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October 10, 2013

Board of Directors
Our Place Drug & Alcohol Services, Inc.
400 E. Spring Street
New Albany, IN 47150

We have reviewed the audit report prepared by Monroe Shine & Co., Inc., Independent Public Accountants, for the period July 1, 2010 to June 30, 2011. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Our Place Drug & Alcohol Services, Inc., as of June 30, 2011 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**OUR PLACE DRUG AND ALCOHOL
EDUCATION SERVICES, INC. -
NEW ALBANY, INDIANA**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.

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MONROE SHINE

KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW

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Independent Auditor's Report

Board of Directors
**Our Place Drug and Alcohol
Education Services, Inc.**
New Albany, Indiana

We have audited the accompanying statement of financial position of **Our Place Drug and Alcohol Education Services, Inc.** (a not-for-profit organization) as of June 30, 2011 and 2010 and the related statement of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit 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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Our Place Drug and Alcohol Education Services, Inc.** as of June 30, 2011 and 2010 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Monroe Shine

New Albany, Indiana
March 31, 2012

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS

ASSETS	<u>2011</u>	<u>2010</u>
Cash	\$ 7,474	\$ 57,306
Grants receivable	114,696	94,624
Accounts receivable	4,960	5,135
Property and equipment, net	<u>236,178</u>	<u>244,610</u>
 TOTAL ASSETS	 <u><u>\$ 363,308</u></u>	 <u><u>\$ 401,675</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 70,788	\$ 62,592
Accrued expenses	25,235	58,607
Deferred revenue	3,859	9,980
Line of credit	<u>84,877</u>	<u>89,746</u>
Total Liabilities	<u>184,759</u>	<u>220,925</u>
 NET ASSETS		
Unrestricted	<u>178,549</u>	<u>180,750</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 363,308</u></u>	 <u><u>\$ 401,675</u></u>

See notes to financial statements.

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	<u>2011</u>			<u>2010</u>		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Grant income	\$ 577,360	\$ -	\$ 577,360	\$ 511,629	\$ -	\$ 511,629
United Way	42,838	-	42,838	44,415	-	44,415
Client fees	26,340	-	26,340	32,870	-	32,870
Donations and fund raisers	14,947	29,970	44,917	12,962	28,505	41,467
Interest income	8	-	8	1,427	-	1,427
Net assets released from restrictions	29,970	(29,970)	-	28,505	(28,505)	-
Total Revenue	<u>691,463</u>	<u>-</u>	<u>691,463</u>	<u>631,808</u>	<u>-</u>	<u>631,808</u>
EXPENSES						
Program services	633,121	-	633,121	689,458	-	689,458
Management and general	51,451	-	51,451	59,754	-	59,754
Fundraising	9,092	-	9,092	10,609	-	10,609
Total Expenses	<u>693,664</u>	<u>-</u>	<u>693,664</u>	<u>759,821</u>	<u>-</u>	<u>759,821</u>
Decrease in Net Assets	(2,201)	-	(2,201)	(128,013)	-	(128,013)
Net assets, beginning of year	180,750	-	180,750	308,763	-	308,763
Net Assets, End of Year	<u>\$ 178,549</u>	<u>\$ -</u>	<u>\$ 178,549</u>	<u>\$ 180,750</u>	<u>\$ -</u>	<u>\$ 180,750</u>

See notes to financial statements.

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011 AND 2010

	2011			
	Program Services	Management and General	Fund Raising	Total
Functional expenses:				
Wages	\$ 249,848	\$ 33,912	\$ 7,407	\$ 291,167
Employee benefits	31,199	5,160	-	36,359
Payroll taxes	18,884	3,123	-	22,007
Subcontractors	162,055	-	-	162,055
Professional fees	30,972	4,750	-	35,722
Program expenses	46,473	-	1,200	47,673
Occupancy	8,842	1,462	-	10,304
Telephone	2,506	414	-	2,920
Office supplies and postage	8,940	-	485	9,425
Travel	12,266	-	-	12,266
Printing and publications	32,912	-	-	32,912
Staff training and development	3,695	-	-	3,695
Insurance	8,668	1,433	-	10,101
Equipment	8,209	-	-	8,209
Dues and subscriptions	417	-	-	417
Depreciation	7,235	1,197	-	8,432
Total Functional Expenses	\$ 633,121	\$ 51,451	\$ 9,092	\$ 693,664

See notes to financial statements.

2010

Program Services	Management and General	Fund Raising	Total
\$ 244,393	\$ 42,122	\$ 9,073	\$ 295,588
40,757	10,366	-	51,123
19,362	2,525	-	21,887
172,233	-	-	172,233
17,651	-	-	17,651
64,186	-	1,241	65,427
13,673	1,783	-	15,456
3,063	399	-	3,462
19,558	-	295	19,853
11,263	-	-	11,263
36,790	-	-	36,790
12,804	-	-	12,804
12,017	1,567	-	13,584
13,421	-	-	13,421
847	-	-	847
7,440	992	-	8,432
<u>\$ 689,458</u>	<u>\$ 59,754</u>	<u>\$ 10,609</u>	<u>\$ 759,821</u>

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Decrease in net assets	\$ (2,201)	\$ (128,013)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	8,432	8,432
(Increase) decrease in assets:		
Accounts receivable	175	(3,925)
Grants receivable	(20,072)	(55,612)
Increase (decrease) in liabilities:		
Accounts payable	8,196	61,020
Accrued expenses	(33,372)	20,357
Deferred revenue	(6,121)	(26,578)
Net Cash Used In Operating Activities	<u>(44,963)</u>	<u>(124,319)</u>
FINANCING ACTIVITY		
Net borrowings (repayments) on line of credit	<u>(4,869)</u>	89,746
Net Decrease in Cash	(49,832)	(34,573)
Cash at beginning of year	<u>57,306</u>	<u>91,879</u>
Cash at End of Year	<u>\$ 7,474</u>	<u>\$ 57,306</u>

See notes to financial statements.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Our Place Drug and Alcohol Education Services, Inc. (the Organization) is a not-for-profit which provides programs for prevention, intervention and education services to youth and their family members who are presently or potentially at risk due to use of alcohol or other addictive chemicals in Southern Indiana and the Louisville metropolitan area.

Basis of Accounting

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

Basis of Presentation

The Organization reports information regarding its financial position and activities in two classes of net assets: unrestricted and temporarily restricted net assets. No temporarily restricted net assets existed at June 30, 2011 and 2010. The terms are defined below:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

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, if any) 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.

Contributed Services

During the years ended June 30, 2011 and 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition.

Property and Equipment

The organization records property and equipment at cost. Depreciation is recorded on the straight line method over the estimated useful lives. Repairs and maintenance are expensed as incurred.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2011 AND 2010

(1 - continued)

Deferred Revenue

Grant revenue received in advance is deferred until the services are completed in accordance with the grant agreement.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

The Organization has implemented the accounting guidance for uncertainty in income taxes. Under that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of June 30, 2011, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization files federal and Indiana income tax returns. Returns filed in these jurisdictions for the tax years ended on or after June 30, 2008 are subject to examination by the relevant taxing authorities. Management believes the Organization's tax-exempt status would be upheld upon examination.

Revenue Recognition

The Organization receives the majority of its revenue from the Department of Mental Health/Family and Social Services Administration (FSSA). The Organization recognized income totaling \$380,774 and \$378,929 for the years ended June 30, 2011 and 2010, respectively. This amount is included as part of grant income in the Statement of Activities. Revenue from FSSA is based on a per unit payment.

Concentration of Credit Risk

The Organization maintains its cash at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times, the balances may be in excess of federal insured limits. As of June 30, 2011, the Organization had no uninsured balances.

(2) **ACCOUNTS RECEIVABLE**

The accounts receivable balance at June 30, 2011 and 2010, totaling \$4,960 and \$5,135, respectively, represents client fees receivable. At June 30, 2011 and 2010, management deemed no allowance for uncollectible accounts was necessary.

(3) **GRANTS RECEIVABLE**

The grants receivable balance at June 30, 2011, totaling \$114,696 and \$94,624, respectively, represents claims for services performed in accordance with grant agreements.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2011 AND 2010

(4) PROPERTY AND EQUIPMENT

The Organization owns a building which provides space for program services as well as office staff.

A summary of property and equipment and accumulated depreciation at June 30, 2011 and 2010 is as follows:

Building and improvements	\$ 255,218	\$ 255,218
Equipment	<u>5,554</u>	<u>5,554</u>
	260,772	260,772
Less accumulated depreciation	<u>(24,594)</u>	<u>(16,162)</u>
	<u>\$ 236,178</u>	<u>\$244,610</u>

(5) DEFERRED REVENUE

The Organization receives certain grant funding in advance for services. The deferred revenue at June 30, 2011 and 2010, totaling \$3,859 and \$9,980, respectively, represents funds received before services performed within the grant cycle.

(6) LINE OF CREDIT

The Organization has a revolving line of credit with Your Community Bank secured by a mortgage on the Organization's building in the amount of \$150,000. The interest rate charged on the line of credit was 6.00% at June 30, 2011 and 2010. Borrowings on the line of credit were \$84,877 and \$89,746 at June 30, 2011 and 2010, respectively.

(7) PENSION EXPENSE

The Organization has a Simplified Employee Pension Plan, which covers all employees who meet certain eligibility requirements. The contribution rate, which is established by the Board of Directors each year, was 10% for the years ended June 30, 2011 and 2010. Total pension expense under this Plan was \$20,669 for the year ended June 30, 2010. This amount is included in total employee benefits in the statements of activities. There was no pension expense for the year ended June 30, 2011.

(8) CONTINGENCY AND GRANT CONTRACT

The Organization is substantially funded by grants and contracts awarded directly and indirectly by the federal government and the State of Indiana. The agreements contain provisions which permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate any or adequate funds to maintain the current funding levels or if levels decline.

The Organization has been awarded an additional contract from the Indiana Family and Social Services Administration, the Division of Mental Health and Addiction through June 30, 2012.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2011 AND 2010

(9) SUBRECIPIENT

The Organization has entered into contracts with various subrecipients to provide services. The total amount paid to subcontractors for these services was \$162,055 and \$172,233 for the years ended June 30, 2011 and 2010, respectively.

(10) SUBSEQUENT EVENTS

The Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financials and related notes thereto have taken place through March 31, 2012, the date these financial statements were issued. The Organization has determined that there are no such subsequent events.