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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, 2011 to June 30, 2012. 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, 2012 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, 2012 AND 2011

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, 2012 and 2011 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, 2012 and 2011 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 12, 2013

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 24,691	\$ 7,474
Grants receivable	102,059	114,696
Accounts receivable	2,135	4,960
Property and equipment, net	<u>227,746</u>	<u>236,178</u>
 TOTAL ASSETS	 <u>\$ 356,631</u>	 <u>\$ 363,308</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 43,500	\$ 70,788
Accrued compensation	27,763	25,235
Deferred revenue	20,860	3,859
Line of credit	<u>84,795</u>	<u>84,877</u>
Total Liabilities	<u>176,918</u>	<u>184,759</u>
 NET ASSETS		
Unrestricted	<u>179,713</u>	<u>178,549</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 356,631</u>	 <u>\$ 363,308</u>

See notes to financial statements.

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Grant income	\$ 568,959	\$ -	\$ 568,959	\$ 577,360	\$ -	\$ 577,360
United Way	47,139	-	47,139	42,838	-	42,838
Client fees	18,521	-	18,521	26,340	-	26,340
Donations and fund raisers	13,115	26,748	39,863	14,947	29,970	44,917
Interest income	5	-	5	8	-	8
Net assets released from restrictions	26,748	(26,748)	-	29,970	(29,970)	-
Total Revenue	674,487	-	674,487	691,463	-	691,463
EXPENSES						
Program services	615,537	-	615,537	633,121	-	633,121
Management and general	48,360	-	48,360	51,451	-	51,451
Fundraising	9,426	-	9,426	9,092	-	9,092
Total Expenses	673,323	-	673,323	693,664	-	693,664
Change in Net Assets	1,164	-	1,164	(2,201)	-	(2,201)
Net assets, beginning of year	178,549	-	178,549	180,750	-	180,750
Net Assets, End of Year	\$ 179,713	\$ -	\$ 179,713	\$ 178,549	\$ -	\$ 178,549

See notes to financial statements.

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2012 AND 2011

	2012			
	Program Services	Management and General	Fund Raising	Total
Functional expenses:				
Wages	\$ 222,554	\$ 33,912	\$ 7,407	\$ 263,873
Employee benefits	26,969	4,460	-	31,429
Payroll taxes	16,295	3,250	-	19,545
Subcontractors	147,119	-	-	147,119
Professional fees	65,169	2,500	-	67,669
Program expenses	52,012	-	1,783	53,795
Occupancy	6,302	1,040	-	7,342
Telephone	3,093	512	-	3,605
Office supplies and postage	10,076	-	236	10,312
Travel	11,712	-	-	11,712
Printing and publications	28,401	-	-	28,401
Staff training and development	3,491	-	-	3,491
Insurance	8,342	1,489	-	9,831
Equipment	6,725	-	-	6,725
Dues and subscriptions	42	-	-	42
Depreciation	7,235	1,197	-	8,432
Total Functional Expenses	\$ 615,537	\$ 48,360	\$ 9,426	\$ 673,323

See notes to financial statements.

2011

Program Services	Management and General	Fund Raising	Total
\$ 249,848	\$ 33,912	\$ 7,407	\$ 291,167
31,199	5,160	-	36,359
18,884	3,123	-	22,007
162,055	-	-	162,055
30,972	4,750	-	35,722
46,473	-	1,200	47,673
8,842	1,462	-	10,304
2,506	414	-	2,920
8,940	-	485	9,425
12,266	-	-	12,266
32,912	-	-	32,912
3,695	-	-	3,695
8,668	1,433	-	10,101
8,209	-	-	8,209
417	-	-	417
7,235	1,197	-	8,432
<u>\$ 633,121</u>	<u>\$ 51,451</u>	<u>\$ 9,092</u>	<u>\$ 693,664</u>

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Decrease in net assets	\$ 1,164	\$ (2,201)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,432	8,432
(Increase) decrease in assets:		
Accounts receivable	2,825	175
Grants receivable	12,637	(20,072)
Increase (decrease) in liabilities:		
Accounts payable	(27,288)	8,196
Accrued expenses	2,528	(33,372)
Deferred revenue	17,001	(6,121)
Net Cash Provided By (Used In) Operating Activities	<u>17,299</u>	<u>(44,963)</u>
 FINANCING ACTIVITY		
Net repayments on line of credit	<u>(82)</u>	<u>(4,869)</u>
 Net Increase (Decrease) in Cash	17,217	(49,832)
 Cash at beginning of year	<u>7,474</u>	<u>57,306</u>
 Cash at End of Year	<u>\$ 24,691</u>	<u>\$ 7,474</u>

See notes to financial statements.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(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, 2012 and 2011. 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, 2012 and 2011, 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, 2012 AND 2011

(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, 2012, 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, 2009 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, 2012 and 2011, 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, 2012, the Organization had no uninsured balances.

(2) ACCOUNTS RECEIVABLE

The accounts receivable balance at June 30, 2012 and 2011, totaling \$2,135 and \$4,960, respectively, represents client fees receivable. At June 30, 2012 and 2011, management deemed no allowance for uncollectible accounts was necessary.

(3) GRANTS RECEIVABLE

The grants receivable balance at June 30, 2012, totaling \$102,059 and \$114,696, 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, 2012 AND 2011

(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, 2012 and 2011 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>(33,026)</u>	<u>(24,594)</u>
	\$ <u>227,746</u>	\$ <u>236,308</u>

(5) ACCRUED COMPENSATION

The Organization accrues for employee compensation, vacation, and other paid time off that is earned but not paid as of the end of each year. The unpaid accrued compensation at June 30, 2012 and 2011, totaling \$27,763 and \$25,235, respectively.

(6) DEFERRED REVENUE

The Organization receives certain grant funding in advance for services. The deferred revenue at June 30, 2012 and 2011, totaling \$20,860 and \$3,859, respectively, represents funds received before services performed within the grant cycle.

(7) 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, 2012 and 2011. Borrowings on the line of credit were \$84,795 and \$84,877 at June 30, 2012 and 2011, respectively.

(8) PENSION EXPENSE

The Organization has a Simplified Employee Pension Plan, which covers all employees who meet certain eligibility requirements. The contribution rate is established by the Board of Directors each year. There were no contributions for the years ended June 30, 2012 and 2011.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2012 AND 2011

(9) 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.

(10) SUBRECIPIENT

The Organization has entered into contracts with various subrecipients to provide services. The total amount paid to subcontractors for these services was \$147,119 and \$162,055 for the years ended June 30, 2012 and 2011, respectively.

(11) 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 12, 2013, the date these financial statements were issued. The Organization has determined that there are no such subsequent events.