

OASIS CENTER, INC.
FINANCIAL STATEMENTS
June 30, 2011 and 2010

OASIS CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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, 2011 and 2010, 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, 2011 and 2010, 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 October 20, 2011, 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 should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The 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 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 basic 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 basic financial statements as a whole.

Frasier, Dean & Howard, PLLC

October 20, 2011

OASIS CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

Assets	2011	2010
Current assets:		
Cash and cash equivalents (including \$66,682 and \$92,300 at June 30, 2011 and 2010 restricted for capital campaign)	\$ 513,540	\$ 500,028
Receivable from grantor agencies	260,620	269,919
Unconditional promises to give	778,495	763,560
Other	39,236	49,305
Total current assets	1,591,891	1,582,812
Unconditional promises to give, noncurrent, net of discount	104,095	285,016
Land, building and equipment, net	5,648,858	5,853,151
Total assets	\$ 7,344,844	\$ 7,720,979
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 117,217	\$ 169,273
Accrued expenses	132,616	147,691
NYOC payable	275,496	260,285
Current portion of long-term debt	28,344	339,147
Total current liabilities	553,673	916,396
NYOC payable, net of current portion	21,638	74,006
Long-term debt, net of current portion	561,656	590,853
Total liabilities	1,136,967	1,581,255
Net assets:		
Unrestricted	5,510,457	5,353,847
Temporarily restricted	697,420	785,877
Total net assets	6,207,877	6,139,724
Total liabilities and net assets	\$ 7,344,844	\$ 7,720,979

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and other support:			
Government grants	\$ 1,587,800	\$ -	\$ 1,587,800
Contributions	990,951	423,214	1,414,165
United Way	557,065	-	557,065
Other grants	347,476	-	347,476
Gain on sale of assets	277,119	-	277,119
Special event revenue	264,578	-	264,578
Investment income	38,876	-	38,876
Other	24,025	-	24,025
Program fees	23,750	-	23,750
Net assets released from restrictions	511,671	(511,671)	-
Total revenue and other support	<u>4,623,311</u>	<u>(88,457)</u>	<u>4,534,854</u>
Expenses:			
Program services:			
Residential and crisis services	1,518,715	-	1,518,715
Prevention services	776,848	-	776,848
Youth leadership development services	443,200	-	443,200
Counseling services	383,373	-	383,373
College connection	274,423	-	274,423
Total program services	<u>3,396,559</u>	<u>-</u>	<u>3,396,559</u>
Support services:			
Management and general	645,744	-	645,744
Fundraising	424,398	-	424,398
Total support services	<u>1,070,142</u>	<u>-</u>	<u>1,070,142</u>
Total expenses	<u>4,466,701</u>	<u>-</u>	<u>4,466,701</u>
Change in net assets	156,610	(88,457)	68,153
Net assets, beginning of year	<u>5,353,847</u>	<u>785,877</u>	<u>6,139,724</u>
Net assets, end of year	<u><u>\$ 5,510,457</u></u>	<u><u>\$ 697,420</u></u>	<u><u>\$ 6,207,877</u></u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Government grants	\$ 1,381,705	\$ -	\$ 1,381,705
Contributions	782,183	376,970	1,159,153
United Way	559,065	-	559,065
Capital campaign	-	528,374	528,374
Other grants	439,203	-	439,203
Other	104,868	-	104,868
Program fees	18,232	-	18,232
Investment income	1,123	-	1,123
Net assets released from restrictions	1,956,068	(1,956,068)	-
	<u>5,242,447</u>	<u>(1,050,724)</u>	<u>4,191,723</u>
Total revenue and other support			
Expenses:			
Program services:			
Residential and crisis services	1,327,388	-	1,327,388
Prevention services	622,883	-	622,883
Youth leadership development services	558,932	-	558,932
Counseling services	440,166	-	440,166
College connection	249,605	-	249,605
	<u>3,198,974</u>	<u>-</u>	<u>3,198,974</u>
Total program services			
Support services:			
Management and general	740,287	-	740,287
Fundraising	251,094	-	251,094
	<u>991,381</u>	<u>-</u>	<u>991,381</u>
Total support services			
Total expenses	<u>4,190,355</u>	<u>-</u>	<u>4,190,355</u>
Change in net assets	1,052,092	(1,050,724)	1,368
Net assets, beginning of year	<u>4,301,755</u>	<u>1,836,601</u>	<u>6,138,356</u>
Net assets, end of year	<u><u>\$ 5,353,847</u></u>	<u><u>\$ 785,877</u></u>	<u><u>\$ 6,139,724</u></u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	Program Services					Support Services				
	Youth					TOTAL				
	Residential and Crisis Services	Prevention Services	Leadership Development Services	Counseling Services	College Connection	PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 896,449	\$ 453,602	\$ 187,418	\$ 284,683	\$ 197,574	\$ 2,019,726	\$ 361,725	\$ 172,209	\$ 533,934	\$ 2,553,660
Fringe benefits	140,608	74,629	34,677	42,578	30,335	322,827	80,016	28,276	108,292	431,119
Depreciation	86,761	62,429	41,165	21,714	5,297	217,366	41,099	20,880	61,979	279,345
Specific assistance	158,020	20,193	54,456	2,237	2,141	237,047	2,768	750	3,518	240,565
Supplies	62,224	33,406	20,091	3,395	3,304	122,420	14,590	12,077	26,667	149,087
Professional fees	46,355	24,669	21,140	5,710	4,071	101,945	20,805	19,884	40,689	142,634
Special events	-	-	-	-	-	-	-	115,544	115,544	115,544
Utilities	43,761	18,186	11,015	10,234	1,580	84,776	12,389	7,866	20,255	105,031
Communications	17,250	15,939	12,796	2,918	9,977	58,880	9,635	25,658	35,293	94,173
Conferences and meetings	2,592	6,215	47,915	853	14,215	71,790	3,488	1,100	4,588	76,378
Miscellaneous	7,398	1,137	368	455	1,256	10,614	33,194	13,901	47,095	57,709
Maintenance	31,692	11,342	2,654	2,723	434	48,845	4,852	1,891	6,743	55,588
Travel	6,844	22,128	4,933	304	3,018	37,227	7,010	601	7,611	44,838
Interest and fees	-	-	-	-	-	-	41,149	-	41,149	41,149
Equipment	8,828	12,867	2,859	3,768	762	29,084	7,890	2,557	10,447	39,531
Insurance	9,933	11,806	1,713	1,801	459	25,712	5,134	1,204	6,338	32,050
Grants and subcontracts	-	8,300	-	-	-	8,300	-	-	-	8,300
	<u>\$ 1,518,715</u>	<u>\$ 776,848</u>	<u>\$ 443,200</u>	<u>\$ 383,373</u>	<u>\$ 274,423</u>	<u>\$ 3,396,559</u>	<u>\$ 645,744</u>	<u>\$ 424,398</u>	<u>\$ 1,070,142</u>	<u>\$ 4,466,701</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010

	Program Services						Support Services			
	Residential and Crisis Services	Prevention Services	Youth Leadership Development Services	Counseling Services	College Connection	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 792,030	\$ 377,925	\$ 214,345	\$ 342,073	\$ 151,965	\$ 1,878,338	\$ 369,156	\$ 147,247	\$ 516,403	\$ 2,394,741
Fringe benefits	122,390	69,214	35,558	44,506	22,817	294,485	72,505	26,738	99,243	393,728
Depreciation	87,881	57,115	43,057	22,038	5,378	215,469	40,268	21,110	61,378	276,847
Professional fees	50,312	7,336	47,448	5,906	27,408	138,410	46,744	8,341	55,085	193,495
Specific assistance	78,493	10,635	79,124	2,929	3,055	174,236	8,859	-	8,859	183,095
Supplies	63,092	27,696	19,491	3,205	13,350	126,834	15,435	6,295	21,730	148,564
Utilities	44,586	16,520	10,055	9,337	1,436	81,934	15,362	7,183	22,545	104,479
Interest and fees	-	-	-	-	-	-	95,985	-	95,985	95,985
Communications	20,557	14,412	10,019	3,793	6,363	55,144	13,395	12,949	26,344	81,488
Grants and subcontracts	-	5,000	71,455	-	-	76,455	-	-	-	76,455
Miscellaneous	7,422	2,069	663	781	554	11,489	36,678	12,110	48,788	60,277
Maintenance	29,743	5,548	2,093	1,189	181	38,754	6,394	904	7,298	46,052
Conferences and meetings	1,037	1,317	15,630	390	14,930	33,304	4,271	236	4,507	37,811
Insurance	11,827	9,449	2,248	2,365	648	26,537	5,921	1,534	7,455	33,992
Travel	7,985	15,652	3,514	59	1,339	28,549	4,231	339	4,570	33,119
Equipment	10,033	2,995	4,232	1,595	181	19,036	5,083	1,979	7,062	26,098
Special events	-	-	-	-	-	-	-	4,129	4,129	4,129
	<u>\$ 1,327,388</u>	<u>\$ 622,883</u>	<u>\$ 558,932</u>	<u>\$ 440,166</u>	<u>\$ 249,605</u>	<u>\$ 3,198,974</u>	<u>\$ 740,287</u>	<u>\$ 251,094</u>	<u>\$ 991,381</u>	<u>\$ 4,190,355</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 68,153	\$ 1,368
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	279,345	276,847
Contributions restricted for long-term purposes	(55)	(528,374)
Gain on sale of land, building and equipment	(277,119)	-
Change in operating assets and liabilities:		
Unconditional promises to give	25,390	(13,087)
Receivable from grantor agencies	9,299	135,552
Other assets	10,069	(15,216)
Accounts payable	(70,456)	(17,812)
Accrued expenses	(15,075)	(29,379)
Net cash provided by (used in) operating activities	<u>29,551</u>	<u>(190,101)</u>
Cash flows from investing activities:		
Proceeds from sale of land, building and equipment	365,000	-
Purchase of land, building and equipment	(144,534)	(62,403)
Net cash provided by (used in) investing activities	<u>220,466</u>	<u>(62,403)</u>
Cash flows from financing activities:		
Payments on accounts payable for additions to land, building and equipment	-	(66,404)
Payments on long-term debt	(340,000)	(2,070,000)
Net payments for NYOC	(37,157)	(846,682)
Contributions restricted for investment in property and equipment	140,652	1,626,828
Net cash used in financing activities	<u>(236,505)</u>	<u>(1,356,258)</u>
Net increase (decrease) in cash and cash equivalents	13,512	(1,608,762)
Cash and cash equivalents, beginning of year	500,028	2,108,790
Cash and cash equivalents, end of year	<u>\$ 513,540</u>	<u>\$ 500,028</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 41,149</u>	<u>\$ 95,985</u>
Supplemental schedule of non-cash financing and investing activities:		
Accounts payable for purchase of fixed assets:	<u>\$ 18,400</u>	<u>\$ -</u>

See accompanying notes.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 – provides immediate response to youth in crisis, have run away, or are experiencing homelessness. These services include an Emergency Shelter for youth, Project Safe Place, and a 24-hour Crisis Line staffed by trained professionals.

Prevention Services – provides outreach resources to older youth. These services include Transitional Living, Street Outreach program, and a Drop-In Center.

Youth Leadership Development Services – helping youth develop life skills, make healthy choices, and take responsibility for creating change on the issues that matter to them and to the community. These services include the Teen Outreach Program, Oasis Community IMPACT, Youth United, and Tennessee Youth Advisory 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, family mediation, and community education and therapeutic groups.

College Connection – 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.

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.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

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

Basis of Presentation (Continued)

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.

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 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, 2011 and 2010. As a result, no allowance for uncollectible accounts has been provided.

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, 2011 and 2010

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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

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

The Center follows Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. This guidance must be applied to all existing tax positions upon initial adoption. 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, 2008 through June 30, 2011.

Subsequent Events

The Center evaluated subsequent events through October 20, 2011, 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.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

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

Reclassifications

Certain reclassifications have been made to 2010 balances in order to conform to the 2011 presentation.

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

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

	<u>2011</u>	<u>2010</u>
Capital campaign contributions, net	\$ 837,922	\$ 978,518
Foundation, corporate, and other	<u>44,668</u>	<u>70,058</u>
	<u><u>\$ 882,590</u></u>	<u><u>\$ 1,048,576</u></u>

Unconditional promises to give are collectible over the following periods:

	<u>2011</u>	<u>2010</u>
Less than one year	\$ 778,495	\$ 763,560
One to five years	112,000	282,226
Over five years	<u>-</u>	<u>10,000</u>
	890,495	1,055,786
Less discount to net present value	<u>(7,905)</u>	<u>(7,210)</u>
	<u><u>\$ 882,590</u></u>	<u><u>\$ 1,048,576</u></u>

Unconditional promises to give over one year are reflected at the present value of estimated future cash flows using discount rates ranging from 0.32% to 1.71%. Substantially all unconditional promises to give are due for restricted purposes.

NOTE 3 – LAND, BUILDING AND EQUIPMENT

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

	<u>2011</u>	<u>2010</u>
Land	\$ 290,000	\$ 350,000
Building, improvements and leaseholds	5,849,870	5,933,875
Equipment	539,365	519,510

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 3 – LAND, BUILDING AND EQUIPMENT (Continued)

	<u>2011</u>	<u>2010</u>
Vehicles	120,422	114,806
Artwork	<u>18,500</u>	<u>18,500</u>
	6,818,157	6,936,691
Less: accumulated depreciation	<u>(1,169,299)</u>	<u>(1,083,540)</u>
	<u>\$ 5,648,858</u>	<u>\$ 5,853,151</u>

NOTE 4 – 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 \$82,042 and \$84,783 at June 30, 2011 and 2010, respectively.

NOTE 5 – LONG-TERM DEBT

Long-term debt is as follows at June 30:

	<u>2011</u>	<u>2010</u>
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%. The principal balance outstanding at June 30, 2011 is being amortized over a fifteen year term, maturing February 2026. The note is secured by land and building.	<u>\$ 590,000</u>	<u>\$ 930,000</u>
Total long-term debt	590,000	930,000
Less current portion	<u>28,344</u>	<u>339,147</u>
Long-term portion of notes payable	<u>\$ 561,656</u>	<u>\$ 590,853</u>

The note requires the maintenance of certain financial covenants including a debt service coverage ratio not less than 1.0.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 5 – LONG-TERM DEBT (Continued)

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

Year Ending <u>June 30,</u>	
2012	\$ 28,344
2013	29,750
2014	31,225
2015	32,774
2016	34,399
Thereafter	<u>433,508</u>
	<u>\$ 590,000</u>

NOTE 6 – RESTRICTIONS ON NET ASSETS

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

	<u>2011</u>	<u>2010</u>
Capital campaign contributions, net of NYOC payable	\$ 607,470	\$ 736,427
Contributions to be received in future periods	21,390	-
Contributions received for future periods	<u>68,560</u>	<u>49,450</u>
	<u>\$ 697,420</u>	<u>\$ 785,877</u>

NOTE 7 – 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 8 – 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. There were no discretionary matching contributions in 2011 and 2010.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 9 – 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 different youth organizations that serve young people facing challenges throughout Middle Tennessee through a continuum of programs offered by the youth organizations. At June 30, 2011 and 2010, the Center has \$837,922 and \$978,518, respectively, in capital campaign pledges receivable designated for NYOC. At June 30, 2011, 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, 2011 and 2010, the Center had recorded a payable related to contributions received on behalf of NYOC for STARS of \$297,134 and \$334,291, respectively, related to contributions solicited and recorded related to the joint capital campaign. This amount represents forty percent of joint contributions received. During 2011 and 2010, \$44,587 and \$1,296,313, respectively, was transferred to STARS in cash for payment of joint building expenditures.

SUPPLEMENTARY DATA

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Receivable at 6/30/2010	Cash Receipts	Expenditures	Receivable at 6/30/2011
FEDERAL AWARDS							
U.S. Dept. of Health and Human Services	Basic Center Grant	93.623	G-04CY0817/03	\$ -	\$ 63,343	\$ 63,343	\$ -
U.S. Dept. of Health and Human Services	Basic Center Grant	93.623	90CY2534/01	-	153,329	153,329	-
Total for CFDA No. 93.623+				-	216,672	216,672	-
U.S. Dept. of Health and Human Services	Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	G-04YO0666/03	-	48,334	48,334	-
U.S. Dept. of Health and Human Services	Education and Prevention Grants to Reduce Sexual Abuse of Runaway Homeless and Street Youth	93.557	90YO0086/01	-	59,993	59,993	-
Total for CFDA No. 93.557+				-	108,327	108,327	-
U.S. Dept. of Health and Human Services	Transitional Living for Homeless Youth	93.550	G-04CX0651/04	-	103,337	103,337	-
U.S. Dept. of Health and Human Services	Transitional Living for Homeless Youth	93.550	G-04CX0651/03	-	113,331	113,331	-
Total for CFDA No. 93.550+				-	216,668	216,668	-
U.S. Dept. of Health and Human Services Passed Through: Meharry Medical College	Injury Prevention and Control Research and State and Community Based Programs	93.136	060329PDJ047S1/02	67,747	76,286	13,400	4,861
Meharry Medical College	Injury Prevention and Control Research and State and Community Based Programs	93.136	5U49CE00109105	-	85,912	105,559	19,647
Total for CFDA No. 93.136				67,747	162,198	118,959	24,508
TN Dep.t of Mental Health and Developmental Disabilities	Block Grants for Prevention and Treatment of Substance Abuse	93.959	GR-1132581	-	230,845	296,454	65,609
TN Dept. of Mental Health and Developmental Disabilities	Block Grants for Prevention and Treatment of Substance Abuse	93.959	GR-0528539	40,563	40,563	-	-
Total for CFDA No. 93.959+				40,563	271,408	296,454	65,609
Tennessee State University	Family and Community Violence Prevention Program	93.910	332-77-10-916	33,900	89,634	90,367	34,633
Total for U.S. Dept. of Health and Human Services				142,210	1,064,907	1,047,447	124,750
U.S. Dept. of Housing & Urban Development Passed Through: Metro Development & Housing Agency	Emergency Shelter Grants Program	14.231	N/A	-	16,173	16,173	-
Metro Development & Housing Agency	Community Development Block Grants/Entitlement Grants	14.218	N/A	-	12,500	12,500	-
Metro Development & Housing Agency	ARRA - Homeless Prevention and Rapid Re-Housing Program Technical Assistance	14.262	N/A	14,505	213,011	211,775	13,269
Total for U.S. Dept. of Housing & Urban Development				14,505	241,684	240,448	13,269

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued from Page 16)
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Receivable at 6/30/2010	Cash Receipts	Expenditures	Receivable at 6/30/2011
FEDERAL AWARDS (Continued)							
U.S. Dept. of Justice Passed Through:							
TN Dept. of Finance and Administration	Crime Victim Assistance	16.575	Edison #3931	-	32,676	32,676	-
TN Dept. of Finance and Administration	ARRA - State Victim Assistance Formula Grant Program	16.801	Edison #3904	2,234	2,234	-	-
TN Dept. of Finance and Administration	ARRA - State Victim Assistance Formula Grant Program	16.801	Edison #3904	-	24,122	26,576	2,454
TN Commission on Children and Youth	Juvenile Justice and Delinquency Prevention	16.540	N/A	-	59,269	83,310	24,041
Total for U.S. Dept. of Justice				2,234	118,301	142,562	26,495
U.S. Dept. of Education Passed Through:							
Tennessee Higher Education Commission	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GR-092736800	17,868	34,756	16,888	-
Tennessee Higher Education Commission	College Access Challenge Grant Program	84.378	GR-1134838	-	-	31,874	31,874
Tennessee Alliance for Children and Families	Title I Grants to Local Educational Agencies	84.010	N/A	-	12,367	18,761	6,394
Total for U.S. Dept. of Education				17,868	47,123	67,523	38,268
U.S. Dept. of Commerce passed through:							
One Economy Corporation	ARRA - Broadband Technology Opportunities Program	11.557	B10516-10-MS-0111	-	3,000	16,000	13,000
Total for U.S. Dept. of Commerce				-	3,000	16,000	13,000
Federal Emergency Management Agency	Disaster Assistance Program	97.024	25-7652-01	4,148	4,148	-	-
Total Federal Awards				180,965	1,479,163	1,513,980	215,782
STATE AWARDS							
TN Higher Education Commission	Lumina How2Go Grant	N/A	GR-1132926	-	51,900	51,900	-
Administrative Office of the Courts		N/A	N/A	4,236	10,156	5,920	-
Administrative Office of the Courts		N/A	N/A	-	16,000	16,000	-
Total State Awards				4,236	78,056	73,820	-
Total Federal and State Awards				\$ 185,201	\$ 1,557,219	\$ 1,587,800	\$ 215,782

+ 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.



**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 the financial statements of Oasis Center, Inc. (the "Center") (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 20, 2011. 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.

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.

Our consideration of 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 internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2011-1 and 2011-2, that we consider to be significant deficiencies in internal control over financial reporting. 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.

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 October 20, 2011.

Oasis Center, Inc.'s response to the findings identified in our audit is 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.

Frasier, Dean & Howard PLLC

October 20, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

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, 2011. 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 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, 2011.

Internal Control Over Compliance

Management of Oasis Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with 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 to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Oasis Center, Inc.'s responses 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 responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the board of directors, others within the entity 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, Dan + Howard, PLLC

October 20, 2011

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Oasis Center, Inc.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the 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 conditions are not considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of Oasis Center, Inc. were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for Oasis Center, Inc. expresses an unqualified opinion on all major federal programs.
5. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
6. The programs tested as major programs include:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.623	Basic Center Grant
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.557	Education and Prevention Grants to Reduce Sexual Abuse of runaway, Homeless and Street Youth
93.550	Transitional Living for Homeless Youth

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. Oasis Center, Inc. was not determined to be a low-risk auditee.

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2011

FINDINGS – FINANCIAL STATEMENTS AUDIT

2011-1 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 Center’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 to interpret generally accepted accounting principles and identify risks of misstatement that might be relevant to the risks of preparation of reliable financial statements, including full disclosures in accordance with generally accepted accounting principles (“GAAP”).

Effect of Condition: The Center does not have the expertise in house to interpret GAAP and prepare its financial statements accordingly.

Auditor’s Recommendation: We recommend that the Board and management continue to evaluate the cost/benefit of engaging the resources in house to interpret GAAP and prepare its financial statements.

Grantee Response: We concur with the finding and will evaluate the cost/benefit to the organization of engaging personnel with GAAP knowledge.

2011-2 Statement of Condition: The Center’s financial services director is responsible for maintaining the general ledger. The financial services director also has access to cash accounts. The result is the danger that intentional or unintentional errors could be made and not detected.

Effect of Condition: The Center could have an intentional or unintentional error that would not be detected by employees in the normal course of duties.

Auditor’s Recommendation: We recommend that duties be segregated so that no one person has access to both physical assets and the related accounting records or to all phases of a transaction.

Grantee Response: We concur with the finding and will evaluate ways to improve segregation of duties.

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2011

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

NONE

OASIS CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011

2010-5 Statement of Condition: We noted several disbursements that were not approved in accordance with internal accounting policies and procedures.

Auditor's Recommendation: We recommend that the Center approve disbursements in accordance with internal accounting policies and procedures.

Current Status: During the audit for the year ended June 30, 2011, we noted no disbursements that were not approved in accordance with internal accounting policies and procedures.

2010-6 Statement of Condition: We noted several expenditures which were not supported by supporting documentation.

Auditor's Recommendation: We recommend that the Center retain proper support for all expenditures.

Current Status: During the audit for the year ended June 30, 2011, we noted no disbursement for which there was no supporting documentation.



Where Youth Grow, Thrive, and Create Positive Change

October 20, 2011

U.S. Department of Health and Human Services

Oasis Center, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2011.

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, 2010 – June 30, 2011

The findings from the June 30, 2011 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2011-1 Auditor's Recommendation: The Center should evaluate the cost/benefit of engaging resources in house 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.

2011-2 Auditor's Recommendation: Duties should be segregated so that no one person has access to both physical assets and the related accounting records or to all phases of a transaction.

Action Taken: We concur with the recommendation and will evaluate ways to improve segregation of duties.

FINDINGS – FEDERAL AWARD PROGRAMS AUDITS

NONE

If the U.S. Department of Health and Human Services has questions regarding this plan, please call Kim Reese, V.P. of Operations, at 983-6857.

Sincerely,

Kim Reese, V.P. of Operations