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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, 2007 to June 30, 2008. 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, 2008, 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, 2008 AND 2007**

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 statements of financial position of **Our Place Drug and Alcohol Education Services, Inc.** (a not-for-profit organization) as of June 30, 2008 and 2007, 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, 2008 and 2007, 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

New Albany, Indiana
March 30, 2009

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 349,029	\$ 142,006
Grants receivable	1,190	21,654
Accounts receivable	2,869	5,770
Deposits	3,262	-
	\$ 356,350	\$ 169,430
TOTAL ASSETS	\$ 356,350	\$ 169,430

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 196
Accrued expenses	33,481	30,633
Deferred revenue	26,276	13,246
Total Liabilities	59,757	44,075
NET ASSETS		
Unrestricted	37,090	74,900
Temporarily restricted	259,503	50,455
Total Net Assets	296,593	125,355
TOTAL LIABILITIES AND NET ASSETS	\$ 356,350	\$ 169,430

See notes to financial statements.

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Grant income	\$ 554,299	\$ -	\$ 554,299	\$ 538,443	\$ -	\$538,443
United Way	45,126	-	45,126	45,126	-	45,126
Client fees	14,387	-	14,387	30,697	-	30,697
Donations and fund raisers	23,028	269,326	292,354	32,788	111,270	144,058
Interest income	2,134	-	2,134	609	-	609
Net assets released from restrictions	60,278	(60,278)	-	72,044	(72,044)	-
Total Revenue	699,252	209,048	908,300	719,707	39,226	758,933
EXPENSES						
Program services	675,286	-	675,286	655,100	-	655,100
Management and general	50,994	-	50,994	54,581	-	54,581
Fundraising	10,782	-	10,782	8,966	-	8,966
Total Expenses	737,062	-	737,062	718,647	-	718,647
Increase (decrease) in net assets	(37,810)	209,048	171,238	1,060	39,226	40,286
Net assets, beginning of year	74,900	50,455	125,355	73,840	11,229	85,069
Net assets, end of year	\$ 37,090	\$ 259,503	\$ 296,593	\$ 74,900	\$ 50,455	\$ 125,355

See notes to financial statements.

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>			
	<u>Program</u>	<u>Management</u>	<u>Fund</u>	
	<u>Services</u>	<u>and General</u>	<u>Raising</u>	<u>Total</u>
Functional expenses:				
Wages	\$ 199,883	\$ 36,086	\$ 7,192	\$ 243,161
Employee benefits	39,157	8,095	-	47,252
Payroll taxes	16,272	3,332	-	19,604
Subcontractors	195,964	-	-	195,964
Professional fees	22,858	-	-	22,858
Program expenses	70,343	-	2,144	72,487
Repairs and maintenance	6,354	-	-	6,354
Telephone	2,586	-	-	2,586
Office supplies and postage	18,233	530	1,446	20,209
Travel	14,443	-	-	14,443
Printing and publications	66,622	-	-	66,622
Staff training and development	6,276	-	-	6,276
Insurance	8,287	2,951	-	11,238
Equipment	7,102	-	-	7,102
Dues and subscriptions	906	-	-	906
Uncollected client fees	-	-	-	-
Total Functional Expenses	<u>\$ 675,286</u>	<u>\$ 50,994</u>	<u>\$ 10,782</u>	<u>\$ 737,062</u>

See notes to financial statements.

2007

<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
\$ 166,480	\$ 37,917	\$ 6,982	\$ 211,379
49,517	10,236	-	59,753
14,001	2,868	-	16,869
226,076	-	-	226,076
20,817	-	-	20,817
39,442	548	1,635	41,625
4,212	-	-	4,212
3,220	-	-	3,220
12,858	-	349	13,207
8,092	-	-	8,092
78,648	-	-	78,648
4,523	-	-	4,523
8,456	3,012	-	11,468
17,065	-	-	17,065
638	-	-	638
1,055	-	-	1,055
<hr/>			
<u>\$ 655,100</u>	<u>\$ 54,581</u>	<u>\$ 8,966</u>	<u>\$ 718,647</u>

OUR PLACE DRUG ALCOHOL EDUCATION SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES		
Increase in net assets	\$ 171,238	\$ 40,286
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Accounts receivable	2,901	(890)
Grants receivable	20,464	(18,435)
Deposits	(3,262)	-
Increase (decrease) in liabilities:		
Accounts payable	(196)	(1,189)
Accrued expenses	2,848	4,422
Deferred revenue	13,030	(4,687)
Net Cash Provided By Operating Activities	<u>207,023</u>	<u>19,507</u>
Net Increase in Cash	207,023	19,507
Cash at beginning of year	<u>142,006</u>	<u>122,499</u>
Cash at End of Year	<u>\$ 349,029</u>	<u>\$ 142,006</u>

See notes to financial statements.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

(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, 2008 AND 2007

(1 - continued)

Contributed Services

During the years ended June 30, 2008 and 2007, 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 \$423,600 and 428,000 for the years ended June 30, 2008 and 2007, respectively. 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, 2008 and 2007, totaling \$2,869 and \$5,770, respectively, represents client fees receivable. At June 30, 2008 and 2007, management deemed no allowance for uncollectible accounts was necessary.

(3) **GRANTS RECEIVABLE**

The grants receivable balance at June 30, 2008 and 2007, totaling \$1,190 and \$21,654, 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, 2008 and 2007, totaling \$26,276 and \$13,246, 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, 2008 AND 2007

(5) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2008 and 2007, are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Tobacco awareness billboard campaign	\$ 3,571	\$ 21,849
Building capital campaign	<u>255,932</u>	<u>28,606</u>
 Total Temporarily Restricted Net Assets	 <u>\$ 259,503</u>	 <u>\$ 50,455</u>

There are no permanently restricted net assets as of June 30, 2008 and 2007.

The Organization purchased a building in July 2008 for \$215,000. The building will provide space for program services as well as staff offices.

(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, 2008 and 2007. Total pension expense under this Plan was \$21,111 and \$19,331 for the years ended June 30, 2008 and 2007, 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 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 for the period July 1, 2008 through June 30, 2009.

(8) SUBRECIPIENT

The Organization has entered into contracts with various subrecipients to provide services. The total amount paid to subcontractors for these services was \$195,964 and \$226,076 for the years ended June 30, 2008 and 2007, respectively.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2008 AND 2007

(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	\$ 423,600
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>436,100</u>