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April 20, 2020

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

We have reviewed the audit report of Our Place Drug and Alcohol Education Services, Inc. which was opined upon by Jones, Nale & Mattingly PLC, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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, 2019 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 the audit report in accordance with the 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
Paul D. Joyce, CPA
State Examiner

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

FINANCIAL REPORT

JUNE 30, 2019

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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, 2019 and 2018, 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, 2019 and 2018 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.

Emphasis of Matter

As discussed in Note 1, Our Place Drug and Alcohol Education Services, Inc. has adopted Financial Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Jones, Hale & Mattingly P.C.

Louisville, Kentucky
March 9, 2020

OUR PLACE DRUG AND ALCOHOL EDUCATION SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 12,367	\$ 7,964
Accounts receivable	1,288	500
Grants receivable	158,029	153,723
Property and equipment, net	185,144	193,682
	\$ 356,828	\$ 355,869
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 19,912	\$ 17,771
Accrued liabilities	33,966	37,479
Deferred revenue	3,399	5,752
	57,277	61,002
NET ASSETS		
Without donor restrictions	299,551	294,867
	\$ 356,828	\$ 355,869

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Grant income	\$ 770,226	\$ --	\$ 770,226
United Way	16,618	--	16,618
Client fees	17,943	--	17,943
Donations and fundraisers	23,317	14,700	38,017
Interest income	21	--	21
Total revenue	828,125	14,700	842,825
Net assets released from donor restrictions	14,700	(14,700)	--
	842,825	--	842,825
Expenses:			
Program services	762,762	--	762,762
Management and general	60,921	--	60,921
Fundraising	14,458	--	14,458
Total expenses	838,141	--	838,141
Increase in net assets	4,684	--	4,684
Net assets, beginning of year	294,867	--	294,867
Net assets, end of year	\$ 299,551	\$ --	\$ 299,551

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Grant income	\$ 702,534	\$ --	\$ 702,534
United way	17,366	--	17,366
Client fees	13,043	--	13,043
Donations and fundraisers	28,158	14,025	42,183
Interest income	26	--	26
Total revenue	761,127	14,025	775,152
Net assets released from restrictions	14,025	(14,025)	--
	775,152	--	775,152
Expenses:			
Program services	716,032	--	716,032
Management and general	58,470	--	58,470
Fundraising	15,195	--	15,195
Total expenses	789,697	--	789,697
(Decrease) in net assets	(14,545)	--	(14,545)
Net assets, beginning of year	309,412	--	309,412
Net assets, end of year	\$ 294,867	\$ --	\$ 294,867

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, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 483,126	\$ 44,364	\$ 9,623	\$ 537,113
Employee benefits	25,259	2,822	--	28,081
Payroll taxes	39,215	4,382	--	43,597
Professional fees	25,373	4,215	--	29,588
Program expenses	52,975	--	4,835	57,810
Occupancy	18,498	2,067	--	20,565
Telephone	3,182	356	--	3,538
Office supplies and postage	6,535	--	--	6,535
Travel	10,966	--	--	10,966
Printing and publications	52,476	--	--	52,476
Staff training and development	5,601	--	--	5,601
Insurance	16,619	1,856	--	18,475
Equipment	14,504	--	--	14,504
Interest	754	--	--	754
Depreciation	7,679	859	--	8,538
	<u>\$ 762,762</u>	<u>\$ 60,921</u>	<u>\$ 14,458</u>	<u>\$ 838,141</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, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 441,409	\$ 43,264	\$ 9,360	\$ 494,033
Employee benefits	20,842	2,485	--	23,327
Payroll taxes	35,327	4,212	--	39,539
Professional fees	58,714	4,035	--	62,749
Program expenses	48,698	--	5,835	54,533
Occupancy	10,823	1,290	--	12,113
Telephone	2,506	299	--	2,805
Office supplies and postage	5,109	--	--	5,109
Travel	12,807	--	--	12,807
Printing and publications	35,401	--	--	35,401
Staff training and development	5,565	--	--	5,565
Insurance	17,385	2,073	--	19,458
Equipment	13,181	--	--	13,181
Interest	548	--	--	548
Depreciation	7,717	812	--	8,529
	<u>\$ 716,032</u>	<u>\$ 58,470</u>	<u>\$ 15,195</u>	<u>\$ 789,697</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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 4,684	\$ (14,545)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,538	8,529
Change in assets and liabilities, net of the effects of investing activities:		
Accounts receivable	(788)	(280)
Grants receivable	(4,306)	9,492
Accounts payable	2,141	(29,806)
Accrued liabilities	(3,513)	(1,215)
Increase in deferred revenue	(2,353)	5,752
Net cash provided by (used in) operating activities	4,403	(22,073)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	--	(2,690)
Net cash (used in) investing activities	--	(2,690)
Net increase (decrease) in cash	4,403	(24,763)
Cash at beginning of year	7,964	32,727
Cash at end of year	\$ 12,367	\$ 7,964
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 754	\$ 548

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 accordance 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 net realizable value. 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 net realizable value. 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 two net asset categories according to donor-imposed restrictions as follows:

Net Assets without Donor Restrictions – net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – net assets available for use subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Functional allocation of expenses

The costs of providing the various services and other activities have been summarized on a natural classification basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. These expenses include primarily salaries and benefits and are allocated on a reasonable basis based on time and effort spent.

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, 2019 and 2018. 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, 2019 and 2018, 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)

Adoption of accounting pronouncement

Effective July 1, 2018, the Center adopted Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This ASU changed the presentation and disclosure requirements for the Organization in order to provide more relevant information about its resources (and the changes in those resources) to donors, grantors, creditors and other users. This guidance includes qualitative and quantitative requirements in the following areas: 1) net asset classes; 2) investment return; 3) expenses; and 4) liquidity and availability of resources. The ASU has been applied retrospectively to the financial statements effective July 1, 2017.

Recent accounting pronouncements

On May 28, 2014, the FASB issued ASU No. 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 No. 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 activities. This standard will be effective for the year ending June 30, 2021.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. This clarification will be relevant because contributions are a significant source of revenue for not-for-profit entities. This standard will be effective for the year ending June 30, 2020.

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

Subsequent events

Management has evaluated subsequent events through March 9, 2020, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2019:

	2019	2018
Cash	\$ 12,367	7,964
Accounts receivable	755	500
Grants receivable	158,029	153,723
	\$ 171,151	162,187

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 3. Property and Equipment

A summary of property and equipment and accumulated depreciation at June 30, 2019 and 2018 is as follows:

	2019	2018
Building	\$ 269,267	\$ 269,267
Equipment	6,988	6,988
	276,255	276,255
Less accumulated depreciation	(91,110)	(82,573)
	\$ 185,144	\$ 193,682

Depreciation expense for the years ended June 30, 2019 and 2018 was \$8,538 and \$8,529, respectively.

Note 4. Accrued Vacation

Employees of the Organization are entitled to paid vacation depending on length of service and other factors. As of June 30, 2019 and 2018, management calculated an accrued vacation liability of \$23,699 and \$26,570 respectively. These amounts have been included in accrued liabilities in the accompanying statements of financial position.

Note 5. 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, 2019 and was renewed through January 2, 2020. Borrowings on the line of credit were zero as of June 30, 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS

Note 6. 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, 2019 and 2018.

Note 7. 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, 2019 and 2018 was \$11,696 and \$11,746, 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, 2019:

Year ending June 30:	
2020	\$ 11,700
2021	<u>3,900</u>
	<u>\$ 15,600</u>

Note 8. 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 \$518,500 and \$541,077 for the years ended June 30, 2019 and 2018, respectively. This amount is included in grant income in the accompanying statements of activities.