OASIS CENTER, INC.

FINANCIAL STATEMENTS

June 30, 2015

OASIS CENTER, INC.

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FRASIERDEAN HOWARDCPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Oasis Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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 the 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 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 Oasis Center, Inc. as of June 30, 2015, 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.

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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of Oasis Center Inc.'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 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 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 Oasis Center Inc.'s internal control over financial reporting and compliance.

Frasier, Dean + Howard, PLLC

Nashville, Tennessee
December 1, 2015

OASIS CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2015

Assets

Current assets:	
Cash and cash equivalents (including $23,682 at June 30, 2015 restricted for capital campaign)	$ 352,878
Receivable from grantor agencies	258,718
Unconditional promises to give, net	20,765
Other receivables	168,625
Other	22,840
Total current assets	823,826
Unconditional promises to give, noncurrent, net	9,667
Investments	1,918,406
Land, building and equipment, net	4,657,171
Total assets	$ 7,409,070

Liabilities and Net Assets

Current liabilities:	
Accounts payable	$ 117,684
Accrued expenses	93,906
Total current liabilities	211,590
Net assets:	
Unrestricted	7,006,131
Temporarily restricted	191,349
Total net assets	7,197,480
Total liabilities and net assets	$ 7,409,070

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and other support:			
Government grants	$ 1,875,240	$ -	$ 1,875,240
Contributions	1,107,162	163,408	1,270,570
United Way	416,214	-	416,214
Other grants	411,592	-	411,592
Special event revenue	178,572	-	178,572
Investment loss	(32,318)	-	(32,318)
Other	98,180	-	98,180
Program fees and other	49,006	-	49,006
Gain on sale of property	1,577,888	-	1,577,888
Net assets released from restrictions	162,385	(162,385)	-
Total revenue and other support	5,843,921	1,023	5,844,944
Expenses:			
Program services:			
Residential and crisis services	922,053	-	922,053
Youth engagement services	985,539	-	985,539
Youth action services	395,110	-	395,110
Counseling services	262,420	-	262,420
College connection	336,977	-	336,977
Transitions initiative	374,111	-	374,111
Total program services	3,276,210	-	3,276,210
Support services:			
Management and general	565,920	-	565,920
Fundraising	421,173	-	421,173
Total support services	987,093	-	987,093
Total expenses	4,263,303	-	4,263,303
Change in net assets	1,580,618	1,023	1,581,641
Net assets, beginning of year	5,425,513	190,326	5,615,839
Net assets, end of year	$ 7,006,131	$ 191,349	$ 7,197,480

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Program Services							Support Services			
	Residential and Crisis Services	Youth Engagement Services	Youth Action Services	Counseling Services	College Connection	Transitions Initiative	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	$ 569,200	$ 439,336	$ 192,652	$ 188,148	$ 255,644	$ 246,449	$ 1,891,429	$ 340,951	$ 223,716	$ 564,667	$ 2,456,096
Fringe benefits	98,563	81,488	40,133	38,542	43,316	39,251	341,293	75,126	42,668	117,794	459,087
Professional fees	39,708	120,085	30,220	3,695	3,157	10,269	207,134	65,853	33,115	98,968	306,102
Depreciation	62,639	53,864	25,740	11,564	6,819	11,737	172,363	18,447	6,821	25,268	197,631
Supplies	36,064	26,098	21,687	1,531	5,262	10,456	101,098	14,370	8,101	22,471	123,569
Grants and subcontracts	-	111,314	-	981	-	-	112,295	-	-	-	112,295
Utilities	23,472	26,598	16,834	7,179	3,830	6,418	84,331	12,199	3,830	16,029	100,360
Specific assistance	16,773	18,143	15,723	4,215	4,774	19,521	79,149	6,860	6,835	13,695	92,844
Communications	14,112	23,664	7,323	3,173	8,271	11,041	67,584	6,504	10,438	16,942	84,526
Travel	4,575	33,831	10,957	539	601	10,504	61,007	1,511	1,266	2,777	63,784
Miscellaneous	26,260	2,103	820	29	1,288	815	31,315	3,467	26,223	29,690	61,005
Special events	-	514	1,882	-	-	-	2,396	-	55,696	55,696	58,092
Conferences and meetings	865	17,550	24,536	30	1,310	3,946	48,237	4,261	175	4,436	52,673
Insurance	11,158	13,519	2,544	1,628	1,591	1,965	32,405	5,155	1,591	6,746	39,151
Maintenance	13,296	7,454	2,143	920	479	1,230	25,522	2,346	480	2,826	28,348
Equipment	5,368	9,978	1,916	246	635	509	18,652	6,189	218	6,407	25,059
Interest and fees	-	-	-	-	-	-	-	2,681	-	2,681	2,681
	$ 922,053	$ 985,539	$ 395,110	$ 262,420	$ 336,977	$ 374,111	$ 3,276,210	$ 565,920	$ 421,173	$ 987,093	$ 4,263,303

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

Cash flows from operating activities:	
Change in net assets	$ 1,587,641
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	197,631
Bad debt expense	18,202
Unrealized loss on investments	38,107
Gain on disposal of land, building and equipment	(1,577,888)
Change in operating assets and liabilities:	
Unconditional promises to give	57,638
Receivable from grantor agencies	93,163
Other receivables	(168,625)
Other assets	43,314
Accounts payable	3,636
Accrued expenses	(8,523)
Net cash provided by operating activities	284,296
Cash flows from investing activities:	
Proceeds from sale of land, building and equipment	1,900,000
Purchase of investments	(1,956,513)
Purchase of land, building and equipment	(145,332)
Net cash used in investing activities	(201,845)
Cash flows from financing activities:	
Payments on long-term debt	(75,000)
Net payments for NYOC payable	(63,407)
Contributions restricted for investment in land, building and equipment	35,000
Net cash used in financing activities	(103,407)
Net decrease in cash and cash equivalents	(20,956)
Cash and cash equivalents, beginning of year	373,834
Cash and cash equivalents, end of year	$ 352,878
Supplemental disclosure of cash flow information:	
Interest paid	$ 2,681

See accompanying notes.

NOTE 1 – NATURE OF ACTIVITIES AND 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.

The following program services are provided by the Center:

Residential and Crisis Services – provide immediate response to youth in crisis, have run away, or are experiencing homelessness. These services include an Emergency Shelter for youth ages 13 – 17 years old, Project Safe Place, Transitional Living for youth ages 18 – 22 years old, and Street Outreach and Drop In Center for homeless youth ages 18 – 22 years old.

Youth Engagement Services – engage youth and focuses primarily on the development of individual identities and group connections. The strategies for this work are service and service learning as tools to build relationships. These services include the Teen Outreach program, R.E.A.L., and the Oasis Bike Workshop.

Youth Action Services – help youth develop life skills and work on systemic issues they deem critical to their lives and to other youth in the community. Youth take responsibility for creating change on these issues. Youth Action Services include Oasis Youth Council, Community Nashville's Building Bridges, Just Us, and the Mayor's Youth Council.

Counseling Services – family, individual and group counseling designed to bring hope and healing for teens and families; build stronger, healthier relationships; discover personal strengths and resources; and find solutions that nurture ongoing positive growth. These services include counseling, community education and therapeutic groups.

College Connection – a 100% mobile college counseling program providing admissions and financial aid expertise, college resources, and assistance to students to find their most appropriate "fit" in order to be successful.

Career-Focused Transition Initiative – as one of five national sites to pilot this workforce development initiative, the Center's Right Turn program provides youth age 14-18 that are involved with the juvenile justice system, individualized education, training and workforce development opportunities by engaging them in a three-phase career development process that includes self-exploration, career exploration, career planning and management.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, donors of these assets may permit the Center to use all or part of the income earned for general or specific purposes. The Center currently has no permanently restricted net assets.

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 temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements 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.

Investments and Fair Value Measurements

Investments in money market accounts, certificates of deposit, mutual funds and equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with unrealized gains and losses recognized currently in the statements of activities.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Fair Value Measurements (Continued)

The Center has an established process for determining fair value. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data and third party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Generally accepted accounting principles have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

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.

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.

A description of the valuation methodologies used for instruments measured at fair value as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. In general, fair value is based on quoted market prices, where available. If such quoted market prices are not available, fair value is based on internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and valuation adjustments are applied consistently over time. The Center's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Fair Value Measurements (Continued)

Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates and, therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Fair values for investments in money market accounts and mutual funds are valued at the net asset value of shares held by the Center at year end. Fair values for investments in equities are valued at the closing price reported on the active market on which the securities are traded.

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 three to thirty 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 $500 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Center follows Financial Accounting Standards Board Accounting Standards Codification 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 fifty percent likely of being realized upon ultimate settlement. The Center has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include the years ended June 30, 2012 through June 30, 2015.

Subsequent Events

The Center evaluated subsequent events through December 1, 2015, 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.

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30, 2015:

Capital campaign contributions, net	$	29,667
Foundation, corporate, and other		765
	$	30,432

Unconditional promises to give are collectible over the following periods:

Less than one year	$	20,765
One to five years		10,000
		30,765
Less: Discount to net present value		(333)
	$	30,432

Unconditional promises to give over one year are reflected at the present value of estimated future cash flows using a discount rate of 1.71%. Substantially all unconditional promises to give are due for restricted purposes.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015

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, 2015:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market accounts	$ 62,419	$ -	$ -	$ 62,419
Equities:				
Basic materials	85,730	-	-	85,730
Consumer goods	127,969	-	-	127,969
Financial	106,211	-	-	106,211
Healthcare	85,879	-	-	85,879
Industrial goods	59,662	-	-	59,662
Services	45,974	-	-	45,974
Technology	130,204	-	-	130,204
Utilities	72,230	-	-	72,230
Total equities	713,859	-	-	713,859
Mutual Funds:				
Diversified emerging markets	57,184	-	-	57,184
Emerging markets bond	111,292	-	-	111,292
Intermediate government bond	127,140	-	-	127,140
Intermediate-term bond	282,761	-	-	282,761
Mid-cap growth	210,511	-	-	210,511
Corporate bond	74,176	-	-	74,176
Foreign large value	74,333	-	-	74,333
Other	204,731	-	-	204,731
Total mutual funds	1,142,128	-	-	1,142,128
Total investments	$ 1,918,406	$ -	$ -	$ 1,918,406

NOTE 4 – LAND, BUILDING AND EQUIPMENT

The balances of the major classes of land, building and equipment are as follows at June 30, 2015:

Land	$ 290,000
Building, improvements and leaseholds	5,099,883
Equipment	476,902
Vehicles	86,427
Artwork	18,500
	5,971,712
Less: accumulated depreciation	(1,314,541)
	$ 4,657,171

NOTE 4 – LAND, BUILDING AND EQUIPMENT (Continued)

During the year ended June 30, 2015, the Center sold real property operating as a shelter for $1.9 million and recognized a gain on sale totaling $1,577,888 that is included in the statement of activities.

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 $90,680 at June 30, 2015.

NOTE 6 – LINE OF CREDIT

In March 2012, the Center entered into a line of credit agreement with a bank that provides for maximum borrowings of $500,000. The line of credit requires interest at a percentage rate calculated annually, not to be less than 4.25%, payable monthly, with the outstanding principal amount due at maturity. The Center had no outstanding borrowings under this agreement at June 30, 2015. The line is secured by certain real property. The agreement matures April 2016.

NOTE 7 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2015:

Capital campaign contributions, net of NYOC payable	$ 41,349
Contributions received for future periods	150,000
	$ 191,349

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. In addition, the funding received by the Center from governmental agencies is subject to audit and retroactive adjustment.

The Center may at times have cash amounts at financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation. The Center has not experienced any losses in such accounts.

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 match contributions totaled $27,309 for the year ended June 30, 2015.

NOTE 10 – CAPITAL CAMPAIGN

In April 2007, the Center joined together with STARS Nashville ("STARS") (a nonprofit entity) for a capital campaign to create the Nashville Youth Opportunity Center ("NYOC"). Contributions received were used to renovate a building at 1700 Charlotte Avenue. The building houses a variety of youth organizations that serve young people facing challenges throughout Middle Tennessee through a continuum of programs offered by the youth organizations. At June 30, 2015, the Center has $29,667 in net capital campaign pledges receivable designated for NYOC. At June 30, 2015, the NYOC had a capitalized cost of $5,093,912. The building is a condominium, with ownership held individually by the Center and STARS. The Center and STARS have their offices in the building and lease space to other youth oriented nonprofit organizations. All contributions for the project are being directed to the Center. The Center contributed to STARS from capital contributions received, its portion of the acquisition cost. At June 30, 2015, the Center had recorded a payable related to contributions received on behalf of NYOC for STARS of $10,347 related to contributions solicited and recorded related to the joint capital campaign. This amount represents forty percent of joint contributions received. During 2015, $44,778 was transferred to STARS in cash for payment of joint building expenditures.

SUPPLEMENTARY DATA

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Receivable at 6/30/2014	Cash Receipts	Expenditures	Receivable at 6/30/2015
FEDERAL AWARDS							
U.S. Dept. of Health and Human Services	Basic Center Grant	93.623	90-CY6584/01	$ -	$ 46,787	$ 46,787	$ -
U.S. Dept. of Health and Human Services	Basic Center Grant	93.623	90-CY6584/02	-	165,980	165,980	-
Total for CFDA No. 93.623+				-	212,767	212,767	-
U.S. Dept. of Health and Human Services	Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90-YO2178/01	-	46,821	46,821	-
U.S. Dept. of Health and Human Services	Education and Prevention Grants to Reduce Sexual Abuse of Runaway Homeless and Street Youth	93.557	90-YO2178/02	-	140,508	140,508	-
Total for CFDA No. 93.557				-	187,329	187,329	-
U.S. Dept. of Health and Human Services Passed Through:							
TN Dept. of Mental Health and Developmental Disabilities	Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	22,795	22,795	-	-
TN Dept. of Mental Health and Developmental Disabilities	Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA 41158_2014_2015_013	-	294,002	338,592	44,590
Total for CFDA No. 93.959				22,795	316,797	338,592	44,590
Tennessee State University	Family and Community Violence Prevention Program	93.910	N/A	6,000	6,000	-	-
DCS, University of Tennessee	Affordable Care Act Personal Responsibility Education Program	93.092	N/A	241,075	241,075	-	-
TN Dept. of Children's Services	Affordable Care Act Personal Responsibility Education Program	93.092	N/A	-	439,202	557,790	118,588
Total for CFDA No. 93.092				241,075	680,277	557,790	118,588
Total for U.S. Dept. of Health and Human Services				269,870	1,403,170	1,296,478	163,178
U.S. Dept. of Housing & Urban Development Passed Through:							
Metro Development & Housing Agency	Emergency Solutions Grants Program	14.231	N/A	-	17,327	17,327	-
Metro Development & Housing Agency	Emergency Solutions Grants Program	14.231	N/A	-	10,992	19,525	8,533
Total for CFDA No. 14.231				-	28,319	36,852	8,533
Metro Development & Housing Agency	Community Development Block Grants/Entitlement Grants	14.218	N/A	-	85,240	85,240	-
Metro Development & Housing Agency	Community Development Block Grants/Entitlement Grants	14.218	N/A	-	17,500	17,500	-
Total for CFDA No. 14.218				-	102,740	102,740	-
Total for U.S. Dept. of Housing & Urban Development				-	131,059	139,592	8,533
U.S. Dept. of Justice Passed Through:							
TN Dept. of Finance and Administration	ARRA - State Victim Assistance Formula Grant Program	16.801	Edison #18852	1,455	1,455	-	-
TN Dept. of Finance and Administration	ARRA - State Victim Assistance Formula Grant Program	16.801	Edison #18852	-	32,675	32,675	-
Total for CFDA No. 16.801				1,455	34,130	32,675	-
Total for U.S. Dept. of Justice				1,455	34,130	32,675	-

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued from Page 15)
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Receivable at 6/30/2014	Cash Receipts	Expenditures	Receivable at 6/30/2015
FEDERAL AWARDS (Continued)							
U.S. Dept. of Education Passed Through:							
Nashville State Community College	Race to the Top - ARRA	84.395 A	GR-1134507-01	2,172	8,094	5,922	-
Metropolitan Nashville Public Schools	Race to the Top - ARRA	84.395 A	GR-1134507-01	3,864	3,864	-	-
Total for CFDA No. 84.395 A				6,036	11,958	5,922	-
Tennessee Alliance for Children and Families	Title I Grants to Local Educational Agencies	84.010	N/A	3,326	10,155	6,829	-
Tennessee Alliance for Children and Families	Title I Grants to Local Educational Agencies	84.010	N/A	-	7,134	9,264	2,130
Total for CFDA No. 84.010				3,326	17,289	16,093	2,130
Total for U.S. Dept. of Education				9,362	29,247	22,015	2,130
U.S. Dept. of Labor Employment and Training Administration passed through:							
Institute for Educational Leadership's Center for Workforce Development	Reintegration of Ex-Offenders	17.270	PE-24410-13-60-A-11	71,194	161,566	90,372	-
Institute for Educational Leadership's Center for Workforce Development	Reintegration of Ex-Offenders	17.270	PE-24410-13-60-A-11	-	165,641	241,644	76,003
Total for CFDA No. 17.270+				71,194	327,207	332,016	76,003
Nashville Career Advancement Center	WIA/WIOA Youth Activities	17.259	N/A	-	43,590	52,464	8,874
Total for U.S. Dept. of Labor Employment and Training Administration				71,194	370,797	384,480	84,877
Total Federal Awards				$ 351,881	$ 1,968,403	$ 1,875,240	$ 258,718

+ Indicates a major program

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE 1 - BASIS OF ACCOUNTING

This schedule of expenditures of federal awards includes the federal grant activity of Oasis Center, Inc. and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* .

FRASIERDEAN HOWARDCPAs

INDEPENDENT AUDITOR'S REPORT 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 of
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), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oasis Center, Inc.'s internal control over financial reporting (internal control) to determine the 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 Oasis Center, Inc.'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2015-1 that we consider to be significant deficiencies.

Frasier, Dean & Howard, PLLC • 3310 West End Avenue, Suite 550 • Nashville, Tennessee 37203-1089 • 615.383.6592 • *fax* 615.383.7094 • www.fdhcpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oasis Center, Inc.'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 determination of financial statement amounts. 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*.

Oasis Center, Inc.'s Response to Findings

Oasis Center, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Oasis Center Inc.'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Frasier, Dean & Howard, PLLC

Nashville, Tennessee
December 1, 2015

FRASIERDEAN HOWARDCPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Oasis Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Oasis Center, Inc.'s major federal programs for the year ended June 30, 2015. Oasis Center, Inc.'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oasis Center, Inc.'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Oasis Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that 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 Oasis Center Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Oasis Center, Inc. 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, 2015.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-2 and 2015-3. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of Oasis Center, Inc. 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 Oasis Center Inc.'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 OMB Circular A-133, 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 Oasis Center Inc.'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, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Frasier, Dean & Howard, PLLC

Nashville, Tennessee
December 1, 2015

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Oasis Center, Inc.

2. A significant deficiency disclosed during the audit of the financial statements is reported in the Independent Auditor's Report 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. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of Oasis Center, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.

5. The auditor's report on compliance for the major federal award programs for Oasis Center, Inc. expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.

7. The programs tested as major programs include:

CFDA Number	Name of Federal Program or Cluster
93.623	Basic Center Grant
17.270	Reintegration of Ex-Offenders

8. The threshold for distinguishing Types A and B programs was $300,000.

9. Oasis Center, Inc. was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

2015-1 **Statement of Condition**: The Committee of Sponsoring Organizations ("COSO") framework for effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Organization's audited financial statements. While the Center has an effective accounting department, the Center currently does not have a certified public accountant or individual with similar experience on staff. In addition, audit adjusting entries were required during the audit.

Effect of Condition: The Center currently relies on its independent auditor to assist in making final adjustments to its internal accounting records and prepare its audited financial statements with full disclosures in accordance with generally accepted accounting principles.

Auditor's Recommendation: We recommend that management continue to evaluate the cost/benefit of engaging the resources in house to interpret GAAP and prepare its financial statements including disclosures. We also recommend that the year-end closing process be enhanced to eliminate the need for audit adjusting entries.

Grantee Response: We concur with the finding and will continue to evaluate the cost/benefit to the organization of engaging personnel with the expertise to prepare financial statements including all disclosures required by GAAP.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF LABOR EMPLOYMENT AND TRAINING ADMINISTRATION

Reintegration of Ex-Offenders – CFDA No. 17.270; passed through Institute for Educational Leadership's Center for Workforce Development; Grant No. PE-24410-13-60-A-11

2015-2 **Condition and Criteria:** Section V of the grant agreement requires that reports be filed within 60 days and six months, respectively, of the end of the grant period.

Cause: The grantor agency has not requested the reports.

Effect: The grantor agency could deem the Center out of compliance with the terms of the grant agreement.

Context: The grant agreement includes six specific reporting requirements, four of which have been met.

Recommendation: The Center should adhere to procedures in place to ensure reporting requirements for each grant are met.

Views of Responsible Officials and Planned Corrective Actions: The Center agrees with the finding. A request has been made for a waiver on the reporting requirements not met during the year ended June 30, 2015.

2015-3 **Condition:** The Center did not obtain written approval from the grantor for changing the program requirements regarding the mentoring component.

Criteria: The grant agreement states that no changes may be made to the program design or other aspects of the program without written consent from the grantor.

Cause: The Center determined the mentoring component of the program as written in the grant agreement was not currently feasible.

Effect: Grant funds could be disallowed.

Context: The mentoring component of the program is a work in progress. The Center has been unable to recruit the minimum number of mentors as described in the grant agreement. The Center has modified the mentoring component of the program to address this issue but did not obtain written approval for the modification.

Recommendation: The Center should obtain written approval for any changes to the program in accordance with the grant agreement.

Views of Responsible Officials and Planned Corrective Actions: The Center agrees with the finding. A request has been made for a waiver regarding the changes made to the mentoring component of the program. In the future, the Center will obtain written approval from the grantor for any changes made to the program.

OASIS CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015

NONE

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THERE'S MORE TO YOUTH

CORRECTIVE ACTION PLAN

December 1, 2015

U.S. Department of Health and Human Services

Oasis Center, Inc. and Affiliate ("the Center") respectfully submits the following corrective action plan for the year ended June 30, 2015.

Name and address of independent public accounting firm:
Frasier, Dean & Howard, PLLC
3310 West End Avenue, Suite 550
Nashville, TN 37203

Audit period: July 1, 2014 – June 30, 2015

The findings from the June 30, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

2015-1 Recommendation: The Center should evaluate the cost/benefit of engaging resources to interpret GAAP and prepare its audited financial statements.

Action Taken: We concur with the recommendation and will evaluate the cost/benefit to the organization of engaging personnel with GAAP knowledge to prepare financial statements.

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF LABOR EMPLOYMENT AND TRAINING ADMINISTRATION

Reintegration of Ex-Offenders – CFDA No. 17.270; passed through Institute for Educational Leadership's Center for Workforce Development; Grant No. PE-24410-13-60-A-11

2015-2 Recommendation: The Center should adhere to procedures in place to ensure reporting requirements for each grant are met.

Action Taken: We agree with the finding. A request has been made for a waiver on the reporting requirements not met during the year ended June 30, 2015. In addition, we have discussed with employees the importance of filing reports timely.

2015-3 Recommendation: The Center should obtain written approval for any changes to the program in accordance with the grant agreement.

Actions Taken: The Center agrees with the finding. A request has been made for a waiver regarding the changes made to the mentoring component of the program. In the future, the Center will obtain written approval from the grantor for any changes made to the program.

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

Sincerely,

KReese

Kim Reese, Chief Financial Officer