimated completion date for the project is February 2013.

Note 3. Land Available for Sale

During the year ended June 30, 2012, land located in Kendallville, Indiana that was held for sale by the Center sold for \$85,000 less expenses of \$6,354 related to the sale. The cost basis of the land was \$72,571, resulting in a gain of \$6,075, which is recorded in the statement of activities.

Note 4. Beneficial Interests

As of June 30, 2012 and 2011, 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,

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2012 and 2011

Note 4. Beneficial Interests (Continued)

this portion of Northeastern Center Funds (fair value approximating \$163,790 at June 30, 2012, and \$169,961 at June 30, 2011) 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.

At June 30, 2012 and 2011, 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, 2012 and 2011, 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, 2012 and 2011.

Beneficial interest in 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, 2012 and 2011

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:

	<u>2012</u>	<u>2011</u>
Level 3:		
Beneficial interest in assets held by community foundations	\$ <u>339,403</u>	\$ <u>348,229</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, 2010	\$ 292,580
Change in value of beneficial interest in assets held by community foundations	<u>55,649</u>
Balance, June 30, 2011	348,229
Change in value of beneficial interest in assets held by community foundations	<u>(8,826)</u>
Balance, June 30, 2012	\$ <u>339,403</u>

The change in value in beneficial interest is included in other income (deductions) 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, 2012. 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, 2012 and 2011). There were no amounts outstanding at June 30, 2012 and 2011.

Note 7. Long-Term Debt

Long-term debt at June 30, 2012 and 2011, consisted of the following:

	<u>2012</u>	<u>2011</u>
Northeastern:		
Promissory note, Series 2003, Indiana Development Finance Authority, paid in full September 2011	\$ -	\$ 400,000

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2012 and 2011

Note 7. Long-Term Debt (Continued)

	<u>2012</u>	<u>2011</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	\$ 789,760	\$ 800,104
Pioneer Lodge, Inc.	295,300	295,300
Pioneer Lodge II, Inc.	<u>294,100</u>	<u>294,100</u>
	1,379,160	1,789,504
Less: Current maturities	<u>10,812</u>	<u>110,344</u>
	<u>\$ 1,368,348</u>	<u>\$ 1,679,160</u>

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.

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, 2012 and 2011, which represents the total borrowings against the notes, aggregated \$589,400. These obligations are reflected as long-term debt, since no payments are required unless a default occurs and HUD demands repayment. As of June 30, 2012 and 2011, the amount of interest which would be payable in the event of a default on both of these notes aggregates \$730,895 and \$685,216, 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.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2012 and 2011

Note 7. Long-Term Debt (Continued)

Total interest costs for the years ended June 30, 2012 and 2011, aggregated \$35,590 and \$39,617, respectively.

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

2013	\$	10,812
2014		11,300
2015		11,811
2016		12,345
2017		12,903
Thereafter		<u>1,319,989</u>
	\$	<u><u>1,379,160</u></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, 2012 and 2011, the restricted purposes are as follows:

	<u>2012</u>	<u>2011</u>
Capital assets with time restrictions	\$ 15,564	\$ 40,760
Programming	4,809	6,549
Fundraising	<u>12,320</u>	<u>13,521</u>
	\$ <u><u>32,693</u></u>	\$ <u><u>60,830</u></u>

Temporarily restricted net assets have been released from restriction due to the purpose or time restriction being met for the years ending June 30, 2012 and 2011 as follows:

	<u>2012</u>	<u>2011</u>
Capital assets with time restrictions	\$ 25,196	\$ 33,487
Programming	1,528	4,545
Fundraising	<u>3,003</u>	<u>775</u>
	\$ <u><u>29,727</u></u>	\$ <u><u>38,807</u></u>

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2012 and 2011

Note 9. County Financial Assistance

County financial assistance received by Northeastern consisted of the following:

	<u>2012</u>	<u>2011</u>
Noble County	\$ 242,972	\$ 236,125
Steuben County	256,801	249,564
DeKalb County	269,674	262,073
LaGrange County	<u>190,749</u>	<u>185,373</u>
	<u>\$ 960,196</u>	<u>\$ 933,135</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, 2012 and 2011, other receivables include amounts due from counties for financial assistance aggregating \$23,331 and \$22,319 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.

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, 2012 and 2011, Northeastern paid \$156,068 and \$162,287 in safe harbor contributions and an additional \$203,247 and \$97,478 in discretionary contributions, respectively.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2012 and 2011

Note 11. Indiana Funds Recovery Program

The Center participates in an outreach 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, 2012 and 2011, the Center recorded a receivable of \$342,340 and \$294,271, respectively, and recognized revenue of \$658,036 and \$549,048, respectively, for the years then ended.

Note 12. Indiana Hospital Assessment Fee

Effective July 1, 2011, the State of Indiana established the hospital assessment fee (HAF) program which requires hospitals to pay a fee, but it also includes additional funding for hospitals that meet certain requirements. The HAF is based on a hospital's inpatient days and equivalent outpatient days. The Center's fee for the year ended June 30, 2012, was \$420,222. As a licensed psychiatric hospital which provides services to a high percentage of Medicaid consumers, the Center met the requirements to receive additional funding. Therefore, at June 30, 2012, the Center had a receivable of \$316,463, and recognized revenue of \$736,685 and expenses of \$420,222 for the year then ended. The HAF program will end on June 30, 2013, unless reauthorized by the State of Indiana.

Note 13. 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, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Inpatient	\$ 2,666,818	\$ 2,348,200
Residential care	695,459	671,928
Partial hospitalization	226,720	156,010
Outpatient	5,962,913	5,359,852
Apartments	231,309	223,115
General and administrative	2,175,457	2,207,424
Fundraising	<u>2,606</u>	<u>3,139</u>
	<u>\$ 11,961,282</u>	<u>\$ 10,969,668</u>

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

June 30, 2012 and 2011

Note 14. Commitments and Contingencies

Operating Leases:

Northeastern leases certain of its building facilities under several long-term operating leases with terms expiring through September 2014. Certain of the leases contain renewal options.

Future minimum annual lease commitments under non-cancelable operating leases include \$44,433 for the year ending June 30, 2013.

Total rental expense for all operating leases, aggregated \$97,824 and \$96,149 for the years ended June 30, 2012 and 2011, 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 consolidated 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, 2012 and 2011, respectively, with an annual aggregate of approximately \$1,000,000 at June 30, 2012 and 2011). 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, 2012 and 2011, the total self-insured liability was \$130,440 and \$129,647, 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, 2007, the Center was the subject of an audit of its Medicaid reimbursement claims submitted during the period January 1, 2005 through December 31, 2005. During the year ended June 30, 2012, 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 previous audits performed. At June 30, 2012 and 2011, the total estimated audit liability was \$496,796 and \$538,000, 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, 2012.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards **Year Ended June 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Award Expended</u>
U.S. Department of Transportation:			
Pass-through from Indiana Department of Transportation: Elderly and Persons with Disabilities Program	20.513	N/A	\$ 32,224
U.S. Department of Health and Human Services:			
Pass-through from Indiana Family and Social Services Administration, Division of Mental Health:			
Social Services Block Grant	93.667	3520-14100	109,203
Block Grant for Community Mental Health Services	93.958	6000-139200	90,562
Block Grant for Prevention and Treatment of Substance Abuse	93.959	6000-139100	<u>812,962</u>
			<u>\$ 1,044,951</u>

See Notes to Schedule of Expenditures of Federal Awards.

NORTHEASTERN CENTER, INC. AND AFFILIATES

Notes to Schedule of Expenditures of Federal Awards **Year Ended June 30, 2012**

Note 1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northeastern Center Inc.'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.



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**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.
Kendallville, Indiana

We have audited the consolidated financial statements of Northeastern Center, Inc. and Affiliates as of and for the year ended June 30, 2012, and have issued our report thereon dated September 20, 2012. 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. Other auditors audited the financial statements of Opportunity Apartments, Inc., as described in our report on Northeastern Center, Inc. and Affiliates' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

Management of Northeastern Center, Inc. is responsible for establishing and maintaining effective 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 previously.

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 20, 2012



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.
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, 2012. 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.

Northeastern Center, Inc. and Affiliates' financial statements include the operations of Opportunity Apartments, Inc., which received \$899,489 in federal awards which is not included in the schedule of expenditures of federal awards for the year ended June 30, 2012. Our audit, described below, did not include the operations of Opportunity Apartments, Inc. because it engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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, 2012.

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 20, 2012

NORTHEASTERN CENTER, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

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.