OASIS CENTER, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA

As of and for the Year Ended June 30, 2020

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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OASIS CENTER, INC.

ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

AS OF JUNE 30, 2020

Board of Directors

Kendall Musgrove	Chair
Brenda Wynn	Vice Chair
Lavona Russell	Secretary
Jason Jenson	Treasurer
Chris Patterson	Board Member
Charles H. Bell	Board Member
Gregg Boling	Board Member
Charles Robert Bone	Board Member
Brian McKinley	Board Member
Lisa Campbell	Board Member
Laura Creekmore	Board Member
Richard Dinkins	Board Member
Sonnye Dixon	Board Member
Martha Earls	Board Member
Beth Fortune	Board Member
Andres Martinez	Board Member
Susan Mosely-Howard	Board Member
John Ozier	Board Member
Michael Peacock	Board Member
Laura Proctor	Board Member
Sam Strang	Board Member
Jimmy Bynum	Board Member
Tayo Atanda	Board Member
Lynn Blake	Board Member
Jill Heyman	Board Member
Robyn Williams	Board Member

Executive Staff

Tom Ward	President and Chief Executive Officer
Kimberly Reese	Chief Financial Officer
Mark Dunkerley	Chief Strategy Officer
Judy Freudenthal	VP of Youth Engagement & Action and External Evaluation
Cheryl Mendez	VP of Clinical Services and Data Integrity
Shanda Hampton	VP of Human Resources

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
Oasis Center, Inc.
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Oasis Center, Inc. (a nonprofit organization) (the "Center"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 the Center, as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, toward the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. There have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the Center's operations. Although it is not possible to reasonably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction of revenues and support could negatively impact the Center's operations for an indeterminable time period. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Roster of Board of Directors and Executive Staff on page 1, which is the responsibility of management, is of a non-accounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Nashville, Tennessee
August 9, 2021

OASIS CENTER, INC.
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS		
Current Assets:		
Cash and cash equivalents	$	659,444
Receivable from grantor agencies		627,134
Other receivables		186,027
Other assets		47,558
Total Current Assets		1,520,163
Investments		2,436,342
Land, building, and equipment, net		4,063,741
Total Assets	$	8,020,246
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$	152,176
Accrued expenses		173,774
Deferred revenue		779,300
Total Current Liabilities		1,105,250
Net Assets:		
Without donor restrictions		6,870,808
With donor restrictions		44,188
Total Net Assets		6,914,996
Total Liabilities and Net Assets	$	8,020,246

The accompanying notes to the financial statements are an integral part of this statement.

OASIS CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Government grants	$ 2,632,743	$ -	$ 2,632,743
Contributions	1,809,683	32,438	1,842,121
Other grants	569,607	-	569,607
United Way	342,800	-	342,800
Special event revenue	89,551	-	89,551
Investment return, net	5,805	-	5,805
Other	102,573	-	102,573
Program fees and other	32,204	-	32,204
Net assets released from restrictions	23,250	(23,250)	-
Total Revenue and Other Support	5,608,216	9,188	5,617,404
Expenses:			
Program Services:			
Residential and crisis services	1,620,640	-	1,620,640
Youth action services	627,219	-	627,219
Statewide TOP	541,401	-	541,401
Youth engagement services	639,089	-	639,089
Transitions initiative	390,144	-	390,144
College connection	439,093	-	439,093
Counseling services	271,130	-	271,130
Total Program Services	4,528,716	-	4,528,716
Support Services:			
Management and general	834,320	-	834,320
Fundraising	363,637	-	363,637
Total Support Services	1,197,957	-	1,197,957
Total Expenses	5,726,673	-	5,726,673
Change in net assets	(118,457)	9,188	(109,269)
Net assets, beginning of year	6,989,265	35,000	7,024,265
Net assets, end of year	$ 6,870,808	$ 44,188	$ 6,914,996

The accompanying notes to the financial statements are an integral part of this statement.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services								Support Services			
	Residential and Crisis Services	Youth Action Services	Statewide TOP	Youth Engagement Services	Transitions Initiative	College Connection	Counseling Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	$ 1,038,570	$ 380,983	$ 289,749	$ 357,999	$ 253,856	$ 338,135	$ 198,891	$ 2,858,183	$ 540,467	$ 257,587	$ 798,054	$ 3,656,237
Fringe benefits	193,653	84,766	49,732	62,617	47,592	66,873	41,207	546,440	149,500	43,735	193,235	739,675
Specific assistance	190,883	10,768	7,129	23,253	18,370	1,564	707	252,674	100	50	150	252,824
Professional fees	25,912	22,825	22,650	17,342	11,298	4,467	3,220	107,714	63,975	6,523	70,498	178,212
Depreciation expense	51,874	27,885	8,305	34,225	15,525	6,885	11,867	156,566	11,639	6,661	18,300	174,866
Supplies	32,250	16,769	3,961	24,963	4,249	3,589	1,365	87,146	20,449	9,233	29,682	116,828
Grants and subcontracts	-	23,250	89,780	-	-	-	-	113,030	-	-	-	113,030
Utilities	24,238	17,766	3,936	19,699	9,056	3,153	7,088	84,936	10,201	3,936	14,137	99,073
Equipment	9,312	1,778	1,020	65,815	1,005	1,160	867	80,957	7,294	3,534	10,828	91,785
Conferences and meetings	2,353	15,400	33,381	852	2,776	170	320	55,252	280	215	495	55,747
Printing and publications	4,042	7,475	9,497	3,350	3,976	3,348	1,086	32,774	4,562	8,212	12,774	45,548
Travel	8,249	4,443	13,216	6,848	6,375	3,499	12	42,642	145	(508)	(363)	42,279
Miscellaneous	2,957	855	111	3,720	5,260	209	-	13,112	13,749	13,925	27,674	40,786
Insurance	10,852	3,875	1,601	8,809	1,892	1,915	1,578	30,522	5,277	1,292	6,569	37,091
Maintenance	13,912	4,281	1,016	6,064	2,075	653	2,005	30,006	4,204	1,009	5,213	35,219
Telephone	9,437	3,555	2,529	3,391	6,839	3,473	917	30,141	1,662	944	2,606	32,747
Special events	2,146	30	-	-	-	-	-	2,176	-	5,878	5,878	8,054
Postage and shipping	-	515	3,788	142	-	-	-	4,445	816	1,411	2,227	6,672
	$ 1,620,640	$ 627,219	$ 541,401	$ 639,089	$ 390,144	$ 439,093	$ 271,130	$ 4,528,716	$ 834,320	$ 363,637	$ 1,197,957	$ 5,726,673

OASIS CENTER, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:	
Change in net assets	$ (109,269)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	174,866
Unrealized loss on investments	58,506
Change in operating assets and liabilities:	
Receivable from grantor agencies	(379,357)
Other receivables	(80,225)
Other assets	(17,571)
Accounts payable	65,783
Accrued expenses	18,313
Deferred revenue	779,300
Net cash flows from operating activities	510,346
Cash flows from investing activities:	
Purchases of investments	(1,785,248)
Sales of investments	1,709,394
Purchase of fixed assets	(166,169)
Net cash flows from investing activities	(242,023)
Net change in cash and cash equivalents	268,323
Cash and cash equivalents, beginning of year	391,121
Cash and cash equivalents, end of year	$ 659,444

The accompanying notes to the financial statements are an integral part of this statement.

Note 1—Nature of activities and summary of significant accounting policies

General – Oasis Center, Inc. (the "Center") is a nonprofit organization that provides comprehensive youth services, including an emergency shelter, counseling, independent living, employment training, and other educational opportunities for teens in Middle Tennessee. The Center is funded by government grants, United Way, private donations, and fees for service.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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 Center and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restrictions* – All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the net assets without donor restrictions class since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
>
> *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors are included in this classification. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Center considers all highly-liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Unconditional Promises to Give – Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Center uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Fair Value Measurements – Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

> *Level 1* – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
>
> *Level 2* – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
>
> *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 1—Nature of activities and summary of significant accounting policies (continued)

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

> *Investments* – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly-liquid government securities and certain other products, such as mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

No changes in the valuation methodology has been made during the year from July 1, 2019 through June 30, 2020.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date (see Note 3).

Land, Building, and Equipment – Land, building, and equipment are recorded at cost at the date of purchase or fair market value at the date of donation. Depreciation of building and equipment is provided over the estimated useful lives of the respective assets (ranging from 3 to 30 years) on a straight-line basis. The Center generally capitalizes an asset if its life is estimated to be one year or greater and the cost is $1,000 or greater.

Donated Goods and Services – The value of donated goods and services meeting the criteria for recognition are recorded as in-kind contributions, with the corresponding expenses recorded, when the fair values of the goods and services are available.

Functional Allocation of Expenses – The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that have been allocated consist primarily of salaries and related expenses and depreciation.

Note 1—Nature of activities and summary of significant accounting policies (continued)

The following program and supporting services are included in the accompanying financial statements:

Program Services

Residential and Crisis Services – Provides immediate response to youth in crisis, who have run away or who are experiencing homelessness. These services include an Emergency Shelter for youth ages 13 to 17 years old, along with street outreach, a drop-in center, case management, and connections to permanent housing for youth experiencing homelessness, ages 18 to 22 years old.

Youth Action Services – Helps youth develop leadership and life skills while working to create change on systemic issues they deem critical to their lives and to other youth in the community. Youth Action Services includes programs like the Mayor's Youth Council, WeGo Public Transit Youth Action Team, Students of Stonewall, and Building Bridges.

Statewide TOP® – A state-wide effort to disseminate the Wyman Center's evidence-based Teen Outreach Program ("TOP®") in foster care, juvenile justice, and educational settings across Tennessee. This initiative focuses on training and supporting staff in these settings to implement *TOP®* as a means to improve life skills, health behaviors, and sense of purpose for particularly at-risk youth populations.

Youth Engagement Services – Engages at-risk youth in building positive identities and strong connections to their communities. Service-learning is central to this work as a tool for developing meaningful relationships, civic responsibility, and a positive sense of self. These services include programs like the International Teen Outreach Program, R.E.A.L., the Bike Workshop, and Just Us.

Transitions Initiative – Provides workforce development and job preparedness training for low-income and at-risk youth, ages 14 to 24 years old. Youth are supported in an individualized career development process that connects them to sustainable career pathways, wraparound supportive services, and follow-up support.

College Connection – Helps make college a reality for low-income, New American, and potential first generation college students by offering comprehensive college counseling services. Mobile staff engage students and families in schools, libraries, and community centers to help them build college-going identities, explore college/career options, complete financial aid and admissions paperwork, and find their most appropriate "fit" in order to be successful.

Counseling Services – Family, individual, and group counseling designed to address a wide range of issues affecting teens and their families. This work focuses on helping youth and families find hope and healing, build stronger relationships, discover personal strengths and resources, and find solutions that nurture ongoing positive growth.

Note 1—Nature of activities and summary of significant accounting policies (continued)

Supporting Services

Management and General – Includes costs related to the overall direction of the Center. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the Center. Specific activities include organization oversight, business management, human resource function, finance and accounting services, training and coordinating volunteers, property and technology oversight, and other administrative duties.

Fundraising – Includes costs of activities directed toward grant writing, donor tracking, public relations, and fundraising. Other activities include the cost of solicitations as well as the creation and distribution of fundraising materials.

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Income Taxes – The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Center follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Center has no tax penalties or interest reported in the accompanying financial statements.

Subsequent Events – The Center evaluated subsequent events through August 9, 2021, when these financial statements were available to be issued. The Center is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Change in Accounting Principle – In June 2018, FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The standard provides guidance on determining whether a transaction should be accounted for as contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The Center evaluated the new standard and determined the accounting standard did not require a change to the Center’s practices for recording contributions.

Note 1—Nature of activities and summary of significant accounting policies (continued)

Accounting Policies for Future Pronouncements – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers.* ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 was effective for the Center for the year ended June 30, 2021. Implementation of this new standard did not have a significant impact on the Center.

In February 2016, FASB issued ASU 2016-02, *Leases.* This guidance introduces a lessee model that brings substantially all leases on the statements of financial position. This guidance is effective for the year ending June 30, 2023. The Center is evaluating the impact this guidance may have on its financial statements.

Note 2—Liquidity and availability

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use within one year of the statement of financial position comprise the following at June 30, 2020:

Financial assets at year-end:		
Cash and cash equivalents	$	659,444
Receivable from grantor agencies		627,134
Other receivables		186,027
Investments		2,436,342
Total financial assets		3,908,947
Less amounts not available to be used for general expenditures within one year:		
Purpose restrictions		44,188
Financial assets not available to be used within one year		44,188
Financial assets available to meet general expenditures within one year	$	3,864,759

Note 3—Investments and fair value measurements

The following table sets forth the Center's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market accounts	$ 272,609	$ -	$ -	$ 272,609
Equities:				
Financial	181,633	-	-	181,633
Healthcare	181,042	-	-	181,042
Energy	22,486	-	-	22,486
Communication	95,498	-	-	95,498
Consumer goods	274,920	-	-	274,920
Industrial goods	76,399	-	-	76,399
Utilities	29,301	-	-	29,301
Real estate	51,017	-	-	51,017
Technology	226,008	-	-	226,008
Total equities	1,138,304	-	-	1,138,304
Mutual funds:				
Mid-cap blend	277,991	-	-	277,991
Intermediate-term bond	122,213	-	-	122,213
Other	162,362	-	-	162,362
Small blend	140,766	-	-	140,766
Foreign large blend	90,088	-	-	90,088
Diversified emerging markets	68,327	-	-	68,327
Corporate bond	98,159	-	-	98,159
World bond	27,479	-	-	27,479
Emerging markets bond	38,044	-	-	38,044
Total mutual funds	1,025,429	-	-	1,025,429
Total investments	$ 2,436,342	$ -	$ -	$ 2,436,342

Note 4—Land, building, and equipment

The balances of the major classes of land, building, and equipment are as follows at June 30, 2020:

Land	$ 290,001
Building, improvements, and leaseholds	5,236,972
Equipment	628,481
Vehicles	86,427
Artwork	18,500
	6,260,381
Less accumulated depreciation	(2,196,640)
	$ 4,063,741

Note 5—Accrued expenses

Employees of the Center are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, but not for accumulated sick leave. Accordingly, vacation pay is accrued and recognized as an expense in the period earned by employees. Accrued vacation pay included in accrued expenses totaled approximately $164,000 at June 30, 2020.

Note 6—Deferred revenue

The Center received a Paycheck Protection Program ("PPP") loan in the amount of $779,300. The PPP loan is granted by the Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Center does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Center had deferred recognition of grant revenue for the year ended June 30, 2020 because the conditions for forgiveness have not yet been substantially met; however, the Center believes it will substantially meet the conditions required for forgiveness in the following year.

Note 7—Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30, 2020:

Scholarship grants	$ 11,750
Pledges	32,438
	$ 44,188

Note 8—Concentrations

The Center receives a substantial amount of its support from government grants and United Way. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Center's programs and activities.

Financial instruments which potentially subject the Center to concentrations of credit risk consist of cash and cash equivalents. The Center places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Center from time to time may have amounts on deposit in excess of the insured limits. The Center had cash and cash equivalent bank balances of approximately $464,000 in excess of these insured limits at June 30, 2020.

Note 9—Employee benefit plan

The Center has a 401(k) retirement plan for administrative employees who have reached age 21 and have been employed for six months. The plan provides for discretionary employer-matching contributions. Employer-matching contributions totaled approximately $59,000 for the year ended June 30, 2020.

Note 10—Contingencies

Federal Awards – Federal awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Center for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

PPP Loan – The Center received a loan under the PPP for an amount of $779,300, which was established under the CARES Act and administered by the SBA. The application for PPP loans required the Center to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Center. These certifications further required the Center to take into account the Center's current business activity and ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that was not significantly detrimental to the business. The forgiveness of the PPP loan is dependent on the Center qualifying for the forgiveness of such loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. There is no assurance the Center's obligation under the PPP loan will be forgiven. If the PPP loan is not forgiven, the Center will need to repay the PPP loan over a two-year period, at an interest rate of 1% per annum.

In the unlikely event the SBA determines the PPP loan was not properly obtained and/or expenditures supporting forgiveness were not appropriate, the Center would need to repay some or all of the PPP loan and record additional expense which could be material in a future period.

Note 11—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Center, its performance, and its financial results.

SUPPLEMENTARY DATA

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Grant Description	Federal CFDA Number	Grantor's Number	Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Runaway and Homeless Youth Program Basic Shelter	93.623	90-CY6584/03	$ 224,332	$ -
Total 93.623			224,332	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless, and Street Youth	93.557	90-YO2267/03	166,537	-
Total 93.557			166,537	-
Passed through State of Tennessee Department of Mental Health & Substance Abuse Services				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA 62140_2019-2020_012	399,507	-
Passed through State of Tennessee Department of Children Services				
Affordable Care Act Personal Responsibility Education Program	93.092	Edison #44265	584,428	89,780
Total U.S. Department of Health and Human Services			1,374,804	89,780
U.S. Department of Housing and Urban Development				
Youth Homelessness Demonstration Program - Rapid Rehousing	14.276	TN0319Y4J041700	457,094	-
Youth Homelessness Demonstration Program - Diversion	14.276	TN0320Y4J041700	275,828	-
Total 14.276			732,922	-
Passed through Metro Development Housing Agency				
Emergency Solutions Grants Program	14.231	N/A	29,000	-
Passed through Metro Development Housing Agency				
Community Development Block Grants/Entitlement Grants	14.218	N/A	25,000	-
Total CDBG Entitlement Grants Cluster			25,000	-
Total U.S. Department of Housing and Urban Development			786,922	-

See accompanying notes to schedule of expenditures of federal awards.

OASIS CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2020

Grant Description	Federal CFDA Number	Grantor's Number	Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS (Continued)				
U.S. Department of Justice				
Passed through State of Tennessee Department of Finance and Administration				
Crime Victim Assistance	16.801	Edison #26775	$ 32,676	$ -
Passed through Vanderbilt University				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	UNIV59383	94,686	-
Total U.S. Department of Justice			127,362	-
U.S. Department of Education				
Passed through Tennessee Alliance for Children and Families				
Title I Grants to Local Educational Agencies	84.010	N/A	33,910	
Total U.S. Department of Education			33,910	-
U.S. Department of Labor Employment and Training Administration				
Institute for Educational Leadership's Center for Workforce Development	17.270	YE-32159-18-60-A-11	286,630	-
Total U.S. Department of Labor Employment and Training Administration			286,630	-
U.S. Department of Homeland Security				
Passed through Federal Emergency Management Agency				
Emergency Food and Shelter National Board Program	97.024		8,413	-
Total U.S. Department of Homeland Security			8,413	-
Corporation for National and Community Service				
Passed through State of Tennessee, Volunteer Tennessee				
Youth Civic Engagement	94.003	Edison #64737	14,702	-
Total Corporation for National and Community Service			14,702	-
Total Federal Awards			$ 2,632,743	$ 89,780

See accompanying notes to schedule of expenditures of federal awards.

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Oasis Center, Inc. (the "Center") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR)* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Center.

Note 2—Summary of significant accounting policies

Basis of Accounting – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – The Center expended indirect costs using a multiple-allocation base method and did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 3—Non-cash awards

The Center did not receive non-cash federal awards during the year ended June 30, 2020.

Note 4—Contingencies

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Center expects such amounts, if any, to be immaterial.

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Oasis Center, Inc.
Nashville, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oasis Center, Inc. (a nonprofit organization) (the "Center"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, which collectively comprise the Center's basic financial statements, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Oasis Center, Inc.'s Response to Findings

The Center's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
August 9, 2021

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Oasis Center, Inc.
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Oasis Center, Inc.'s (a nonprofit organization) (the "Center") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2020. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a significant deficiency in internal control over compliance.

The Center's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
August 9, 2021

Section I – Summary of Audit Results

Financial Statement Section

Type of auditor's report issued on whether financial statements were prepared in accordance with U.S. GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	x	Yes		No
Significant deficiency(ies) identified		Yes	x	None Reported
Noncompliance material to financial statements noted		Yes	x	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified	x	Yes		None Reported
Type of auditor's report on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	x	Yes		No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Youth Homelessness Demonstration Program	14.276

Dollar threshold used to distinguish between type A and type B programs	$750000			
Auditee qualified as low-risk auditee?	x	Yes		No

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2020-001 – Material Weakness over Cash Disbursements

Criteria: The Oasis Center, Inc. (the "Center") is responsible for establishing controls and procedures to ensure internal controls are adequate and being properly implemented.

Condition: Established controls related to cash disbursements including requirement of dual signatures on checks was not followed for the entire year. The accounts payable clerk was provided access to scanned signatures.

Section II – Financial Statement Findings (continued)

Cause: Center management instructed its employees to work remotely beginning in March 2020 as a result of the COVID-19 pandemic. During this time, the accounts payable clerk was granted access to scanned signatures and was able to issue executed checks.

Effect: The lack of segregation of duties between check processing and issuance allows for the possibility of intentional or unintentional unauthorized disbursements.

Recommendation: Center management should require that established controls be followed regardless of whether employees are on site or working remotely.

Management's Response: We agree with the finding and have implemented procedures to ensure established controls are being followed.

Section III – Findings and Questioned Costs – Major Federal Awards

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

Finding 2020-002 — Significant deficiency on internal controls over the Reporting Requirement for the Youth Homelessness Demonstration Program Grant CFDA #14.276

Criteria: Internal controls should be in place that provide reasonable assurance that required reporting is submitted timely.

Condition: During the year ended June 30, 2020, the Center did not have controls in place to ensure timely and accurate financial and program reporting.

Cause: There are no oversight controls over the reporting procedures.

Effect: Required reporting requirements could be submitted untimely or with inaccurate information.

Recommendation: The Center should put in controls to include oversight of reporting procedures.

Management's Response: We agree with the finding.

Section IV – Schedule of Prior Year Audit Findings

The finding 2019-02 reported in the prior year is a repeat finding as finding 2020-002.

oasis

YOUTH. COMMUNITY. ACTION.

CORRECTIVE ACTION PLAN

August 9, 2021

U.S. Department of Housing and Urban Development

Oasis Center, Inc. and Affiliate ("the Center") respectfully submits the following corrective action plan for the report dated August 9, 2021

Name and address of independent public accounting firm:
Cherry Bekaert, LLP
222 Second Avenue South #1240
Nashville, TN 37201

Audit period: July 1, 2019 – June 30, 2020

The findings from the June 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Section II – Financial Statement Findings

Finding 2020-001 - Material Weakness over Cash Disbursements

2020-001 Recommendation: Center management should require that established controls be followed regardless of whether employees are onsite or working remotely

Action Taken: We concur with the recommendation and have implemented procedures to ensure established controls are being followed.

Section III - Findings and Questioned Costs – Major Federal Awards

Finding 2020-002 Significant deficiency on internal controls over the Reporting Requirement for the Youth Homeless Demonstration Program Grant CFDA #14.276

2020-002 Recommendation: The Center should put in place controls to include oversight of reporting requirements

Action Taken: We concur with the recommendation and will establish procedures to ensure controls are in place for oversight of program reporting.

Section IV – Schedule of Prior Year Audit Findings

The finding 2019-02 reported in the prior year is a repeat finding as finding 2020-002.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call Kim Reese, Chief Financial Officer, at 615-983-6857.

Sincerely,

KReese

Kim Reese, Chief Financial Officer

1704 CHARLOTTE AVE., SUITE 200
NASHVILLE, TN 37203 | PHONE 615.327.4455 | FAX 615.329.1444
WWW.OASISCENTER.ORG