

Attachment 15

Audited Financial Statements  
And Supplementary Information

**GREAT LAKES RECOVERY CENTERS, INC.**

September 30, 2012

Audited Financial Statements and Supplementary Information

**GREAT LAKES RECOVERY CENTERS, INC.**

September 30, 2012

Audited Financial Statements

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**MAKELA, TOUTANT, HILL & NARDI, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

201 West Bluff Street  
Marquette, Michigan 49855

Members  
American Institute of CPAs  
Michigan Association of CPAs

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Great Lakes Recovery Centers, Inc.  
Marquette, Michigan

We have audited the accompanying statements of financial position of Great Lakes Recovery Centers, Inc., (a non-profit organization) as of September 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Great Lakes Recovery Centers, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Lakes Recovery Centers, Inc., as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Makela, Toutant, Hill & Nardi, P.C.*

February 20, 2013

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◆ Phone: (906) 228-3600 ◆ Fax: (906) 228-3113 ◆ Wats: (800) 228-0554 ◆ E-Mail: mthn@mthn.com ◆

STATEMENTS OF FINANCIAL POSITION

**GREAT LAKES RECOVERY CENTERS, INC.**

	September 30	
	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 148,406	\$ 119,334
Investments	45,750	45,750
Accounts receivable, net of allowance of \$66,684 and \$18,117, respectively	618,190	490,873
Prepays and other assets	7,640	13,102
<b>TOTAL CURRENT ASSETS</b>	<u>819,986</u>	<u>669,059</u>
<b>NON-CURRENT ASSETS</b>		
Land and improvements	15,000	15,000
Machinery and equipment	71,981	71,981
Buildings and improvements	1,477,811	1,473,380
Furniture and fixtures	44,684	44,684
Construction in progress	4,150	
Vehicles	13,961	17,817
	<u>1,627,587</u>	<u>1,622,862</u>
Less accumulated depreciation	(580,940)	(529,975)
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,046,647</u>	<u>1,092,887</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,866,633</u>	<u>\$ 1,761,946</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 189,652	\$ 217,824
Advance payments on grants	100,000	100,000
Accrued payroll and related liabilities	230,200	178,124
Deferred revenue	18,325	
Notes payable--current portion	49,994	46,483
Line-of-credit	38,689	40,689
<b>TOTAL CURRENT LIABILITIES</b>	<u>626,860</u>	<u>583,120</u>
<b>LONG-TERM LIABILITIES</b>		
Notes payable--long-term portion	509,791	559,506
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>509,791</u>	<u>559,506</u>
<b>TOTAL LIABILITIES</b>	<u>1,136,651</u>	<u>1,142,626</u>
<b>NET ASSETS</b>		
Unrestricted	724,191	618,520
Temporarily restricted	5,791	800
<b>TOTAL NET ASSETS</b>	<u>729,982</u>	<u>619,320</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,866,633</u>	<u>\$ 1,761,946</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

**GREAT LAKES RECOVERY CENTERS, INC.**

	Year Ended September 30, 2012		
	Unrestricted	Temporarily Restricted	Total
<b>CHANGES IN NET ASSETS</b>			
Support and Revenue			
Northcare/Pathways to Healthy Living	\$ 1,498,594		\$ 1,498,594
Northern Michigan Substance Abuse Services	620,818		620,818
Insurance	534,376		534,376
Tribal funding	315,135		315,135
Federal Bureau of Prisons	301,727		301,727
MDOC--State Corrections	271,891		271,891
Michigan Prisoner Re-entry Initiative (MPRI)	240,364		240,364
OCC--Local Corrections	211,301		211,301
Self pay	211,041		211,041
Western U.P. Substance Abuse Services	197,611		197,611
County/Court funded	161,430		161,430
Emergency crisis support	142,833		142,833
United States Probation Office	100,100		100,100
DHS (child welfare)	81,664		81,664
Veterans contracts	77,764		77,764
Donations	9,786	\$ 18,875	28,661
United Way	22,460		22,460
Other income	83,694		83,694
Net assets released from restrictions	13,884	(13,884)	
<b>TOTAL SUPPORT AND REVENUE</b>	<b>5,099,539</b>	<b>4,991</b>	<b>5,104,530</b>
Contractual revenue adjustments	(298,290)		(298,290)
<b>NET SUPPORT AND REVENUE</b>	<b>4,801,249</b>	<b>4,991</b>	<b>4,806,240</b>
<b>EXPENSES</b>			
Salaries	2,894,601		2,894,601
Employee health and welfare	376,125		376,125
Payroll taxes and workers' compensation	266,512		266,512
Michigan Prisoner Re-entry Initiative (MPRI)	127,839		127,839
Program specific costs	166,597		166,597
Rent	130,248		130,248
Professional fees and subcontractors	112,287		112,287
Staff training and travel	112,600		112,600
Utilities	87,620		87,620
Building and facility	63,531		63,531
Equipment and computer maintenance	91,156		91,156
Depreciation	55,526		55,526
Telephone	47,682		47,682
Supplies	43,933		43,933
Vehicles	13,805		13,805
Marketing and advertising	6,481		6,481
Postage and printing	10,331		10,331
Miscellaneous	42,994		42,994
Interest	43,103		43,103
Finance charges	5,814		5,814
<b>TOTAL EXPENSES</b>	<b>4,698,785</b>	<b>0</b>	<b>4,698,785</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>102,464</b>	<b>4,991</b>	<b>107,455</b>
Net gain on disposal of assets	2,555		2,555
Interest income	652		652
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>105,671</b>	<b>4,991</b>	<b>110,662</b>
Net assets at beginning of year	618,520	800	619,320
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 724,191</b>	<b>\$ 5,791</b>	<b>\$ 729,982</b>

See notes to financial statements.

STATEMENT OF ACTIVITIES

**GREAT LAKES RECOVERY CENTERS, INC.**

	Year Ended September 30, 2011		
	Unrestricted	Temporarily Restricted	Total
<b>CHANGES IN NET ASSETS</b>			
Support and Revenue			
Northcare/Pathways to Healthy Living	\$ 1,418,706		\$ 1,418,706
Northern Michigan Substance Abuse Services	351,107		351,107
Insurance	432,462		432,462
Tribal funding	169,730		169,730
Federal Bureau of Prisons	211,394		211,394
MDOC--State Corrections	368,617		368,617
Michigan Prisoner Re-entry Initiative (MPRI)	296,461		296,461
OCC--Local Corrections	169,708		169,708
Self pay	181,928		181,928
Western U.P. Substance Abuse Services	147,676		147,676
County/Court funded	157,521		157,521
United States Probation Office	98,546		98,546
Other (other welfare)	100,004		100,004
Veterans contracts	74,535		74,535
Donations	10,268		10,268
MARESA	13,237		13,237
United Way	15,691		15,691
Other income	18,270		18,270
	<u>4,301,511</u>	<u>0</u>	<u>4,301,511</u>
Contractual revenue adjustments	(217,386)		(217,386)
	<u>4,084,125</u>	<u>0</u>	<u>4,084,125</u>
	TOTAL SUPPORT AND REVENUE		
	NET SUPPORT AND REVENUE		
<b>EXPENSES</b>			
Salaries	2,431,540		2,431,540
Employee health and welfare	368,454		368,454
Payroll taxes and workers' compensation	250,643		250,643
Michigan Prisoner Re-entry Initiative (MPRI)	175,535		175,535
Program specific costs	144,897		144,897
Rent	122,919		122,919
Professional fees and subcontractors	139,886		139,886
Staff training and travel	95,301		95,301
Utilities	82,568		82,568
Building and facility	81,022		81,022
Equipment and computer maintenance	44,478		44,478
Depreciation	53,872		53,872
Telephone	50,634		50,634
Supplies	43,618		43,618
Vehicles	17,466		17,466
Marketing and advertising	17,439		17,439
Postage and printing	9,467		9,467
Miscellaneous	31,875		31,875
Interest	40,402		40,402
Finance charges	6,094		6,094
	<u>4,208,110</u>	<u>0</u>	<u>4,208,110</u>
	TOTAL EXPENSES		
	CHANGE IN NET ASSETS FROM OPERATIONS		
Net loss on sale of fixed assets	(3,863)		(3,863)
Interest income	38		38
	<u>(127,810)</u>	<u>0</u>	<u>(127,810)</u>
	TOTAL CHANGE IN NET ASSETS		
Net assets at beginning of year	746,330	800	747,130
	<u>\$ 618,520</u>	<u>\$ 800</u>	<u>\$ 619,320</u>
	NET ASSETS AT END OF YEAR		

See notes to financial statements.

STATEMENTS OF CASH FLOWS

**GREAT LAKES RECOVERY CENTERS, INC.**

	Year Ended September 30	
	2012	2011
	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Cash received from grants, contracts, and fees for services	\$ 4,697,900	\$ 4,170,279
Cash paid to suppliers and employees	(4,570,789)	(4,001,100)
Interest paid	(43,103)	(40,402)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>84,008</u>	<u>128,777</u>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(18,499)	(55,967)
Proceeds from disposal of fixed assets	11,767	1,987
NET CASH USED BY INVESTING ACTIVITIES	<u>(6,732)</u>	<u>(53,980)</u>
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
Proceeds from borrowing		32,610
Payment of debt principal	(46,204)	(40,835)
Net payments on line-of-credit	(2,000)	(39)
NET CASH USED BY FINANCING ACTIVITIES	<u>(48,204)</u>	<u>(8,264)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,072	66,533
Cash and cash equivalents at beginning of year	<u>119,334</u>	<u>52,801</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 148,406</u>	<u>\$ 119,334</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 110,662	\$ (127,810)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	55,526	53,872
Provision for bad-debt expense		19,100
(Gain) Loss on disposal of fixed assets	(2,555)	3,863
Changes in assets and liabilities:		
(Increase) Decrease in accounts receivable	(127,317)	67,016
Decrease in prepaid expenses	5,462	5,361
Increase (Decrease) in accounts payable	(28,171)	58,337
Increase in accrued payroll and related liabilities	52,076	50,520
Increase (Decrease) in other liabilities	18,325	(1,482)
NET ADJUSTMENTS	<u>(26,654)</u>	<u>256,587</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ 84,008</u>	<u>\$ 128,777</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**GREAT LAKES RECOVERY CENTERS, INC.**

September 30, 2011

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business: Great Lakes Recovery Centers, Inc., a non-profit 501(c)(3) Corporation, operates several programs which are designed primarily for the prevention and treatment of substance abuse. These programs offer services and assistance in prevention, diagnostics, treatment and rehabilitation to organizations, adults, adolescents, and children and families throughout Michigan and Northern Wisconsin. Great Lakes Recovery Centers, Inc., (Corporation) operates primarily on contracts with several governmental agencies.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-310, *Not-for-Profit Organizations' Receivables*, and FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. In accordance with FASB ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets--unrestricted, temporarily restricted, and permanently restricted--based on the existence or nature of any donor-imposed restrictions.

Descriptions of the asset classes are as follows:

Unrestricted Net Assets: Represent funds available for support of current Corporation operations.

Temporarily Restricted Net Assets: Represents funds whose use is limited by donor-imposed stipulations that expire either by passage of time or fulfillment of the stipulations. The funds are reported as temporarily restricted revenues upon receipt and are transferred to unrestricted net assets when the time or purpose restrictions have been met.

Permanently Restricted Net Assets: Represent funds subject to donor-imposed stipulations requiring that the principal be permanently invested.

Cash and Cash Equivalents: Cash and cash equivalents include checking and savings accounts.

Investments: The Corporation holds stock in a closely-held company that is not readily marketable. Due to the limited marketability of this investment, the Corporation has elected not to adjust the carrying value of this investment the past two years. Based on the market value indicators that are available, this does not result in a material departure from generally accepted accounting principles.



NOTES TO FINANCIAL STATEMENTS--Continued

**GREAT LAKES RECOVERY CENTERS, INC.**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

Land, Buildings, and Equipment: Property and equipment purchases in excess of \$1,500 are capitalized and reported at cost, if purchased, or fair value if contributed. Depreciation is computed using the straight-line method, which depreciates assets evenly over their estimated useful lives which range from three to 39 years.

Contributions: All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts received, that are designated for future periods or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received, with donor-imposed restrictions that are met in the same year in which the contributions are received, are classified as unrestricted contributions.

Income Taxes: The Corporation qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code; therefore, the Corporation has no provision for federal income taxes.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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. Actual results could differ from those estimates.

Subsequent Events: Subsequent events were evaluated through February 20, 2013, which is the date the financial statements were available to be issued.

Accounts Receivable: Accounts receivable consist mainly of contract, insurance, and self-pay for services provided. All such amounts are unsecured and non-interest bearing. The Corporation has established an allowance for uncollectible accounts receivable through a provision for bad debt expense. The allowance was based on management's assessment of the individual account balances outstanding at year-end. Past due receivables will be written-off when internal collection efforts have been unsuccessful in collecting the amount due.

NOTES TO FINANCIAL STATEMENTS--Continued

**GREAT LAKES RECOVERY CENTERS, INC.**

**NOTE B--PUBLIC SUPPORT AND REVENUE**

Donated Services and Material: Agencies, business firms, and others contribute materials and services toward the fulfillment of projects initiated by the Corporation. Contributions of material and services that are objectively measurable and represent program or support expenditures, which would otherwise be incurred by the Corporation, are reflected in both public support and program expense in the accompanying financial statements.

A number of volunteers have donated substantial amounts of their time to program services; however, no volunteer services have been recorded in the financial statements because there is no objective basis available to measure the value of such services.

Governmental Grants - Adult Residential Services: One criminal justice governmental funding source for residents in the adult residential program requires these individuals to pay a portion of their income, if any, for their support while in the program. Amounts due from residents are deducted by the funding source from what would otherwise be due to the Corporation. The amounts due from residents are treated as program service fees in the financial statements.

**NOTE C--ACCOUNTS RECEIVABLE**

A summary of accounts receivable is as follows:

	September 30	
	2012	2011
Contracts	\$ 594,495	\$ 450,641
Insurance	85,960	46,070
Self-pay	250	8,694
Other	4,169	3,585
	<u>684,874</u>	<u>508,990</u>
Allowance for uncollectible accounts	66,684	18,117
	<u>\$ 618,190</u>	<u>\$ 490,873</u>
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE	<u>\$ 618,190</u>	<u>\$ 490,873</u>

**NOTE D--ACCRUED PAYROLL AND RELATED LIABILITIES**

A summary of accrued payroll and related liabilities is as follows:

	September 30	
	2012	2011
Accrued wages	\$ 174,380	\$ 122,867
Other accrued payroll liabilities	55,820	55,257
	<u>\$ 230,200</u>	<u>\$ 178,124</u>
ACCRUED PAYROLL AND RELATED LIABILITIES	<u>\$ 230,200</u>	<u>\$ 178,124</u>

NOTES TO FINANCIAL STATEMENTS--Continued

**GREAT LAKES RECOVERY CENTERS, INC.**

**NOTE E--INVESTMENTS**

Market values and unrealized appreciation on investments are as follows:

	September 30, 2012		
	Cost	Fair Value	Unrealized Appreciation
Common stock	\$ 30,000	\$ 45,750	\$ 15,750
TOTAL INVESTMENTS	<u>\$ 30,000</u>	<u>\$ 45,750</u>	<u>\$ 15,750</u>
	September 30, 2011		
	Cost	Fair Value	Unrealized Appreciation
Common stock	\$ 30,000	\$ 45,750	\$ 15,750
TOTAL INVESTMENTS	<u>\$ 30,000</u>	<u>\$ 45,750</u>	<u>\$ 15,750</u>

The following table presents information about the Corporation's investments measured at fair value on a recurring basis and the valuation techniques used by the Corporation to determine those fair values. The FASB ASC 820 Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; Level 3 inputs consist of unobservable inputs and have the lowest priority. The Corporation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>September 30, 2012:</u>				
Common stock	\$ 45,750		\$ 45,750	
TOTAL INVESTMENT SECURITIES	<u>\$ 45,750</u>	<u>\$ 0</u>	<u>\$ 45,750</u>	<u>\$ 0</u>
<u>September 30, 2011:</u>				
Common stock	\$ 45,750		\$ 45,750	
TOTAL INVESTMENT SECURITIES	<u>\$ 45,750</u>	<u>\$ 0</u>	<u>\$ 45,750</u>	<u>\$ 0</u>

NOTES TO FINANCIAL STATEMENTS--Continued

**GREAT LAKES RECOVERY CENTERS, INC.**

**NOTE E--INVESTMENTS--Continued**

Following is a description of the valuation methodologies used for as sets measured at fair value:

Level 2: Common stock is valued using multiple inputs including the most recent transaction and an independent valuation.

**NOTE F--ADVANCE PAYMENTS ON GRANTS**

Northcare, formerly Eastern Upper Peninsula Substance Abuse Services (EUPSAS), advanced monies to increase the Corporation's cash flow in the amount of \$100,000 for the year ended September 30, 2003. These funds have not been drawn back by EUPSAS, but instead were re-authorized for the years ended September 30, 2012 and 2011.

**NOTE G--DEFERRED REVENUE**

Deferred revenue represents funds received as an advance for expenses for the Michigan Prisoner Re-entry Program in the amount of \$15,000 and an advanced payment received for client services at the Adult Residential Program in the amount of \$3,325. These amounts will be recognized as revenue as services are performed in the subsequent fiscal year.

**NOTE H--LONG-TERM DEBT**

	September 30	
	2012	2011
Mortgage--New Hope--Women's House--payable in semi-annual installments of \$15,347, including interest at 5.29%, due September 15, 2021.	\$ 218,676	\$ 236,938
Mortgage--241 Wright St., Marquette--payable in monthly installments of \$2,769, including interest at 7.50%, due October 5, 2021.	215,567	231,687
Mortgage--301 E. Spruce St., Sault St. Marie--payable in monthly installments of \$1,092, including interest at 7.50%, due October 26, 2014.	103,348	108,361
Vehicle Loan--payable in monthly installments of \$373, including interest at 6.75%, due February 18, 2014.	6,023	9,935
Capital Lease, Copier--payable in monthly installments of \$439, including interest at 12.50%, due July 15, 2016.	16,171	19,068
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 559,785</b>	<b>\$ 605,989</b>

NOTES TO FINANCIAL STATEMENTS--Continued

**GREAT LAKES RECOVERY CENTERS, INC.**

**NOTE H--LONG-TERM DEBT--Continued**

Long-term debt matures as follows:

Year Ending September 30	Principle	Interest	Total
2013	\$ 49,994	\$ 36,776	\$ 86,770
2014	50,920	33,241	84,161
2015	52,627	29,670	82,297
2016	55,556	25,862	81,418
2017	54,869	22,155	77,024
Thereafter	295,819	53,198	349,017
	<u>\$ 559,785</u>	<u>\$ 200,902</u>	<u>\$ 760,687</u>

Interest expense, which is also the amount of interest paid for the years ended September 30, 2012 and 2011, amounted to \$43,103 and \$40,402, respectively.

**NOTE I--TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent the following:

	September 30	
	2012	2011
Capital campaign		\$ 800
Adult residential program services	\$ 748	
Youth residential program services	5,043	
TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 5,791</u>	<u>\$ 800</u>

**NOTE J--POST RETIREMENT BENEFIT PLAN**

Employees that meet the following requirements are eligible: (1) employed by the Corporation as of fiscal year end (2) worked at least 1,000 hours during the previous 12 months, and (3) have been continuously employed by the Corporation for the past 24 months.

Employees are immediately 100 percent vested in their contributions. Investment choices are entirely up to the employee. The Corporation may make discretionary contributions as approved by the Board of Directors on an annual basis. The Board of Directors elected not to contribute for the years ended September 30, 2012 and 2011.

NOTES TO FINANCIAL STATEMENTS--Continued

**GREAT LAKES RECOVERY CENTERS, INC.**

**NOTE K--LEASES**

During fiscal year 2012, the Corporation leased several office spaces throughout the Upper Peninsula, Michigan, for its various programs. The expiration dates of leases range from December 31, 2012 through May 31, 2016. Some leases allow for cancellation with a 30-day written notice.

Future minimum payments under these operating leases are summarized below:

<u>Years Ending September 30</u>	
2013	\$ 124,608
2014	60,068
2015	44,418
2016	<u>23,112</u>
	<u>\$ 252,206</u>

**NOTE L--FUNCTIONAL EXPENSES**

The functional presentation of Corporation expenses is as follows:

	September 30	
	<u>2012</u>	<u>2011</u>
Program services	\$ 3,917,368	\$ 3,559,105
Management and general	771,596	649,005
Fundraising	<u>9,821</u>	<u>          </u>
TOTAL EXPENSES	<u>\$ 4,698,785</u>	<u>\$ 4,208,110</u>

**SUPPLEMENTARY INFORMATION**

STATEMENT OF FUNCTIONAL EXPENSES

**GREAT LAKES RECOVERY CENTERS, INC.**

Year Ended September 30, 2012

	Program Services											
	ARS	DHS Parent Aide	Emergency Crisis Support	Escanaba	Hurley	Iron Mountain	Ironwood	Ishpeming	Manistique	Marquette	Menominee	MPRI
<b>EXPENSES</b>												
<b>EMPLOYEE COMPENSATION</b>												
Salaries	\$ 480,723	\$ 11,981	\$ 52,870	\$ 25,565	\$ 19,280	\$ 91,553	\$ 25,216	\$ 199,546	\$ 66,055	\$ 288,776	\$ 17,305	\$ 67,536
Employee health and welfare	69,689	31	32	1,066	28	15,564	53	28,176	19,507	27,456	35	13,318
Payroll taxes and workers compensation	44,932	1,362	4,477	2,628	1,794	7,747	2,660	17,699	5,781	26,744	1,678	5,513
<b>TOTAL EMPLOYEE COMPENSATION</b>	<b>595,544</b>	<b>13,374</b>	<b>57,379</b>	<b>29,277</b>	<b>21,102</b>	<b>114,867</b>	<b>27,929</b>	<b>245,421</b>	<b>93,343</b>	<b>342,976</b>	<b>19,018</b>	<b>86,367</b>
<b>OTHER EXPENSES</b>												
MPRI program												127,839
Program specific costs	71,725			5,325		482	226	2,343	498	23,128		
Rent	6,342			9,809	5,370	9,180	4,900	17,780	4,494	34,668	5,150	
Professional fees and subcontractors	7,456			287		2,613	1,084	2,477	166	7,450	948	714
Staff training and travel	30,157	7,311			7	8	554		1,762	6,371	373	10,879
Utilities	13,441	190	1,182	682	230	1,200	593	2,891	1,259	4,776	309	
Building and facility	9,774			1,666	360	3,709	1,125	5,322	1,594	7,701	927	
Equipment and computer maintenance	10,005					544			135	111		
Depreciation	3,350	246	413	807		2,579	2,250	1,190	2,350	3,863	2,415	907
Telephone	12,143	22	32	926		613	239	1,107	1,105	2,250	696	325
Supplies	5,313	8				23	56			102		
Vehicles						105						
Marketing and advertising	808	7	4	111		401	203	464	106	1,283	30	190
Postage and printing	195					50	157		196		539	6,289
Miscellaneous	12,728											
Interest												
Finance charges	91											5
<b>TOTAL OTHER EXPENSES</b>	<b>183,528</b>	<b>7,784</b>	<b>1,631</b>	<b>19,613</b>	<b>5,967</b>	<b>22,406</b>	<b>11,387</b>	<b>59,396</b>	<b>13,665</b>	<b>92,291</b>	<b>11,657</b>	<b>147,148</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 779,072</b>	<b>\$ 21,158</b>	<b>\$ 59,010</b>	<b>\$ 48,890</b>	<b>\$ 27,069</b>	<b>\$ 137,273</b>	<b>\$ 39,316</b>	<b>\$ 303,817</b>	<b>\$ 107,008</b>	<b>\$ 435,267</b>	<b>\$ 30,675</b>	<b>\$ 233,515</b>



STATEMENT OF FUNCTIONAL EXPENSES--Continued

**GREAT LAKES RECOVERY CENTERS, INC.**

Year Ended September 30, 2012

	Program Services										Supporting Services				
	Munising	Newberry	New Hope Men's	New Hope Women's	Poor Recovery	Prevention	Prison	SSM	St. Ignace	Youth	Total Program Services	Management and	General	Fundraising	Total
<b>EXPENSES</b>															
<b>EMPLOYEE COMPENSATION</b>															
Salaries	\$ 14,501	\$ 9,619	\$ 163,354	\$ 222,563	\$ 27,336	\$ 27,189	\$ 94,950	\$ 11,579	\$ 2,997	\$ 413,555	\$ 2,418,492	\$ 469,575	\$ 8,534	\$ 2,894,601	
Employee health and welfare	18	14	16,765	26,037	2,742	14,299	12,497	15,286	5	43,116	315,984	60,050	91	376,125	
Payroll taxes and workers compensation	1,420	999	16,070	21,600	2,814	2,318	8,336	7,767	313	38,347	222,997	42,607	908	266,512	
<b>TOTAL EMPLOYEE COMPENSATION</b>	<b>16,339</b>	<b>10,632</b>	<b>196,189</b>	<b>270,270</b>	<b>32,892</b>	<b>43,806</b>	<b>115,783</b>	<b>11,463</b>	<b>3,315</b>	<b>495,018</b>	<b>2,955,473</b>	<b>572,232</b>	<b>9,533</b>	<b>\$ 3,537,238</b>	
<b>OTHER EXPENSES</b>															
<b>MPRI program</b>															
Program specific costs															
Rent	6,000	938	13,083	15,430	260	3,550	63	1,080	76	34,605	127,839	35		127,839	
Professional fees and subcontractors			119	961	262	3,616	174	3,600			95,913	34,335		166,597	
Staff training and travel	442	2,176	1,642	2,078	579	10,968	12,281	862	1,276	13,642	81,807	30,480		130,248	
Utilities			12,578	24,564	2,175	14,671	1,377	1,377		4,948	81,575	30,860	165	112,600	
Building and facility	318	229	8,788	10,566	310	615	1,146	3,280	33	15,096	87,437	183		87,620	
Equipment and computer maintenance	850	2,568	6,374	7,734	850	850	1,831	6,185	778	10,291	62,349	1,182		63,531	
Depreciation	1,316	977	3,131	3,182	662	176	176	2,400	1,067	8,729	67,044	24,112		91,156	
Telephone	273	72	3,456	5,871	29	30	1,111	1,373	69	3,793	37,094	10,588		55,526	
Supplies		358	10	415	437	92	8	8		6,275	38,017	5,916		47,682	
Vehicles			1,303	71		336	48	48		5,212	12,094	1,771		13,805	
Marketing and advertising		32	281	337	383	7	11	338	23	471	5,579	4,740	12	6,481	
Postage and printing				500						1,182	9,608	33,275	111	42,994	
Miscellaneous				12,432				6,066		4,867	38,093	5,010		43,103	
Interest										27	245	5,569		5,814	
Finance charges			16	80				26							
<b>TOTAL OTHER EXPENSES</b>	<b>9,258</b>	<b>7,561</b>	<b>59,916</b>	<b>101,978</b>	<b>5,117</b>	<b>34,735</b>	<b>16,619</b>	<b>17,492</b>	<b>6,922</b>	<b>116,824</b>	<b>961,895</b>	<b>199,364</b>	<b>288</b>	<b>1,161,547</b>	
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 25,597</b>	<b>\$ 18,193</b>	<b>\$ 256,105</b>	<b>\$ 372,248</b>	<b>\$ 38,009</b>	<b>\$ 78,541</b>	<b>\$ 132,402</b>	<b>\$ 112,124</b>	<b>\$ 10,237</b>	<b>\$ 611,842</b>	<b>\$ 3,917,368</b>	<b>\$ 771,596</b>	<b>\$ 9,621</b>	<b>\$ 4,698,785</b>	

*Attachment 16*

**NorthCare Network Substance Abuse Services**  
200 W. Spring Street, Marquette, MI 49855  
Phone: (906) 225-7222; Toll-Free: (800) 305-6564 Fax: (906) 225-7224

**Quarterly Summary Report on Client Satisfaction Results**

**FY 2012 - 2013**

SUBSTANCE ABUSE TREATMENT PROGRAM NAME: Marquette/Munising

- 1<sup>st</sup> Quarter  
Oct. 2012 – Dec. 2012  
Due by Jan. 15, 2013
- 2<sup>nd</sup> Quarter  
Jan. 2013 – Mar. 2013  
Due by April 15, 2013
- 3<sup>rd</sup> Quarter  
Apr. 2013 – June 2013  
Due by July 15, 2013
- 4<sup>th</sup> Quarter  
July 2013 – Sept. 2013  
Due by Oct. 15, 2013

Age of Population	# of Clients Surveyed	# Responded to Survey	# of "Satisfied" Respondents	# of "Not Satisfied" Respondents
Age 18 and Older	112	78	78	0
Younger than Age 18	4	4	4	0

Person Completing this Report: Julie Salo      Date of Report: 1/2/2012

Due Date: Please email this Report within 15 days of the END of EVERY Report Quarter Month to:  
*Jan McCombie*, [jmccombie@up-pathways.org](mailto:jmccombie@up-pathways.org)      Questions? Phone: 906-225-4435