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May 25, 2018

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

We have reviewed the report prepared by Our Place Drug and Alcohol Education Services, Inc. and opined upon by Jones, Nale & Mattingly PLC, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Our Place Drug and Alcohol Education Services, Inc. as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Jones, Nale & Mattingly PLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

  
Paul D. Joyce, CPA  
State Examiner

**OUR PLACE DRUG AND ALCOHOL  
EDUCATION SERVICES, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2017**

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*Jones, Nale & Mattingly PLC*

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Our Place Drug and Alcohol Education Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 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, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Jones, Nale & Mattingly PLC*

Louisville, Kentucky  
January 8, 2018

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION  
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 32,727	\$ 14,014
Accounts receivable	220	104
Grants receivable	163,215	184,850
Property and equipment, net	199,521	206,028
	<u>\$ 395,683</u>	<u>\$ 404,996</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Line of credit	\$ --	\$ 500
Accounts payable	47,577	50,921
Accrued liabilities	38,694	40,502
	<u>86,271</u>	<u>91,923</u>
 <b>NET ASSETS</b>		
Unrestricted	<u>309,412</u>	<u>313,073</u>
	<u>\$ 395,683</u>	<u>\$ 404,996</u>

The Notes to the Financial Statements are an integral part of these statements.

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Grant income	\$ 717,992	\$ --	\$ 717,992
United Way	18,570	--	18,570
Client fees	17,828	--	17,828
Donations and fund raisers	29,183	12,000	41,183
Interest income	20	--	20
Total revenue	<u>783,593</u>	<u>12,000</u>	<u>795,593</u>
Net assets released from restriction	<u>12,000</u>	<u>(12,000)</u>	<u>--</u>
	<u>795,593</u>	<u>--</u>	<u>795,593</u>
Expenses:			
Program services	726,420	--	726,420
Management and general	59,867	--	59,867
Fundraising	12,967	--	12,967
Total expenses	<u>799,254</u>	<u>--</u>	<u>799,254</u>
(Decrease) in net assets	(3,661)	--	(3,661)
Net assets, beginning of year	<u>313,073</u>	<u>--</u>	<u>313,073</u>
Net assets, end of year	<u>\$ 309,412</u>	<u>\$ --</u>	<u>\$ 309,412</u>

The Notes to Financial Statements are an integral part of this statement.

**OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Grant income	\$ 757,515	\$ --	\$ 757,515
United way	30,426	--	30,426
Client fees	16,052	--	16,052
Donations and fund raisers	17,902	15,600	33,502
Interest income	5	--	5
Total revenue	<u>821,900</u>	<u>15,600</u>	<u>837,500</u>
 Net assets released from restriction	 <u>15,600</u>	 <u>(15,600)</u>	 <u>--</u>
	<u>837,500</u>	<u>--</u>	<u>837,500</u>
 Expenses:			
Program services	668,560	--	668,560
Management and general	71,833	--	71,833
Fundraising	14,020	--	14,020
Total expenses	<u>754,413</u>	<u>--</u>	<u>754,413</u>
 Increase in net assets	 83,087	 --	 83,087
 Net assets, beginning of year	 <u>229,986</u>	 <u>--</u>	 <u>229,986</u>
 Net assets, end of year	 <u>\$ 313,073</u>	 <u>\$ --</u>	 <u>\$ 313,073</u>

The Notes to Financial Statements are an integral part of this statement.

**OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 444,119	\$ 44,406	\$ 9,623	\$ 498,148
Employee benefits	19,192	2,335	--	21,527
Payroll taxes	36,503	4,441	--	40,944
Professional fees	47,464	3,995	--	51,459
Program expenses	31,283	--	3,344	34,627
Occupancy	10,305	1,254	--	11,559
Telephone	4,499	547	--	5,046
Office supplies and postage	13,060	--	--	13,060
Travel	13,026	--	--	13,026
Printing and publications	64,655	--	--	64,655
Staff training and development	6,536	--	--	6,536
Insurance	15,547	2,028	--	17,575
Equipment	12,132	--	--	12,132
Dues and subscriptions	57	--	--	57
Interest	962	--	--	962
Depreciation	7,080	861	--	7,941
	<u>\$ 726,420</u>	<u>\$ 59,867</u>	<u>\$ 12,967</u>	<u>\$ 799,254</u>

The Notes to Financial Statements are an integral part of this statement.

**OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 387,639	\$ 53,660	\$ 11,046	\$ 452,345
Employee benefits	22,677	3,785	--	26,462
Payroll taxes	30,416	5,077	--	35,493
Subcontractors	179	--	--	179
Professional fees	37,308	3,652	--	40,960
Program expenses	50,775	--	2,974	53,749
Occupancy	10,450	1,744	--	12,194
Telephone	3,982	665	--	4,647
Office supplies and postage	33,324	--	--	33,324
Travel	14,458	--	--	14,458
Printing and publications	38,033	--	--	38,033
Staff training and development	5,352	--	--	5,352
Insurance	12,800	2,137	--	14,937
Equipment	11,880	--	--	11,880
Dues and subscriptions	236	--	--	236
Interest	2,383	--	--	2,383
Depreciation	6,668	1,113	--	7,781
	<u>\$ 668,560</u>	<u>\$ 71,833</u>	<u>\$ 14,020</u>	<u>\$ 754,413</u>
Total functional expenses	<u>\$ 668,560</u>	<u>\$ 71,833</u>	<u>\$ 14,020</u>	<u>\$ 754,413</u>

The Notes to Financial Statements are an integral part of this statement.

**OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (3,661)	\$ 83,087
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	7,941	7,781
Change in assets and liabilities, net of the effects of investing and financing activities:		
Accounts receivable	(116)	605
Grants receivable	21,635	(68,678)
Accounts payable	(3,344)	37,260
Accrued liabilities	(1,808)	(17,967)
Net cash provided by operating activities	<u>20,647</u>	<u>42,088</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,434)	--
Net cash (used in) investing activities	<u>(1,434)</u>	<u>--</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on line of credit, net	(500)	(29,495)
Net cash (used in) financing activities	<u>(500)</u>	<u>(29,495)</u>
 Net increase in cash	18,713	12,593
 Cash at beginning of year	<u>14,014</u>	<u>1,421</u>
 Cash at end of year	<u>\$ 32,727</u>	<u>\$ 14,014</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	\$ 962	\$ 2,383

The Notes to Financial Statements are an integral part of these statements.

## OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. Nature of Organization and Significant Accounting Policies

##### Nature of organization

Our Place Drug and Alcohol Education Services, Inc. (the Organization) is a not-for-profit organization which provides programs for prevention, intervention, treatment 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.

##### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Accounts receivable

Accounts receivable represents fees for services due from clients. All receivables are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible amounts are immaterial.

##### Grants receivable

Grants receivable represents claims for services performed in accordance with grant agreements. All grants receivable are stated at face amount with no allowance. An allowance for grants receivable is not considered necessary because probable uncollectible amounts are immaterial.

##### 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.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

#### Net assets

The Organization classifies resources for accounting and reporting purposes into three net asset categories according to donor imposed restrictions as follows:

Unrestricted net assets represent the portion of expendable funds available for support in the operation of the Organization.

Temporarily restricted net assets are those who use by the Organization has been limited by donors to a specific time period or purpose. There were no temporarily restricted net assets at June 30, 2017 and 2016.

Permanently restricted net assets include amounts for which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. There were no permanently restricted net assets at June 30, 2017 and 2016.

#### Income taxes

The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code (IRC). Although the Organization is exempt from income taxes, any income generated from activities unrelated to their exempt purpose is subject to tax under IRC Section 511. There was no unrelated business tax for the years ended June 30, 2017 and 2016. Accordingly, no provision for federal and state income taxes has been made in these financial statements.

The Organization's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Organization has no uncertain tax positions resulting in an accrual of a tax expense or benefit.

The Organization's Federal Return of Organization Exempt from Income Tax is subject to examination by the taxing authorities until the expiration of the related statute of limitations on the return, which is generally three years.

#### Contributed services

During the years ended June 30, 2017 and 2016, 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.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

#### Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. This guidance included qualitative and quantitative requirements in the following areas: 1) net asset classes; 2) investment return; 3) expenses; 4) liquidity and availability of resources; and 5) presentation of operating cash flows. This standard is effective for the year ending June 30, 2019.

On May 28, 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard’s core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the organization’s contracts with customers. This standard will be effective for the year ending June 30, 2020.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. This standard will be effective for the year ending June 30, 2021.

Management is currently in the process of evaluating the impact of the adoption of these ASUs on the financial statements.

#### Subsequent events

Management has evaluated subsequent events through January 8, 2018, the date the financial statements were available to be issued.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Property and Equipment

A summary of property and equipment and accumulated depreciation at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Building	\$ 266,577	\$ 266,577
Equipment	<u>6,988</u>	<u>5,554</u>
	273,565	272,131
Less accumulated depreciation	<u>(74,044)</u>	<u>(66,103)</u>
	<u>\$ 199,521</u>	<u>\$ 206,028</u>

### Note 3. Accrued Vacation

Employees of the Organization are entitled to paid vacation depending on length of service and other factors. As of June 30, 2017 and 2016, management calculated an accrued vacation liability of \$24,755 and \$25,499, respectively. These amounts have been included in accrued liabilities in the accompanying statements of financial position.

### Note 4. Line of Credit

The Organization has a revolving line of credit with WesBanco secured by the Organization's building. Advances on the line of credit bear interest at a fixed rate of 6.00%. The line of credit matured on January 2, 2016 and was renewed through January 2, 2018. Borrowings on the line of credit were zero and \$500 as of June 30, 2017 and 2016, respectively.

### Note 5. Retirement Plan

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 to the Plan made by the Organization for the years ended June 30, 2017 and 2016.

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Operating Leases

The Organization leases certain office equipment under an operating lease that has an initial or remaining noncancellable lease term in excess of one year. Total rent expense included in the accompanying statements of activities for the years ended June 30, 2017 and 2016 was \$12,404 and \$9,285, respectively. The following is a schedule by years remaining of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year at June 30, 2017:

Year ending June 30:	
2018	\$ 11,700
2019	11,700
2020	11,700
2021	3,900
	<u>\$ 39,000</u>

### Note 7. Concentration of Credit Risk

The Organization receives the majority of its revenue from the Indiana Department of Mental Health/Family and Social Services Administration (FSSA). The Organization recognized income from FSSA totaling \$512,202 and \$584,431 for the years ended June 30, 2017 and 2016, respectively. This amount is included in grant income in the accompanying statements of activities.