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June 18, 2009

Board of Directors
Our Place Drug and Alcohol
Education Services, Inc.
400 E. Spring St.
New Albany, IN 47150

We have reviewed the audit report prepared by Monroe Shine, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. 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 and Alcohol Education Services, Inc., as of June 30, 2007, 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. -
MOUNT ST. FRANCIS, INDIANA**

FINANCIAL STATEMENTS

**YEARS ENDED
JUNE 30, 2007 AND 2006**

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.**
Mount St. Francis, Indiana

We have audited the accompanying statements of financial position of **Our Place Drug and Alcohol Education Services, Inc.** (a not-for-profit organization) as of June 30, 2007 and 2006, and the related statements 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 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 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 the financial position of **Our Place Drug and Alcohol Education Services, Inc.** at June 30, 2007 and 2006, 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.

Monroe Shine

February 29, 2008

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash	\$ 142,006	\$ 122,499
Grants receivable	21,654	3,219
Accounts receivable	5,770	4,880
	\$ 169,430	\$ 130,598
TOTAL ASSETS	\$ 169,430	\$ 130,598

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES		
Accounts payable	\$ 196	\$ 1,385
Accrued expenses	30,633	26,211
Deferred revenue	13,246	17,933
Total Current Liabilities	44,075	45,529
NET ASSETS		
Unrestricted	74,900	73,840
Temporarily restricted	50,455	11,229
Total Net Assets	125,355	85,069
TOTAL LIABILITIES AND NET ASSETS	\$ 169,430	\$ 130,598

See notes to financial statements.

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Grant income	\$ 538,443	\$ -	\$538,443	\$ 511,074	\$ -	\$511,074
United Way	45,126	-	45,126	47,001	-	47,001
Client fees	30,697	-	30,697	37,474	-	37,474
Donations and fund raisers	32,788	111,270	144,058	10,068	68,153	78,221
Interest income	609	-	609	1,707	-	1,707
Net assets released from restrictions	72,044	(72,044)	-	63,477	(63,477)	-
Total Revenue	719,707	39,226	758,933	670,801	4,676	675,477
EXPENSES						
Program services	655,100	-	655,100	646,932	-	646,932
Management and general	54,581	-	54,581	50,071	-	50,071
Fundraising	8,966	-	8,966	1,796	-	1,796
Total Expenses	718,647	-	718,647	698,799	-	698,799
Increase (decrease) in net assets	1,060	39,226	40,286	(27,998)	4,676	(23,322)
Net assets, beginning of year	73,840	11,229	85,069	101,838	6,553	108,391
Net assets, end of year	\$ 74,900	\$ 50,455	\$ 125,355	\$ 73,840	\$ 11,229	\$ 85,069

See notes to financial statements.

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2007 AND 2006

2007

	Program Services	Management and General	Fund Raising	Total
Functional expenses:				
Wages	\$ 166,480	\$ 37,917	\$ 6,982	\$ 211,379
Employee benefits	49,517	10,236	-	59,753
Payroll taxes	14,001	2,868	-	16,869
Subcontractors	226,076	-	-	226,076
Professional fees	20,817	-	-	20,817
Program expenses	39,442	548	1,635	41,625
Repairs and maintenance	4,212	-	-	4,212
Telephone	3,220	-	-	3,220
Office supplies and postage	12,858	-	349	13,207
Travel	8,092	-	-	8,092
Printing and publications	78,648	-	-	78,648
Staff training and development	4,523	-	-	4,523
Insurance	8,456	3,012	-	11,468
Equipment	17,065	-	-	17,065
Dues and subscriptions	638	-	-	638
Uncollected client fees	1,055	-	-	1,055
Total Functional Expenses	\$ 655,100	\$ 54,581	\$ 8,966	\$ 718,647

See notes to financial statements.

2006

	Program Services	Management and General	Fund Raising	Total
Functional expenses:				
Wages	\$ 177,648	\$ 35,037	\$ -	\$ 212,685
Employee benefits	30,267	6,257	-	36,524
Payroll taxes	15,961	3,269	-	19,230
Subcontractors	232,362	-	-	232,362
Professional fees	36,777	-	-	36,777
Program expenses	25,833	2,057	1,518	29,408
Repairs and maintenance	4,977	-	-	4,977
Telephone	4,030	826	-	4,856
Office supplies and postage	19,135	-	278	19,413
Travel	8,060	-	-	8,060
Printing and publications	68,828	-	-	68,828
Staff training and development	5,897	-	-	5,897
Insurance	7,370	2,625	-	9,995
Equipment	6,594	-	-	6,594
Dues and subscriptions	655	-	-	655
Uncollected client fees	2,538	-	-	2,538
Total Functional Expenses	\$ 646,932	\$ 50,071	\$ 1,796	\$ 698,799

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 40,286	\$ (23,322)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Increase in assets:		
Accounts receivable	(890)	(3,015)
Grants receivable	(18,435)	(113)
Increase (decrease) in liabilities:		
Accounts payable	(1,189)	551
Accrued expenses	4,422	4,531
Deferred revenue	(4,687)	17,933
Net Cash Provided (Used) By Operating Activities	<u>19,507</u>	<u>(3,435)</u>
Net Increase (Decrease) in Cash	19,507	(3,435)
Cash at beginning of year	<u>122,499</u>	<u>125,934</u>
Cash at End of Year	<u>\$ 142,006</u>	<u>\$ 122,499</u>

See notes to financial statements.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

(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 of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under this statement, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are 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.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

The Organization has no 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, 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.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007 AND 2006

(1 - continued)

Contributed Services

During the years ended June 30, 2007 and 2006, 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 under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

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.

Revenue Recognition

The Organization receives most of its revenue from the Department of Mental Health/Family and Social Services Administration (FSSA). The Organization recognized income totaling \$428,000 for the years ended June 30, 2007 and 2006. This amount is included as part of grant income in the Statements of Activities. Revenue from FSSA is based on a per unit payment.

(2) **ACCOUNTS RECEIVABLE**

The accounts receivable balance at June 30, 2007 and 2006, totaling \$5,770 and \$4,880, respectively, represents client fees receivable. At June 30, 2007 and 2006, management deemed no allowance for uncollectible accounts was necessary.

(3) **GRANTS RECEIVABLE**

The grants receivable balance at June 30, 2007 and 2006, totaling \$21,654 and \$3,219, respectively, represents claims for services performed in accordance with grant agreements.

(4) **DEFERRED REVENUE**

The Organization receives certain grant funding in advance for services. The deferred revenue at June 30, 2007 and 2006, totaling \$13,246 and \$17,933, respectively, represents funds received before services performed within the grant cycle.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007 AND 2006

(5) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2007 and 2006, are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Tobacco awareness billboard campaign	\$ 21,849	\$ 11,229
Building capital campaign	<u>28,606</u>	<u>-</u>
Total Temporarily Restricted Net Assets	<u>\$ 50,455</u>	<u>\$ 11,229</u>

There are no permanently restricted net assets as of June 30, 2007 and 2006.

(6) 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 each of the years ended June 30, 2007 and 2006. Total pension expense under this Plan was \$19,331 and \$18,090 for the years ended June 30, 2007 and 2006, respectively. These amounts are included in total employee benefits in the statements of activities.

(7) 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 decline.

The Organization has been awarded an additional contract from the Indiana Family and Social Services Administration, the Division of Mental Health and Addiction for the period July 1, 2007 through June 30, 2008.

(8) SUBRECIPIENT

The Organization has entered into contracts with various subrecipients to provide services. The total amount paid to subcontractors for these services was \$226,076 and \$232,362 for the years ended June 30, 2007 and 2006, respectively.

**OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007 AND 2006**

(9) **CONCENTRATION OF REVENUE**

The schedule of expenditures of federal awards below includes the federal grant activity of **Our Place Drug and Alcohol Education Services, Inc.** and is presented on the accrual basis of accounting.

<u>Federal Grantor/ Pass-through Grantor/</u>	<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Expenses</u>
Department of Health and Human Services/ Indiana Family and Social Services Administration Division of Mental Health and Addiction	93.959	Substance Abuse Prevention and Treatment Block Grant	\$ 428,000
Department of Health and Human Services/Indiana State Department of Health	93.235	Abstinence Education Block Grant	<u>12,500</u>
Total Expenditure of Federal Awards			\$ <u>440,500</u>