

OASIS CENTER, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA

June 30, 2008 and 2007

OASIS CENTER, INC.

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FRASIER, DEAN & HOWARD, PLLC

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Oasis Center, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of Oasis Center, Inc. (a nonprofit organization) as of June 30, 2008 and 2007, 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, 2008 and 2007, 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 January 31, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audits.

Our audits were conducted 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

January 31, 2009

OASIS CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

Assets	2008	2007
Current assets:		
Cash and cash equivalents (including \$1,756,259 and \$960,561 at June 30, 2008 and 2007 restricted for capital campaign)	\$ 2,536,793	\$ 1,126,460
Receivable from grantor agencies	250,940	277,067
Unconditional promises to give	2,051,162	1,166,320
Other	37,859	17,374
Total current assets	4,876,754	2,587,221
Unconditional promises to give, noncurrent, net of discount	1,489,543	1,055,825
Land, building and equipment, net	4,833,538	1,197,303
Total assets	<u>\$ 11,199,835</u>	<u>\$ 4,840,349</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 617,226	\$ 110,147
Accrued expenses	104,853	92,811
Line of credit	-	75,000
Current portion of long-term debt	23,557	20,430
Total current liabilities	745,636	298,388
Long-term debt, less current portion	4,264,697	293,759
Total liabilities	<u>5,010,333</u>	<u>592,147</u>
Net assets:		
Unrestricted	5,219,191	994,808
Temporarily restricted	970,311	3,253,394
Total net assets	<u>6,189,502</u>	<u>4,248,202</u>
Total liabilities and net assets	<u>\$ 11,199,835</u>	<u>\$ 4,840,349</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Total
Revenue and other support:			
Capital campaign	\$ -	\$ 2,964,548	\$ 2,964,548
Government grants	1,578,544	-	1,578,544
Foundation grants	700,311	-	700,311
Contributions	445,430	150,892	596,322
United Way	395,417	32,023	427,440
Program fees	17,233	-	17,233
Investment income	36,869	-	36,869
Other	397	-	397
Net assets released from restrictions	5,430,546	(5,430,546)	-
	<u>8,604,747</u>	<u>(2,283,083)</u>	<u>6,321,664</u>
Total revenue and other support			
Expenses:			
Program services:			
Residential and crisis services	1,122,545	-	1,122,545
Prevention services	451,659	-	451,659
Youth leadership development services	718,526	-	718,526
Counseling services	405,471	-	405,471
	<u>2,698,201</u>	<u>-</u>	<u>2,698,201</u>
Total program services			
Support services:			
Management and general	520,703	-	520,703
Fundraising	260,933	-	260,933
	<u>781,636</u>	<u>-</u>	<u>781,636</u>
Total support services			
Total expenses	<u>3,479,837</u>	<u>-</u>	<u>3,479,837</u>
Change in net assets from operations	5,124,910	(2,283,083)	2,841,827
Capital campaign transfer (note 12)	900,527	-	900,527
Change in net assets	4,224,383	(2,283,083)	1,941,300
Net assets, beginning of year	994,808	3,253,394	4,248,202
Net assets, end of year	<u>\$ 5,219,191</u>	<u>\$ 970,311</u>	<u>\$ 6,189,502</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Capital campaign	\$ -	\$ 3,074,091	\$ 3,074,091
Government grants	1,456,157	-	1,456,157
Foundation grants	654,536	-	654,536
Contributions	412,698	163,703	576,401
United Way	421,897	-	421,897
In-kind contributions	50,338	-	50,338
Program fees	15,664	-	15,664
Investment income	4,899	-	4,899
Other	1,708	-	1,708
Net assets released from restrictions	159,940	(159,940)	-
Total revenue and other support	<u>3,177,837</u>	<u>3,077,854</u>	<u>6,255,691</u>
Expenses:			
Program services:			
Residential and crisis services	1,126,163	-	1,126,163
Prevention services	584,451	-	584,451
Youth leadership development services	408,055	-	408,055
Counseling services	383,021	-	383,021
Total program services	<u>2,501,690</u>	<u>-</u>	<u>2,501,690</u>
Support services:			
Management and general	468,041	-	468,041
Fundraising	214,620	-	214,620
Total support services	<u>682,661</u>	<u>-</u>	<u>682,661</u>
Total expenses	<u>3,184,351</u>	<u>-</u>	<u>3,184,351</u>
Change in net assets	(6,514)	3,077,854	3,071,340
Net assets, beginning of year	<u>1,001,322</u>	<u>175,540</u>	<u>1,176,862</u>
Net assets, end of year	<u><u>\$ 994,808</u></u>	<u><u>\$ 3,253,394</u></u>	<u><u>\$ 4,248,202</u></u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2008

	Program Services				Support Services				
	Residential and Crisis Services	Youth			TOTAL PROGRAM SERVICES	TOTAL SUPPORT SERVICES	TOTAL EXPENSES		
		Prevention Services	Leadership Development Services	Counseling Services					
Salaries	\$ 689,579	\$ 284,647	\$ 304,086	\$ 266,322	\$ 1,544,634	\$ 274,237	\$ 112,819	\$ 387,056	\$1,931,690
Fringe benefits	122,192	47,220	43,842	33,944	247,198	43,143	17,378	60,521	307,719
Professional fees	40,129	10,679	88,120	9,698	148,626	30,472	669	31,141	179,767
Grants and subcontracts	-	-	99,196	55,776	154,972	-	-	-	154,972
Supplies	47,766	27,828	21,760	4,001	101,355	28,091	6,614	34,705	136,060
Specific assistance	25,098	5,813	95,566	404	126,881	7,505	-	7,505	134,386
Special events	-	-	-	-	-	-	105,583	105,583	105,583
Depreciation	55,189	16,255	9,477	8,370	89,291	5,156	2,813	7,969	97,260
Equipment	39,514	13,478	11,649	9,504	74,145	8,802	3,728	12,530	86,675
Miscellaneous	4,821	1,837	1,305	715	8,678	57,343	218	57,561	66,239
Communications	23,179	5,665	9,624	3,053	41,521	12,221	6,551	18,772	60,293
Travel	10,398	11,042	20,813	109	42,362	9,241	2,674	11,915	54,277
Maintenance	31,028	6,180	3,683	4,410	45,301	2,359	463	2,822	48,123
Utilities	22,329	7,635	4,545	6,304	40,813	4,390	673	5,063	45,876
Insurance	11,030	6,137	2,138	2,721	22,026	6,334	448	6,782	28,808
Interest	-	-	-	-	-	27,597	-	27,597	27,597
Training	293	7,243	2,722	140	10,398	3,812	302	4,114	14,512
	\$1,122,545	\$ 451,659	\$ 718,526	\$ 405,471	\$2,698,201	\$ 520,703	\$ 260,933	\$ 781,636	\$3,479,837

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2007

	Program Services				Support Services				
	Residential and Crisis Services	Youth		TOTAL PROGRAM SERVICES	TOTAL SUPPORT SERVICES	TOTAL EXPENSES			
		Prevention Services	Leadership Development Services				Counseling Services	Management and General Fundraising	
Salaries	\$ 693,010	\$ 409,275	\$ 227,378	\$ 253,669	\$ 1,583,332	\$ 244,116	\$ 65,460	\$ 309,576	\$ 1,892,908
Fringe benefits	128,303	71,988	36,268	36,756	273,315	42,605	10,023	52,628	325,943
Supplies	42,032	20,342	24,746	3,827	90,947	21,250	3,846	25,096	116,043
Special events	-	-	-	-	-	-	106,289	106,289	106,289
Professional fees	18,002	6,346	6,664	4,944	35,956	56,187	8,500	64,687	100,643
Depreciation	55,159	17,094	9,368	8,078	89,699	4,331	1,480	5,811	95,510
Specific assistance	20,618	8,878	47,920	282	77,698	10,834	1,316	12,150	89,848
Grants and subcontracts	-	-	21,750	55,776	77,526	-	700	700	78,226
Communications	24,396	5,984	10,998	3,317	44,695	11,917	11,922	23,839	68,534
In-kind contributions	49,902	255	-	-	50,157	181	-	181	50,338
Equipment	20,149	6,598	7,380	4,687	38,814	7,311	3,115	10,426	49,240
Maintenance	27,000	9,408	1,196	2,380	39,984	1,608	257	1,865	41,849
Utilities	22,998	7,209	2,763	5,176	38,146	2,773	553	3,326	41,472
Travel	7,991	11,010	5,309	829	25,139	4,422	69	4,491	29,630
Interest	-	-	-	-	-	26,932	-	26,932	26,932
Insurance	11,014	6,887	1,563	2,735	22,199	3,740	456	4,196	26,395
Miscellaneous	5,179	1,628	535	415	7,757	19,210	634	19,844	27,601
Training	410	1,549	4,217	150	6,326	10,624	-	10,624	16,950
	\$ 1,126,163	\$ 584,451	\$ 408,055	\$ 383,021	\$ 2,501,690	\$ 468,041	\$ 214,620	\$ 682,661	\$ 3,184,351

See accompanying notes.

OASIS CENTER, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,941,300	\$ 3,071,340
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	97,260	95,510
Contributions restricted for long-term purposes	(2,964,548)	(3,074,091)
Change in operating assets and liabilities:		
Receivable from grantor agencies	26,127	(109,117)
Unconditional promises to give	-	(3,763)
Other assets	(20,485)	8,920
Accounts payable	342,411	17,011
Deferred revenue	-	(45,000)
Increase in accrued expenses	12,042	(34,543)
Net cash used in operating activities	<u>(565,893)</u>	<u>(73,733)</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(3,568,827)</u>	<u>(94,390)</u>
Net cash used in investing activities	<u>(3,568,827)</u>	<u>(94,390)</u>
Cash flows from financing activities:		
Proceeds from issuance of long term debt	4,000,000	-
Proceeds from line of credit	(75,000)	75,000
Payments on long-term debt	(25,935)	(22,755)
Contributions restricted for investment in property and equipment	<u>1,645,988</u>	<u>1,031,250</u>
Net cash provided by financing activities	<u>5,545,053</u>	<u>1,083,495</u>
Net increase in cash and cash equivalents	1,410,333	915,372
Cash and cash equivalents, beginning of year	<u>1,126,460</u>	<u>211,088</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,536,793</u></u>	<u><u>\$ 1,126,460</u></u>
Supplemental disclosure of cash flow information:		
Interest paid	<u><u>\$ 28,808</u></u>	<u><u>\$ 26,932</u></u>
Supplemental schedule of non-cash financing and investing activities:		
Accounts payable for purchase of fixed assets:	<u><u>\$ 164,668</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

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 statements of activities as net assets released from restrictions.

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.

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 restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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, 2008 and 2007. As a result, no allowance for uncollectible accounts has been provided.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

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

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.

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.

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.

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

	<u>2008</u>	<u>2007</u>
Land	\$ 249,412	\$ 249,412
Building, improvements and leaseholds	1,595,784	1,595,784
Equipment	295,700	198,080
Vehicles	69,716	69,716
Artwork	18,500	18,500
Construction in progress, 1701 Charlotte Avenue	<u>3,699,938</u>	<u>60,451</u>
	5,929,050	2,191,943
Less: Accumulated depreciation	<u>(1,095,512)</u>	<u>(994,640)</u>
	<u>\$ 4,833,538</u>	<u>\$ 1,197,303</u>

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 3 – LINE OF CREDIT

The Center had available a \$100,000 revolving line of credit with a commercial bank. The agreement provided for interest to accrue at the bank's index rate plus one percentage point (9.25% at June 30, 2007). The note was secured by land and building. The note matures on December 4, 2009. The Center had \$75,000 outstanding under the agreement at June 30, 2007. No borrowings were outstanding at June 30, 2008.

NOTE 4 – LONG-TERM DEBT

Long-term debt is as follows:

	<u>2008</u>	<u>2007</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.	\$ 288,254	\$ 314,189
Note payable related to bonds issued by the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County. Interest payable monthly at 4.85% until March 1, 2011. The Center must pay principal of \$3,400,000 on or before March 1, 2011. Thereafter the remaining \$600,000 in principal will be amortized over a fifteen year term, maturing February 2026. The note is secured by land and building.	<u>4,000,000</u>	<u>-</u>
Total long-term debt	4,288,254	314,189
Less amount shown as current	<u>(23,557)</u>	<u>(20,430)</u>
Long-term portion of notes payable	<u>\$ 4,264,697</u>	<u>\$ 293,759</u>

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

Year Ending	
<u>June 30,</u>	
2009	\$ 23,557
2010	264,697
2011	3,409,148
2012	28,344
2013	29,750
Thereafter	<u>532,758</u>
	<u>\$ 4,288,254</u>

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

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 \$0 for the years ended June 30, 2008 and 2007, respectively.

NOTE 6 – 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 was \$74,194 and \$59,569 at June 30, 2008 and 2007, respectively. There were not any contributions made to the Plan for the years ended June 30, 2008 or 2007.

NOTE 7 – IN-KIND CONTRIBUTIONS

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

	<u>2008</u>	<u>2007</u>
Donated services	\$ -	\$ 395
Interior design contributions	-	1,100
Other	-	331
Clothing	-	48,000
Supplies	<u>-</u>	<u>512</u>
	<u>\$ -</u>	<u>\$ 50,338</u>

NOTE 8 – UNCONDITIONAL PROMISES TO GIVE

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

	<u>2008</u>	<u>2007</u>
Capital campaign contributions, net	\$ 3,357,790	\$ 2,042,841
Receivable from United Way	32,023	29,651
Foundation, corporate, and other	<u>150,892</u>	<u>149,653</u>
	<u>\$ 3,540,705</u>	<u>\$ 2,222,145</u>

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 8 – UNCONDITIONAL PROMISES TO GIVE

Accounts and pledges receivable are composed of unconditional promises to give, collectible over the following periods:

	<u>2008</u>	<u>2007</u>
Less than one year	\$ 2,051,162	\$ 1,166,320
One to five years	1,515,014	1,145,334
Over five years	<u>-</u>	<u>-</u>
	3,566,176	2,311,654
Less discount to net present value	<u>(25,471)</u>	<u>(89,509)</u>
	<u>\$ 3,540,705</u>	<u>\$ 2,222,145</u>

Contributions receivable in one to five years are reflected at present value of estimated future cash flows using a discount rate of 1.71% and 4.9% at June 30, 2008 and 2007, respectively. Substantially all contributions receivable are due for temporarily restricted purposes.

NOTE 9 – RESTRICTIONS ON NET ASSETS

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

	<u>2008</u>	<u>2007</u>
Capital campaign contributions (net of related debt)	\$ 787,396	\$ 3,074,091
United Way funding for subsequent periods	32,023	29,651
Contributions received for future periods	<u>150,892</u>	<u>149,652</u>
	<u>\$ 970,311</u>	<u>\$ 3,253,394</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.

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.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 11 – OPERATING LEASE

In June 2006, the Center is obligated under certain operating leases for office equipment until 2011. The Center had \$6,584 and \$8,738 in rent expense for 2008 and 2007, respectively. Future minimum lease commitments are as follows:

2009	\$ 6,114
2010	6,114
2011	5,859
Thereafter	<u>-</u>
	<u>\$ 18,087</u>

NOTE 12 – 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 will be used to renovate a building at 1700 Charlotte Avenue. The building will house five different youth organizations and is envisioned to serve thousands of young people facing challenges throughout Middle Tennessee through a continuum of programs offered by the five youth organizations. At June 30, 2008, the Center has \$3,357,790 in capital campaign pledges receivable designated for NYOC. As of June 30, 2007, the Center had \$2,042,841 in capital campaign pledges receivable designated for NYOC. At June 30, 2008, \$3,699,938 has been capitalized as construction in progress related to NYOC. At June 30, 2007, \$60,451 had been capitalized as construction in progress for architect and other fees incurred related to NYOC. The total price for the NYOC is estimated to be approximately \$5,000,000. The building will become a condominium, with ownership held individually by the Center and STARS. The Center and STARS will have their offices in the building and anticipate leasing space to at least three other youth oriented nonprofit organizations. All contributions for the project are being directed to the Center. It is expected that the Center will contribute to STARS, from capital contributions received, its portion of the acquisition cost. The contribution will be recorded as an expense in the Center’s financial statements in the period made. At June 30, 2008, \$911,999 has been recorded as a contribution expense and transferred to STARS.

SUPPLEMENTARY DATA

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Balance June 30, 2007	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2008
FEDERAL AWARDS								
U.S. Department of Health and Human Services	Runaway and Homeless Youth Program Basic Shelter	93.623	G-04CY0758/03	\$ -	\$ 33,345	\$ 33,345	\$ -	\$ -
		93.623	G-04CY0817/01	-	166,655	166,655	-	-
	Total for CFDA No. 93.623			-	200,000	200,000	-	-
U.S. Department of Health and Human Services	Runaway and Homeless Youth Program Street Outreach	93.557	G-04YO0666/01	-	75,000	75,000	-	-
	Total for CFDA No. 93.557			-	75,000	75,000	-	-
U.S. Department of Health and Human Services	Transitional Living Program for Runaway Homeless Youth	93.550	G-04CX0629/05	-	66,671	66,671	-	-
		93.550	G-04CX0651/01	-	116,695	116,695	-	-
	Total for CFDA No. 93.550+			-	183,366	183,366	-	-
U.S. Department of Health and Human Services Passed Through: TN Dept. of Health and Human Services	Alcohol and Drug Prevention Block Grant	93.959	GR-07-034145-00	31,741	31,741	-	-	-
		93.959	GR-08-023632-00	-	186,833	223,620	-	36,787
	Total for CFDA No. 93.959**			31,741	218,574	223,620	-	36,787
Total Department of Health and Human Services				31,741	676,940	681,986	-	36,787
Federal Emergency Management Agency	Disaster Assistance Program	83.523	25-7652-00	-	5,678	5,678	-	-
	Total for CFDA No. 83.523			-	5,678	5,678	-	-
Total Federal Emergency Management Agency				-	5,678	5,678	-	-
U.S. Department of Housing & Urban Development (HUD) Passed Through: Metro Development & Housing Agency	MDHA - Emergency Shelter Program	14.231	N/A	4,700	20,200	15,500	-	-
	MDHA - Emergency Shelter Program	14.231	N/A	-	-	7,655	-	7,655
	MDHA - HUD Supportive Housing Program	14.235	N/A	2,946	6,447	3,501	-	-
	Total U.S. Dept. of Housing & Urban Development*			7,646	26,647	26,656	-	7,655
U.S. Department of Justice Passed Through: TN Department of Finance and Administration	Victims of Crime Act (VOCA)	16.575	Z07033116-00	4,080	4,080	-	-	-
	Victims of Crime Act (VOCA)	16.575	Z07033116-01	-	30,098	43,568	-	13,470
	Total U.S. Department of Justice*			4,080	34,178	43,568	-	13,470

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued from Page 16)
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Balance June 30, 2007	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2008
FEDERAL AWARDS (Continued)								
Commission on National Community Service Passed Through: TN Department of Finance and Administration	Americorps	16.575	Z05025093-03	22,856	38,080	15,224	-	-
Total Commission on National Community Service*				22,856	38,080	15,224	-	-
Total Federal Awards				66,323	781,523	773,112	-	57,912
STATE AWARDS								
Department of Finance and Administration	TN Commission on Children and Youth	N/A	GR-07-18460-00#+	9,706	13,376	3,670	-	-
	Governors Office on Children	N/A	GR-08-22370-00#+	-	79,742	221,102	-	141,360
Total Department of Finance and Administration				9,706	93,118	224,772	-	141,360
Administrative Office of the Courts		N/A	N/A	3,179	3,179	-	-	-
Administrative Office of the Courts		N/A	N/A	-	22,054	32,926	-	10,872
Total State Awards				12,885	118,351	257,698	-	152,232
Total Federal and State Awards				\$ 79,208	\$ 899,874	\$ 1,030,810	\$ -	\$ 210,144

*Cash grant receipts represent federal pass-through funds

Represents state's portion of grant

+ Indicates a major program

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis of accounting.



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**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***

The Board of Directors
Oasis Center, Inc.
Nashville, Tennessee

We have audited the financial statements of Oasis Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated January 31, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oasis Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Center's financial statements that is more than inconsequential will not be prevented or detected by the Center's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Center's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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 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*.

We noted certain other matters that we reported to management of Oasis Center, Inc. in a separate letter dated January 31, 2009.

Oasis Center, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Oasis Center Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, 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.

Fraser, Dean & Howard, PLLC

January 31, 2009