

OASIS CENTER, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA

June 30, 2004 and 2003

OASIS CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Oasis Center, Inc.

We have audited the accompanying statements of financial position of Oasis Center, Inc. (a nonprofit organization) as of June 30, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oasis Center, Inc. as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2004, on our consideration of Oasis Center Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Oasis Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Frasier, Dean & Howard, PLLC
September 15, 2004

OASIS CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 256,147	\$ 235,834
Receivable from grantor agencies	71,425	60,543
Unconditional promises to give, net	26,714	78,417
Other	<u>49,309</u>	<u>26,602</u>
Total current assets	403,595	401,396
Land, building and equipment, net	<u>1,273,485</u>	<u>1,333,152</u>
Total assets	<u><u>\$1,677,080</u></u>	<u><u>\$1,734,548</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 51,425	\$ 18,755
Accrued expenses	59,212	61,655
Current portion of long-term debt	<u>18,653</u>	<u>17,595</u>
Total current liabilities	129,290	98,005
Long-term debt, less current portion	<u>356,718</u>	<u>375,371</u>
Total liabilities	<u>486,008</u>	<u>473,376</u>
Net assets:		
Unrestricted	1,164,358	1,176,255
Temporarily restricted	<u>26,714</u>	<u>84,917</u>
Total net assets	<u>1,191,072</u>	<u>1,261,172</u>
Total liabilities and net assets	<u><u>\$1,677,080</u></u>	<u><u>\$1,734,548</u></u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Federal and state grants	\$ 780,656	\$ -	\$ 780,656
United Way	464,135	18,214	482,349
Other grants	469,921	-	469,921
Contributions	288,196	8,500	296,696
Other	37,501	-	37,501
Program fees	33,766	-	33,766
In-kind contributions	15,278	-	15,278
Investment income	1,032	-	1,032
Net assets released from restrictions	84,917	(84,917)	-
Total revenue and other support	<u>2,175,402</u>	<u>(58,203)</u>	<u>2,117,199</u>
Expenses:			
Program services:			
Residential services	899,483	-	899,483
Counseling services	484,089	-	484,089
Youth leadership development services	304,456	-	304,456
Total program services	<u>1,688,028</u>	<u>-</u>	<u>1,688,028</u>
Support services:			
Management and general	405,891	-	405,891
Fundraising	93,380	-	93,380
Total support services	<u>499,271</u>	<u>-</u>	<u>499,271</u>
Total expenses	<u>2,187,299</u>	<u>-</u>	<u>2,187,299</u>
Change in net assets	(11,897)	(58,203)	(70,100)
Net assets, beginning of year	<u>1,176,255</u>	<u>84,917</u>	<u>1,261,172</u>
Net assets, end of year	<u>\$ 1,164,358</u>	<u>\$ 26,714</u>	<u>\$ 1,191,072</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Federal and state grants	\$ 883,895	\$ -	\$ 883,895
United Way	522,204	53,801	576,005
Other grants	348,730	-	348,730
Contributions	271,713	31,116	302,829
In-kind contributions	28,799	-	28,799
Program fees	24,938	-	24,938
Other	14,863	-	14,863
Investment income	2,107	-	2,107
Net assets released from restrictions	66,757	(66,757)	-
Total revenue and other support	<u>2,164,006</u>	<u>18,160</u>	<u>2,182,166</u>
Expenses:			
Program services:			
Residential services	906,170	-	906,170
Counseling services	549,500	-	549,500
Youth leadership development services	284,192	-	284,192
Total program services	<u>1,739,862</u>	<u>-</u>	<u>1,739,862</u>
Support services:			
Management and general	453,588	-	453,588
Fundraising	110,869	-	110,869
Total support services	<u>564,457</u>	<u>-</u>	<u>564,457</u>
Total expenses	<u>2,304,319</u>	<u>-</u>	<u>2,304,319</u>
Change in net assets	(140,313)	18,160	(122,153)
Net assets, beginning of year	<u>1,316,568</u>	<u>66,757</u>	<u>1,383,325</u>
Net assets, end of year	<u><u>\$ 1,176,255</u></u>	<u><u>\$ 84,917</u></u>	<u><u>\$ 1,261,172</u></u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2004

	<u>Program Services</u>				<u>Support Services</u>			
			Youth					
	Residential	Counseling	Leadership	TOTAL	Management		TOTAL	Total
	Services	Services	Development	PROGRAM	and General	Fundraising	SUPPORT	Expenses
	Services	Services	Services	SERVICES			SERVICES	
Salaries	\$ 596,036	\$ 257,446	\$ 133,019	\$ 986,501	\$ 233,336	\$ 34,402	\$ 267,738	\$ 1,254,239
Payroll taxes and benefits	103,689	42,838	23,656	170,183	47,443	3,454	50,897	221,080
Grants and subcontracts	-	81,971	61,030	143,001	24,350	-	24,350	167,351
Depreciation expense	53,397	22,213	14,562	90,172	2,597	2,077	4,674	94,846
Communications	24,036	6,757	12,258	43,051	6,451	19,769	26,220	69,271
Professional fees	2,952	29,022	3,788	35,762	21,299	8,305	29,604	65,366
Supplies	32,354	4,600	19,361	56,315	4,896	2,245	7,141	63,456
Equipment	20,451	7,464	6,963	34,878	7,614	4,921	12,535	47,413
Utilities	15,976	9,547	1,969	27,492	2,879	758	3,637	31,129
Maintenance	17,165	7,298	1,668	26,131	2,253	579	2,832	28,963
Insurance	11,484	5,178	2,545	19,207	4,305	491	4,796	24,003
Travel	3,320	6,669	11,848	21,837	1,782	61	1,843	23,680
Interest	-	-	-	-	22,665	-	22,665	22,665
In-kind contributions	9,570	1,208	2,719	13,497	1,241	540	1,781	15,278
Special events	-	-	305	305	-	14,753	14,753	15,058
Specific assistance	4,545	53	7,431	12,029	2,365	-	2,365	14,394
Bad debt	-	-	-	-	12,610	-	12,610	12,610
Other	3,143	1,402	765	5,310	5,314	979	6,293	11,603
Training	1,365	423	569	2,357	2,491	46	2,537	4,894
	<u>\$ 899,483</u>	<u>\$ 484,089</u>	<u>\$ 304,456</u>	<u>\$ 1,688,028</u>	<u>\$ 405,891</u>	<u>\$ 93,380</u>	<u>\$ 499,271</u>	<u>\$ 2,187,299</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2003

	Program Services				Support Services		
	Residential Services	Counseling Services	Youth Leadership Development Services	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES
Salaries	\$ 578,929	\$ 319,231	\$ 98,491	\$ 996,651	\$ 283,911	\$ 49,527	\$ 333,438
Payroll taxes and benefits	96,755	52,431	17,044	166,230	65,244	4,644	69,888
Grants and subcontracts	-	93,425	76,331	169,756	-	-	-
Depreciation expense	48,267	15,117	16,803	80,187	10,103	1,446	11,549
Communications	27,283	7,531	13,494	48,308	7,519	19,979	27,498
Professional fees	45,244	26,510	6,589	78,343	15,046	14,212	29,258
Supplies	31,811	5,254	14,465	51,530	6,265	11,582	17,847
Equipment	3,181	718	1,605	5,504	816	1,179	1,995
Utilities	15,320	7,297	7,298	29,915	3,294	547	3,841
Maintenance	27,814	9,876	8,125	45,815	7,250	2,606	9,856
Insurance	8,021	3,824	2,848	14,693	3,708	202	3,910
Travel	4,503	4,588	4,339	13,430	228	191	419
Interest	10	6	6	22	26,955	-	26,955
In-kind contributions	9,571	834	12,001	22,406	6,208	185	6,393
Specific assistance	5,948	501	4,311	10,760	2,090	-	2,090
Other	2,219	1,334	390	3,943	12,074	3,536	15,610
Training	1,294	1,023	52	2,369	2,877	1,033	3,910
	<u>\$ 906,170</u>	<u>\$ 549,500</u>	<u>\$ 284,192</u>	<u>\$ 1,739,862</u>	<u>\$ 453,588</u>	<u>\$ 110,869</u>	<u>\$ 564,457</u>
							<u>\$ 2,304,319</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Change in net assets	\$ (70,100)	\$ (122,153)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	94,846	91,736
Increase in receivable from grantor agencies	(10,882)	(20,435)
Decrease (increase) in unconditional promises to give	51,703	(21,660)
(Increase) decrease in other assets	(22,707)	15,406
Increase (decrease) in accounts payable	32,670	(23,745)
Decrease in accrued expenses	(2,443)	(5,436)
Net cash provided by (used in) operating activities	<u>73,087</u>	<u>(86,287)</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(35,179)</u>	<u>(29,827)</u>
Net cash used in investing activities	<u>(35,179)</u>	<u>(29,827)</u>
Cash flows from financing activities:		
Payments on long-term debt	(17,595)	(382,534)
Borrowings on long-term debt	<u>-</u>	<u>400,000</u>
Net cash (used in) provided by financing activities	<u>(17,595)</u>	<u>17,466</u>
Net increase (decrease) in cash and cash equivalents	20,313	(98,648)
Cash and cash equivalents, beginning of year	<u>235,834</u>	<u>334,482</u>
Cash and cash equivalents, end of year	<u>\$ 256,147</u>	<u>\$ 235,834</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 22,665</u>	<u>\$ 26,977</u>

See accompanying notes.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

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.

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. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements for Not-for-Profit Organizations*. 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2004 and 2003

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

Unconditional Promises to Give (Continued)

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. Management believes that unconditional promises to give are fully collectible as of June 30, 2004 and 2003. As a result, no allowance for uncollectible accounts has been provided.

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.

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. Accordingly, no provision for income tax has been made.

Cash and Cash Equivalents

For purposes of the statements 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.

NOTE 2 – 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 gift. 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.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2004 and 2003

NOTE 2 – LAND, BUILDING AND EQUIPMENT (Continued)

The balances of the major classes of land and depreciable assets are as follows at June 30:

	<u>2004</u>	<u>2003</u>
Land	\$ 249,412	\$ 249,412
Building, improvements and leaseholds	1,543,419	1,537,837
Equipment	306,477	297,382
Vehicles	57,716	60,732
Artwork	<u>18,500</u>	<u>18,500</u>
	2,175,524	2,163,863
Less: Accumulated depreciation	<u>(902,039)</u>	<u>(830,711)</u>
	<u>\$ 1,273,485</u>	<u>\$ 1,333,152</u>

NOTE 3 – LINE OF CREDIT

The Center has available a \$100,000 revolving line of credit with a commercial bank. The agreement provides for interest to accrue at the bank's index rate. The note has a maturity date of October 18, 2007. No borrowings were outstanding under the agreement at June 30, 2004 and 2003.

NOTE 4 – LONG-TERM DEBT

Long-term debt is as follows:

	<u>2004</u>	<u>2003</u>
Mortgage note payable to bank in monthly principal and interest installments of \$3,343, secured by land and building, interest at 5.85% maturing January 2010. The mortgage note contains various restrictive covenants including minimum cash flow coverage, tangible net worth and working capital ratios. The Center was not in compliance with certain debt covenants at June 30, 2004 and 2003, but has received a waiver from the lender as of June 30, 2004 and 2003. As a result scheduled principal payments subsequent to June 30, 2004, are classified as long term in the accompanying statement of financial position.	\$ 375,371	\$ 392,966
Less amount shown as current	<u>(18,653)</u>	<u>(17,595)</u>
Long-term portion of note payable	<u>\$ 356,718</u>	<u>\$ 375,371</u>

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2004 and 2003

NOTE 4 – LONG-TERM DEBT (Continued)

Annual principal maturities of the long-term debt are as follows:

<u>Year Ending June 30,</u>	
2005	\$ 18,653
2006	19,774
2007	20,962
2008	22,222
2009	23,557
Thereafter	<u>270,203</u>
	<u>\$ 375,371</u>

NOTE 5 – 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. Contributions to the plan amounted to \$10,394 and \$7,025 for the years ended June 30, 2004 and 2003, respectively.

NOTE 6 – ACCRUED EXPENSES

Employees of Oasis Center, Inc. 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 was \$42,268 and \$42,459 at June 30, 2004 and 2003, respectively.

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended June 30:

	<u>2004</u>	<u>2003</u>
Donated services	\$ 7,090	\$ -
Interior design contributions	5,393	8,270
Other	1,510	4,779
Pulse day contributions	725	11,365
Concert and hockey tickets	<u>560</u>	<u>4,385</u>
	<u>\$ 15,278</u>	<u>\$ 28,799</u>

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2004 and 2003

NOTE 8 – UNCONDITIONAL PROMISES TO GIVE

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

	<u>2004</u>	<u>2003</u>
Receivable from United Way	\$ 18,214	\$ 53,801
Annual campaign pledges	<u>8,500</u>	<u>24,616</u>
	<u>\$ 26,714</u>	<u>\$ 78,417</u>

Although donor designations to the United Way may vary, differences between the amounts allocated and collected have historically been insignificant. Accordingly, no provision has been made for this difference. The entire amount receivable is considered collectible.

NOTE 9 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2004</u>	<u>2003</u>
United Way funding for subsequent periods	\$ 18,214	\$ 53,801
Contributions received for future periods	<u>8,500</u>	<u>31,116</u>
	<u>\$ 26,714</u>	<u>\$ 84,917</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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.

SUPPLEMENTARY DATA

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR		CFDA No.	Pass through Grantor's Number	Balance Receivable June 30, 2003	Cash Receipts	Expenditures	Balance Receivable June 30, 2004
FEDERAL AWARDS							
U. S. Department of Health & Human Services							
Runaway and Homeless Youth Program Basic Shelter		93.623	G-04CY0695/02	\$ -	\$ 33,334	\$ 33,334	\$ -
Runaway and Homeless Youth Program Basic Shelter		93.623	G-04CY0695/03	-	166,666	166,666	-
Total CFDA Program 93.623				-	200,000	200,000	-
Transitional Living Program for Runaway and Homeless Youth		93.550	G-04CX0629/01	-	66,668	66,668	-
Transitional Living Program for Runaway and Homeless Youth		93.550	G-04CX0629/02	-	133,336	133,336	-
Total CFDA Program 93.550+				-	200,004	200,004	-
Passed through the Dept. of Children's Services, State of TN							
Chafee Foster Care Independent Living		93.674	GR0315267-00	7,976	7,976	-	-
Total CFDA Program 93.674*				7,976	7,976	-	-
Passed through the Department of Health, State of TN							
Alcohol and Drug Prevention Block Program		93.959	GR-03-14739-01	19,471	19,471	-	-
Alcohol and Drug Prevention Block Program		93.959	GR-04-15677-01	-	175,137	225,218	50,081
Total CFDA Program 93.959*				19,471	194,608	225,218	50,081
Passed through Family & Children's Service							
Temporary Assistance for Needy Families		93.558	N/A	400	400	-	-
Total CFDA Program 93.558*				400	400	-	-
Total U.S. Department of Health & Human Services				27,847	602,988	625,222	50,081

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the year ended June 30, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR	CFDA No.	Pass through Grantor's Number	Balance Receivable June 30, 2003	Cash Receipts	Expenditures	Balance Receivable June 30, 2004
<u>FEDERAL AWARDS (Continued)</u>						
<u>Department of Homeland Security</u>						
Disaster Assistance Program	97.024	21-7652-00	-	6,384	6,384	-
Disaster Assistance Program	97.024	22-7652-00	-	11,839	11,839	-
Total Department of Homeland Security			-	18,223	18,223	-
<u>U.S. Department of Agriculture</u>						
Passed through Tennessee Department of Agriculture						
National School Lunch Program	10.555	4703759753	720	720	-	-
National School Lunch Program	10.555	4703759753	-	3,384	4,104	720
Total CFDA Program 10.555*			720	4,104	4,104	720
National School Breakfast	10.553	4703759753	452	452	-	-
National School Breakfast	10.553	4703759753	-	2,078	2,523	445
Total CFDA Program 10.553			452	2,530	2,523	445
Total U.S. Department of Agriculture			1,172	6,634	6,627	1,165
<u>U.S. Department of Housing & Urban Development (HUD)</u>						
Passed through Metro Development & Housing Agency						
MDHA - Emergency Shelter Program	14.231	N/A	1,327	1,327	-	-
MDHA - Emergency Shelter Program	14.231	N/A	453	12,318	14,308	2,443
MDHA - HUD Supportive Housing Program	14.235	N/A	3,421	21,331	21,510	3,600
Total U.S. Dept. of Housing & Urban Development*			5,201	34,976	35,818	6,043

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the year ended June 30, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR	CFDA No.	Pass through Grantor's Number	Balance Receivable June 30, 2003	Cash Receipts	Expenditures	Balance Receivable June 30, 2004
FEDERAL AWARDS (Continued)						
U.S. Department of Justice						
Passed through TN Dept. of Finance and Administration						
Victims of Crime Act (VOCA)	16.575	Z99095695-03	4,946	4,946	-	-
Victims of Crime Act (VOCA)	16.575	Z00099321-01	-	42,300	42,300	-
Total U.S. Department of Justice			4,946	47,246	42,300	-
Total of Federal Awards			\$ 39,166	\$ 710,067	\$ 728,190	\$ 57,289

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the year ended June 30, 2004

	<u>CFDA No.</u>	<u>Grantor's Number</u>	<u>Balance Receivable June 30, 2003</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance Receivable June 30, 2004</u>
STATE AND LOCAL AWARDS						
<u>Metropolitan Government of Nashville</u>						
ADSEP	N/A	14190	550	4,300	4,150	400
Family Weekend	N/A	14190	12,681	38,043	36,634	11,272
Total Metropolitan Government of Nashville			13,231	42,343	40,784	11,672
<u>Department of Health, State of Tennessee</u>						
Alcohol and Drug Prevention Block Program	93.959	GR-03-14739-01	7,404	7,404	-	-
	93.959	GR-04-15677-01	-	9,218	11,682	2,464
Tennessee Association for Child Care			742	742	-	-
Total Department of Health, State of TN*#			8,146	17,364	11,682	2,464
Total State Awards			\$ 21,377	\$ 59,707	\$ 52,466	\$ 14,136
Total Federal and State Awards			\$ 60,543	\$ 769,774	\$ 780,656	\$ 71,425

Basis of presentation:

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Oasis Center, Inc. and is presented on the accrual basis of accounting. 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*.

* Cash grant represents pass-through federal funds.

Represents state's portion of grant.

+ Indicates a major program.



F R A S I E R , D E A N & H O W A R D , P L L C

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Oasis Center, Inc.

We have audited the financial statements of Oasis Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated September 15, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Oasis Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oasis Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Frasier, Dean & Howard, PLLC

September 15, 2004



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
Oasis Center, Inc.

Compliance

We have audited the compliance of Oasis Center, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Oasis Center, Inc.'s management. Our responsibility is to express an opinion on Oasis Center, Inc.'s compliance based on our audit.

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. Our audit does not provide a legal determination of Oasis Center, Inc.'s compliance with those requirements.

In our opinion, Oasis Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Oasis Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oasis Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Frasin, Dean & Howard, PLLC

September 15, 2004

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2004

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are
considered to be material weakness(es)? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards:

Internal control over major programs

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are
considered to be material weakness(es)? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with section .510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major programs:

CFDA Number

93.550

Name of Federal Program

Transitional Living Program for
Runaway and Homeless Youth

Dollar threshold used to distinguish between

Type A and type B programs \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

OASIS CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2004

None