

**OASIS CENTER, INC.**  
**FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

# OASIS CENTER, INC.

## Table of Contents

Independent Auditor's Report.....	1 – 2
Financial Statements:	
Statements of Financial Position .....	3
Statements of Activities.....	4 – 5
Statements of Functional Expenses .....	6 – 7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 – 15
Supplementary Data:	
Schedule of Expenditures of Federal and State Awards.....	16 – 17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18 – 19
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.....	20 – 21
Schedule of Findings and Questioned Costs .....	22 – 25
Summary Schedule of Prior Audit Findings.....	26



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6582, FAX 615-383-7094

## INDEPENDENT AUDITOR'S REPORT

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, 2010 and 2009, 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, 2010 and 2009, 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 December 23, 2010, 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 financial statements 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 financial statements. Such information is the responsibility of management and was derived from

and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Frasier Den & Handy PLLC*

December 23, 2010

**OASIS CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (including \$92,300 and \$973,767 at June 30, 2010 and 2009 restricted for capital campaign)	\$ 500,028	\$ 2,108,790
Receivable from grantor agencies	269,919	405,471
Unconditional promises to give	763,560	1,622,311
Other	49,305	34,089
	<u>1,582,812</u>	<u>4,170,661</u>
Total current assets	1,582,812	4,170,661
Unconditional promises to give, noncurrent, net of discount	285,016	511,632
Land, building and equipment, net	<u>5,853,151</u>	<u>6,067,595</u>
Total assets	<u>\$ 7,720,979</u>	<u>\$ 10,749,888</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 169,273	\$ 253,489
Accrued expenses	147,691	177,070
NYOC payable	260,285	970,209
Current portion of long-term debt	339,147	-
	<u>916,396</u>	<u>1,400,768</u>
Total current liabilities	916,396	1,400,768
NYOC payable, net of current portion	74,006	210,764
Long-term debt, net of current portion	<u>590,853</u>	<u>3,000,000</u>
Total liabilities	<u>1,581,255</u>	<u>4,611,532</u>
Net assets:		
Unrestricted	5,353,847	4,301,755
Temporarily restricted	785,877	1,836,601
	<u>6,139,724</u>	<u>6,138,356</u>
Total net assets	6,139,724	6,138,356
Total liabilities and net assets	<u>\$ 7,720,979</u>	<u>\$ 10,749,888</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
Capital campaign	280,095	376,970	657,065
Contributions	559,065	-	559,065
United Way	-	528,374	528,374
Foundation grants	502,088	-	502,088
Other grants	439,203	-	439,203
Program fees	104,868	-	104,868
Other	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
College connection	440,166	-	440,166
Counseling services	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>\$ 5,353,847</u>	<u>\$ 785,877</u>	<u>\$ 6,139,724</u>

See accompanying notes.

**OASIS CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Government grants	\$ 1,619,335	\$ -	\$ 1,619,335
Gain on sale of assets	1,064,211	-	1,064,211
Capital campaign	-	877,109	877,109
Contributions	423,342	256,839	680,181
United Way	554,805	6,491	561,296
Foundation grants	435,730	-	435,730
Other grants	188,866	-	188,866
Program fees	81,381	-	81,381
Other	55,300	-	55,300
Investment income	5,266	-	5,266
Net assets released from restrictions	2,933,718	(2,933,718)	-
	<u>7,361,954</u>	<u>(1,793,279)</u>	<u>5,568,675</u>
Total revenue and other support			
Expenses:			
Program services:			
Residential and crisis services	1,271,730	-	1,271,730
Prevention services	567,761	-	567,761
Youth leadership development services	861,136	-	861,136
Counseling services	388,867	-	388,867
	<u>3,089,494</u>	<u>-</u>	<u>3,089,494</u>
Total program services			
Support services:			
Management and general	813,869	-	813,869
Fundraising	373,343	-	373,343
	<u>1,187,212</u>	<u>-</u>	<u>1,187,212</u>
Total support services			
Total expenses	<u>4,276,706</u>	<u>-</u>	<u>4,276,706</u>
Change in net assets	3,085,248	(1,793,279)	1,291,969
Net assets, beginning of year	1,216,507	3,629,880	4,846,387
Net assets, end of year	<u>\$ 4,301,755</u>	<u>\$ 1,836,601</u>	<u>\$ 6,138,356</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		TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES
			Leadership Development Services	Counseling Services				
Salaries	\$ 792,030	\$ 377,925	\$ 214,345	\$ 342,073	\$ 151,965	\$ 369,156	\$ 147,247	\$ 516,403
Fringe benefits	122,390	69,214	35,558	44,506	22,817	72,505	26,738	99,243
Depreciation	87,881	57,115	43,057	22,038	5,378	40,268	21,110	61,378
Professional fees	50,312	7,336	47,448	5,906	27,408	46,744	8,341	55,085
Specific assistance	78,493	10,635	79,124	2,929	3,055	8,859	-	8,859
Supplies	63,092	27,696	19,491	3,205	13,350	15,435	6,295	21,730
Utilities	44,586	16,520	10,055	9,337	1,436	15,362	7,183	22,545
Interest and fees	-	-	-	-	-	95,985	-	95,985
Communications	20,557	14,412	10,019	3,793	6,363	13,395	12,949	26,344
Grants and subcontracts	-	5,000	71,455	-	-	-	-	-
Miscellaneous	7,422	2,069	663	781	554	36,678	12,110	48,788
Maintenance	29,743	5,548	2,093	1,189	181	6,394	904	7,298
Conferences and meetings	1,037	1,317	15,630	390	14,930	4,271	236	4,507
Insurance	11,827	9,449	2,248	2,365	648	5,921	1,534	7,455
Travel	7,985	15,652	3,514	59	1,339	4,231	339	4,570
Equipment	10,033	2,995	4,232	1,595	181	5,083	1,979	7,062
Special events	-	-	-	-	-	-	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>\$ 740,287</u>	<u>\$ 251,094</u>	<u>\$ 991,381</u>
					<u>\$ 3,198,974</u>			<u>\$ 4,190,355</u>

See accompanying notes.

	Program Services				Support Services				
	Residential and Crisis Services	Prevention Services	Youth Leadership Development Services	Counseling Services	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 761,193	\$ 350,389	\$ 316,066	\$ 283,572	\$ 1,711,220	\$ 371,928	\$ 155,115	\$ 527,043	\$ 2,238,263
Fringe benefits	130,854	60,826	48,327	36,287	276,294	62,438	23,651	86,089	362,383
Supplies	52,256	26,971	100,084	4,924	184,235	32,499	6,241	38,740	222,975
Depreciation	76,517	30,390	28,061	19,555	154,523	23,549	9,679	33,228	187,751
Professional fees	29,393	4,527	111,938	2,642	148,500	30,001	2,403	32,404	180,904
Interest and fees	37,142	18,571	16,386	14,201	86,300	64,330	6,555	70,885	157,185
Specific assistance	29,074	8,008	82,647	1,073	120,802	12,933	-	12,933	133,735
Utilities	37,013	10,988	9,878	8,447	66,326	50,845	3,077	53,922	120,248
Special events	-	-	-	-	-	-	115,881	115,881	115,881
Communications	24,532	14,885	20,729	4,377	64,523	17,541	23,079	40,620	105,143
Miscellaneous	8,272	2,337	2,762	990	14,361	62,299	3,876	66,175	80,536
Equipment	28,009	11,870	17,534	8,060	65,473	9,469	4,139	13,608	79,081
Grants and subcontracts	-	-	73,832	-	73,832	-	-	-	73,832
Maintenance	35,139	7,153	2,289	2,027	46,608	7,288	1,094	8,382	54,990
Travel	9,494	13,456	13,845	153	36,948	3,046	1,700	4,746	41,694
Bank charges and penalties	-	-	-	-	-	34,589	-	34,589	34,589
Insurance	10,933	5,695	5,552	2,439	24,619	9,017	529	9,546	34,165
Conferences and meetings	1,909	1,695	11,206	120	14,930	3,672	122	3,794	18,724
Moving expenses	-	-	-	-	-	18,425	-	18,425	18,425
Bad debt expense	-	-	-	-	-	-	16,202	16,202	16,202
	\$ 1,271,730	\$ 567,761	\$ 861,136	\$ 388,867	\$ 3,089,494	\$ 813,869	\$ 373,343	\$ 1,187,212	\$ 4,276,706

See accompanying notes.

**OASIS CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,368	\$ 1,291,969
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	276,847	187,751
Contributions restricted for long-term purposes	(528,374)	(877,109)
Gain on sale of fixed assets	-	(1,064,211)
Change in operating assets and liabilities:		
Unconditional promises to give	(13,087)	-
Receivable from grantor agencies	135,552	(154,531)
Other assets	(15,216)	3,770
Accounts payable	(17,812)	(103,489)
Accrued expenses	(29,379)	72,217
Net cash used in operating activities	<u>(190,101)</u>	<u>(643,633)</u>
Cash flows from investing activities:		
Proceeds from sale of fixed assets	-	1,425,000
Purchase of fixed assets	(62,403)	(1,716,193)
Net cash used in investing activities	<u>(62,403)</u>	<u>(291,193)</u>
Cash flows from financing activities:		
Payments on accounts payable for additions to land, building and equipment	(66,404)	(164,668)
Payments on line of credit	-	(100,000)
Proceeds from line of credit	-	100,000
Payments on long-term debt	(2,070,000)	(1,288,254)
Net payments for NYOC	(846,682)	(324,126)
Contributions restricted for investment in property and equipment	1,626,828	2,283,871
Net cash (used in) provided by financing activities	<u>(1,356,258)</u>	<u>506,823</u>
Net decrease in cash and cash equivalents	(1,608,762)	(428,003)
Cash and cash equivalents, beginning of year	2,108,790	2,536,793
Cash and cash equivalents, end of year	<u>\$ 500,028</u>	<u>\$ 2,108,790</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 95,985</u>	<u>\$ 157,185</u>
Supplemental schedule of non-cash financing and investing activities:		
Accounts payable for purchase of fixed assets:	<u>\$ -</u>	<u>\$ 66,404</u>

See accompanying notes.

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**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, 2010 and 2009**

**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, 2010 and 2009. 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.

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

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

**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.

**Accounting Standards Codification**

The Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) became the sole authoritative source of generally accepted accounting principles in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC had no effect on the Center’s financial statements.

**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.

On January 1, 2009 the Center adopted 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, 2007 through June 30, 2010. Adoption of this guidance had no impact on the Center’s financial statements.

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 2 – UNCONDITIONAL PROMISES TO GIVE**

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

	<u>2010</u>	<u>2009</u>
Capital campaign contributions, net	\$ 978,518	\$ 2,043,807
Receivable from United Way	-	6,491
Foundation, corporate, and other	<u>70,058</u>	<u>83,645</u>
	<u>\$ 1,048,576</u>	<u>\$ 2,133,943</u>

Unconditional promises to give are collectible over the following periods:

	<u>2010</u>	<u>2009</u>
Less than one year	\$ 763,560	\$ 1,622,311
One to five years	282,226	506,911
Over five years	<u>10,000</u>	<u>20,000</u>
	1,055,786	2,149,222
Less discount to net present value	<u>(7,210)</u>	<u>(15,279)</u>
	<u>\$ 1,048,576</u>	<u>\$ 2,133,943</u>

Unconditional promises to give in one to five years 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 temporarily restricted purposes.

**NOTE 3 – LAND, BUILDING AND EQUIPMENT**

Land, building and equipment are recorded at cost at the date of purchase or fair market value at the date of 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>2010</u>	<u>2009</u>
Land	\$ 350,000	\$ 350,000
Building, improvements and leaseholds	5,933,875	5,927,593
Equipment	519,510	493,979

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 3 – LAND, BUILDING AND EQUIPMENT (Continued)**

Vehicles	114,806	84,216
Artwork	<u>18,500</u>	<u>18,500</u>
	6,936,691	6,874,288
Less: accumulated depreciation	<u>(1,083,540)</u>	<u>(806,693)</u>
	<u>\$ 5,853,151</u>	<u>\$ 6,067,595</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 \$84,783 and \$74,194 at June 30, 2010 and 2009, respectively.

**NOTE 5 – LONG-TERM DEBT**

Long-term debt is as follows:

	<u>2010</u>	<u>2009</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% 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>\$ 930,000</u>	<u>\$ 3,000,000</u>
Total long-term debt	930,000	3,000,000
Less current portion	<u>339,147</u>	<u>-</u>
Long-term portion of notes payable	<u>\$ 590,853</u>	<u>\$ 3,000,000</u>

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 5 – LONG-TERM DEBT (Continued)**

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

Year Ending <u>June 30,</u>	
2011	\$ 339,147
2012	28,344
2013	29,750
2014	31,225
2015	32,775
Thereafter	<u>468,759</u>
	<u>\$ 930,000</u>

**NOTE 6 – RESTRICTIONS ON NET ASSETS**

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

	<u>2010</u>	<u>2009</u>
Capital campaign contributions (net)	\$ 736,427	\$ 1,746,465
United Way funding for subsequent periods	-	6,491
Contributions received for future periods	<u>49,450</u>	<u>83,645</u>
	<u>\$ 785,877</u>	<u>\$ 1,836,601</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 2010 and 2009.

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**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 will be used to renovate a building at 1700 Charlotte Avenue. The building houses ten different youth organizations that serve young people facing challenges throughout Middle Tennessee through a continuum of programs offered by the ten youth organizations. At June 30, 2010 and 2009, the Center has \$978,518 and \$2,043,807, respectively, in capital campaign pledges receivable designated for NYOC. At June 30, 2010, the NYOC had a capitalized cost of \$5,153,912. 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. It is expected that the Center will contribute to STARS from capital contributions received, its portion of the acquisition cost. At June 30, 2010 and 2009, the Center had recorded a payable related to contributions received on behalf of NYOC for STARS of \$334,291 and \$1,180,973, respectively, related to contributions solicited and recorded related to the joint capital campaign. This amount represents forty percent of joint contributions received. During 2010 and 2009, \$1,296,313 and \$725,896, respectively, was transferred to STARS in cash for payment of joint building expenditures.

**NOTE 10 – SUBSEQUENT EVENTS**

The Center evaluated subsequent events through December 23, 2010, 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.

## **SUPPLEMENTARY DATA**

**OASIS CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Expenditures
<b>FEDERAL AWARDS</b>				
U.S. Department of Health and Human Services	Basic Center Grant	93.623	G-04CY0817/02	\$ 16,678
U.S. Department of Health and Human Services	Basic Center Grant	93.623	G-04CY0817/03	136,657
Total for CFDA No. 93.623				<u>153,335</u>
U.S. Department of Health and Human Services	Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	G-04YO0666/02	25,000
U.S. Department of Health and Human Services	Education and Prevention Grants to Reduce Sexual Abuse of Runaway Homeless and Street Youth	93.557	G-04YO0666/03	51,666
Total for CFDA No. 93.557				<u>76,666</u>
U.S. Department of Health and Human Services	Transitional Living for Homeless Youth	93.550	G-04CX0651/02	66,666
U.S. Department of Health and Human Services	Transitional Living for Homeless Youth	93.550	G-04CX0651/03	86,669
Total for CFDA No. 93.550+				<u>153,335</u>
U.S. Department 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	168,280
U.S. Department of Health and Human Services Passed Through: TN Department of Mental Health and Developmental Disabilities	Block Grants for Prevention and Treatment of Substance Abuse	93.959+	GR-0528539	314,700
U.S. Department of Health and Human Services Passed Through: TN Department of Finance and Administration	Medical Assistance Program	93.778	GR-09-26330-01	68,926
Total for U.S. Department of Health and Human Services				<u>935,242</u>
U.S. Department of Housing & Urban Development Passed Through: Metro Development & Housing Agency	Emergency Shelter Grants Program	14.231	N/A	13,185
Metro Development & Housing Agency	Community Development Block Grants/Entitlement Grants	14.218	N/A	10,000
Metro Development & Housing Agency	ARRA - Homeless Prevention and Rapid Re-Housing Program Technical Assistance	14.262	N/A	111,600
Total for U.S. Department of Housing & Urban Development				<u>134,785</u>

**OASIS CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
(Continued from Page 16)  
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Expenditures
<b>FEDERAL AWARDS (Continued)</b>				
U.S. Department of Justice Passed Through: TN Department of Finance and Administration	Crime Victim Assistance	16.575	Z07033116-00	32,675
	ARRA - State Victim Assistance Formula Grant Program	16.801	N/A	28,001
				<u>60,676</u>
Total for U.S. Department of Justice				
U.S. Department of Education Passed Through: Tennessee Higher Education Commission	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GR-09-27368	131,545
Federal Emergency Management Agency	Emergency Food and Shelter	97.024	25-7652-01	5,055
				<u>1,267,303</u>
Total Federal Awards				
<b>STATE AWARDS</b>				
Department of Finance and Administration	Medical Assistance Program	N/A	GR-09-26330-01	68,926
Administrative Office of the Courts		N/A	N/A	45,476
Total State Awards				<u>114,402</u>
Total Federal and State Awards				<u>\$ 1,381,705</u>

+ 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.



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6592, FAX 615-383-7094

**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 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, 2010, and have issued our report thereon dated December 23, 2010. 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 2010-1, 2010-2, 2010-3, and 2010-4 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 December 23, 2010

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.

*Frazier, Dean & Howard, PLLC*

December 23, 2010



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6592, FAX 615-383-7094

**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**

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, 2010. 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, 2010.

## 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 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-5 and 2010-6. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 Dent Hand, PLLC*

December 23, 2010

**OASIS CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Oasis Center, Inc.
2. The audit of the financial statements of Oasis Center, Inc. disclosed significant deficiencies in internal control, none of which were 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. Significant deficiencies in internal control over major programs were disclosed, none of which were considered to be material weaknesses.
5. 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.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include:

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.550	Transitional Living for Homeless Youth

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Oasis Center, Inc. did qualify as a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2010-1 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").

**OASIS CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Year Ended June 30, 2010**

**FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)**

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

**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 audited financial statements.

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

**2010-2 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 and 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.

**2010-3 Statement of Condition:** We noted several disbursements that were not approved in accordance with internal accounting policies and procedures.

**Effect of Condition:** The disbursement could be subject to disallowance.

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

**Grantee Response:** We concur with the finding.

**2010-4 Statement of Condition:** We noted several expenditures which were not supported by supporting documentation.

**Effect of Condition:** The disbursement could be subject to disallowance.

**OASIS CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Year Ended June 30, 2010**

**FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)**

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

**Grantee Response:** We concur with the finding and will evaluate ways to improve retention for expenditure documentation.

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

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Block Grants for Prevention and Treatment of Substance Abuse – CFDA  
No. 93.959; Grant No. – GR-0528539; for the year ended June 30, 2010**

**Transitional Living for Homeless Youth – CFDA No. 93.550; Grant No.  
G-04CX0651/02 and G-04CX0651/03; for the year ended June 30, 2010**

**Questioned  
Costs**

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

N/A

**Effect of Condition:** The disbursement could be subject to disallowance.

**Cause:** Procedures in place to ensure that disbursements have evidence of approval were not followed.

**Context:** 19 out of a sample of 40 disbursements selected for testing lacked proper approval evidence on invoice or check request.

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

**Grantee Response:** We concur with the finding. However, checks can only be signed by executive management.

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

N/A

**Effect of Condition:** The expenditure could be subject to disallowance.

**Cause:** Procedures in place to ensure that documentation is received for all expenditures were not followed.

**OASIS CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Year Ended June 30, 2010**

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT (Continued)**

**Context:** 8 out of a sample of 40 disbursements selected for testing lacked supporting documentation.

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

**Grantee Response:** We concur with the finding and will evaluate ways to improve retention for expenditure documentation.

**OASIS CENTER, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended June 30, 2010**

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**  
**AUDIT (Continued)**

**2009-1 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”).

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

**Current Status:** The Center believes that they have the expertise available within their board and does not feel it is cost effective at this point to have the resources in house.

**2009-2 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 and reconciles the monthly bank statements. The result is the danger that intentional or unintentional errors could be made and not detected.

**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. An appropriate manager should receive and review the bank statements and canceled checks before turning them over to the financial services director to prepare the bank reconciliations. The manager might also review the reconciliations after they are prepared.

**Current Status:** Management has segregated the cash reconciliation process from the financial services director. The Center continues to evaluate ways to improve segregation of duties.