

**OASIS CENTER, INC. AND AFFILIATE**  
**FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

# OASIS CENTER, INC. AND AFFILIATE

## 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 Awards .....	16 – 17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18 – 19
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	20 – 21
Schedule of Findings and Questioned Costs .....	22 – 24
Summary Schedule of Prior Audit Findings .....	25
Corrective Action Plan .....	26



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Oasis Center, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the accompanying financial statements of Oasis Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the 2013 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oasis Center, Inc. and Affiliate as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of Oasis Center, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013, on our consideration of Oasis Center Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oasis Center Inc. and Affiliate's internal control over financial reporting and compliance.

*Ernst & Young, PLLC*

Nashville, Tennessee  
November 21, 2013

**OASIS CENTER, INC. AND AFFILIATE**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 (Consolidated) and 2012 (Unconsolidated)**

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (including \$38,357 and \$64,915 at June 30, 2013 and 2012 restricted for capital campaign)	\$ 354,024	\$ 299,874
Receivable from grantor agencies	176,676	503,424
Unconditional promises to give	284,530	347,377
Other	94,219	30,094
Total current assets	909,449	1,180,769
Unconditional promises to give, noncurrent, net of discount	25,313	35,313
Land, building and equipment, net	5,186,024	5,436,319
Total assets	\$ 6,120,786	\$ 6,652,401
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 62,502	\$ 256,132
Accrued expenses	92,854	69,040
NYOC payable	88,644	101,514
Current portion of long-term debt	39,996	47,496
Total current liabilities	283,996	474,182
NYOC payable, net of current portion	10,125	14,125
Long-term debt, net of current portion	75,004	157,504
Total liabilities	369,125	645,811
Net assets:		
Unrestricted	5,511,550	5,652,655
Temporarily restricted	240,111	353,935
Total net assets	5,751,661	6,006,590
Total liabilities and net assets	\$ 6,120,786	\$ 6,652,401

See accompanying notes.

**OASIS CENTER, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Government grants	\$ 1,983,218	\$ -	\$ 1,983,218
Contributions	1,006,790	188,425	1,195,215
United Way	542,650	-	542,650
Other grants	86,005	-	86,005
Special event revenue	218,696	-	218,696
Investment income	363	-	363
Other	15,941	-	15,941
Program fees	107,110	-	107,110
Net assets released from restrictions	302,249	(302,249)	-
Total revenue and other support	<u>4,263,022</u>	<u>(113,824)</u>	<u>4,149,198</u>
Expenses:			
Program services:			
Residential and crisis services	1,287,674	-	1,287,674
Youth engagement services	828,482	-	828,482
Youth action services	322,014	-	322,014
Counseling services	404,508	-	404,508
College connection	613,235	-	613,235
Total program services	<u>3,455,913</u>	<u>-</u>	<u>3,455,913</u>
Support services:			
Management and general	511,591	-	511,591
Fundraising	436,623	-	436,623
Total support services	<u>948,214</u>	<u>-</u>	<u>948,214</u>
Total expenses	<u>4,404,127</u>	<u>-</u>	<u>4,404,127</u>
Change in net assets	(141,105)	(113,824)	(254,929)
Net assets, beginning of year	<u>5,652,655</u>	<u>353,935</u>	<u>6,006,590</u>
Net assets, end of year	<u>\$ 5,511,550</u>	<u>\$ 240,111</u>	<u>\$ 5,751,661</u>

See accompanying notes.

**OASIS CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Government grants	\$ 2,498,970	\$ -	\$ 2,498,970
Contributions	1,060,629	307,618	1,368,247
United Way	553,724	-	553,724
Other grants	135,914	-	135,914
Special event revenue	165,641	-	165,641
Investment income	15,173	-	15,173
Other	48,290	-	48,290
Program fees	18,025	-	18,025
Net assets released from restrictions	651,103	(651,103)	-
Total revenue and other support	<u>5,147,469</u>	<u>(343,485)</u>	<u>4,803,984</u>
Expenses:			
Program services:			
Residential and crisis services	1,411,569	-	1,411,569
Youth engagement services	856,519	-	856,519
Youth action services	335,619	-	335,619
Counseling services	311,804	-	311,804
College connection	1,143,978	-	1,143,978
Total program services	<u>4,059,489</u>	<u>-</u>	<u>4,059,489</u>
Support services:			
Management and general	535,124	-	535,124
Fundraising	410,658	-	410,658
Total support services	<u>945,782</u>	<u>-</u>	<u>945,782</u>
Total expenses	<u>5,005,271</u>	<u>-</u>	<u>5,005,271</u>
Change in net assets	142,198	(343,485)	(201,287)
Net assets, beginning of year	<u>5,510,457</u>	<u>697,420</u>	<u>6,207,877</u>
Net assets, end of year	<u>\$ 5,652,655</u>	<u>\$ 353,935</u>	<u>\$ 6,006,590</u>

See accompanying notes.

## For the Year Ended June 30, 2013

	Program Services				Support Services					
	Residential and Crisis Services	Youth Engagement Services	Youth Action Services	Counseling Services	College Connection	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 813,718	\$ 468,594	\$ 152,427	\$ 293,138	\$ 311,378	\$ 2,039,255	\$ 313,725	\$ 233,930	\$ 547,655	\$ 2,586,910
Fringe benefits	145,227	84,155	41,148	39,913	64,448	374,891	51,835	39,572	91,407	466,298
Depreciation	96,765	60,787	19,088	23,794	20,453	220,887	33,109	17,184	50,293	271,180
Grants and subcontracts	-	7,410	-	6,356	168,705	182,471	-	-	-	182,471
Supplies	59,009	38,756	19,976	4,218	9,783	131,742	11,881	9,305	21,186	152,928
Professional fees	39,616	39,016	7,681	6,618	5,794	98,725	29,910	11,389	41,299	140,024
Utilities	45,615	19,464	3,221	9,065	5,945	83,310	14,498	6,444	20,942	104,252
Special events	-	-	139	-	11	150	-	95,038	95,038	95,188
Communications	23,157	19,622	8,613	10,523	13,065	74,980	8,072	9,506	17,578	92,558
Conferences and meetings	255	14,495	46,225	895	1,250	63,120	2,449	-	2,449	65,569
Travel	4,719	35,984	4,308	426	5,519	50,956	950	496	1,446	52,402
Specific assistance	13,197	7,606	16,048	4,691	1,297	42,839	405	985	1,390	44,229
Maintenance	23,971	11,505	667	1,692	1,498	39,333	2,764	1,368	4,132	43,465
Insurance	12,500	11,385	739	1,693	1,693	28,010	5,747	1,133	6,880	34,890
Miscellaneous	1,758	1,672	247	592	697	4,966	18,406	9,716	28,122	33,088
Equipment	8,167	8,031	1,487	894	1,699	20,278	9,213	557	9,770	30,048
Interest and fees	-	-	-	-	-	-	8,627	-	8,627	8,627
	\$ 1,287,674	\$ 828,482	\$ 322,014	\$ 404,508	\$ 613,235	\$ 3,455,913	\$ 511,591	\$ 436,623	\$ 948,214	\$ 4,404,127

-6-



**OASIS CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2012**

	Program Services						Support Services			
	Residential and Crisis Services	Youth Engagement Services	Youth Action Services	Counseling Services	College Connection	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 902,076	\$ 495,584	\$ 158,436	\$ 227,041	\$ 580,540	\$ 2,363,677	\$ 232,968	\$ 170,348	\$ 403,316	\$ 2,766,993
Fringe benefits	145,364	93,937	32,114	33,326	122,442	427,183	75,343	34,416	109,759	536,942
Professional fees	43,405	23,733	2,359	2,564	63,925	135,986	119,159	47,362	166,521	302,507
Depreciation	91,169	59,318	41,165	22,582	10,457	224,691	28,766	20,880	49,646	274,337
Grants and subcontracts	10	43,900	-	-	220,052	263,962	-	-	-	263,962
Supplies	57,684	28,561	17,641	2,594	11,394	117,874	-	13,359	13,359	131,233
Special events	-	-	19,184	-	-	19,184	-	91,114	91,114	110,298
Conferences and meetings	2,340	384	16,448	315	87,300	106,787	1,626	273	1,899	108,686
Utilities	45,530	18,840	4,033	7,250	8,170	83,823	9,668	6,291	15,959	99,782
Specific assistance	43,323	14,682	23,064	2,245	1,025	84,339	3,413	4,019	7,432	91,771
Communications	22,540	14,294	6,422	4,577	19,051	66,884	8,662	14,118	22,780	89,664
Travel	7,305	36,054	8,490	1,870	8,679	62,398	719	351	1,070	63,468
Maintenance	28,781	9,329	953	1,553	2,256	42,872	1,770	1,365	3,135	46,007
Miscellaneous	1,516	1,533	132	801	5,459	9,441	28,501	4,261	32,762	42,203
Equipment	10,015	7,028	4,549	3,837	1,401	26,830	1,644	1,675	3,319	30,149
Insurance	9,658	9,342	629	1,249	1,827	22,705	4,159	826	4,985	27,690
Interest and fees	853	-	-	-	-	853	18,726	-	18,726	19,579
	\$ 1,411,569	\$ 856,519	\$ 335,619	\$ 311,804	\$ 1,143,978	\$ 4,059,489	\$ 535,124	\$ 410,658	\$ 945,782	\$ 5,005,271

See accompanying notes.

**OASIS CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2013 (Consolidated) and 2012 (Unconsolidated)**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (254,929)	\$ (201,287)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	271,180	274,337
Loss on disposal of land, building and equipment	3,200	-
Donated vehicle	-	(29,425)
Change in operating assets and liabilities:		
Unconditional promises to give	(13,944)	(16,008)
Receivable from grantor agencies	326,748	(242,804)
Other assets	(64,125)	9,142
Accounts payable	(193,630)	157,315
Accrued expenses	23,814	(63,576)
Net cash provided by (used in) operating activities	<u>98,314</u>	<u>(112,306)</u>
Cash flows from investing activities:		
Purchase of land, building and equipment	<u>(24,085)</u>	<u>(50,773)</u>
Net cash used in investing activities	<u>(24,085)</u>	<u>(50,773)</u>
Cash flows from financing activities:		
Payments on long-term debt	(90,000)	(385,000)
Net payments for NYOC payable	(16,870)	(181,495)
Contributions restricted for investment in land, building and equipment	<u>86,791</u>	<u>515,908</u>
Net cash used in financing activities	<u>(20,079)</u>	<u>(50,587)</u>
Net increase (decrease) in cash and cash equivalents	54,150	(213,666)
Cash and cash equivalents, beginning of year	<u>299,874</u>	<u>513,540</u>
Cash and cash equivalents, end of year	<u>\$ 354,024</u>	<u>\$ 299,874</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 8,627</u>	<u>\$ 19,579</u>
Supplemental schedule of non-cash financing and investing activities:		
Donated vehicle	<u>\$ -</u>	<u>\$ 29,425</u>

See accompanying notes.

**OASIS CENTER, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013 and 2012**

**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 Center owns a membership interest in Neuroclarity, LLC. Neuroclarity, LLC was formed in 2012 for the purpose of providing neurofeedback therapy services. Neuroclarity, LLC operates as a single-member, nonprofit limited liability company wholly owned by the Center.

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 ages 13 – 17 years old, Project Safe Place, Transitional Living for youth ages 18 – 22 years old, and Street Outreach and Drop In Center for homeless youth ages 18 – 22 years old.

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

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

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

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

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Oasis Center, Inc. and Neuroclarity, LLC (collectively the “Center”). All significant inter-entity transactions and balances have been eliminated in consolidation.

**OASIS CENTER, INC. AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

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

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

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

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

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

**Cash and Cash Equivalents**

For purposes of the 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 temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Center uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management believes that unconditional promises to give are fully collectible as of June 30, 2013 and 2012. As a result, no allowance for uncollectible accounts has been provided.

**OASIS CENTER, INC. AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

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

**Land, Building and Equipment**

Land, building and equipment are recorded at cost at the date of purchase or fair market value at the date of donation. Depreciation of building and equipment is provided over the estimated useful lives of the respective assets (ranging from three to thirty years) on a straight-line basis. The Center generally capitalizes an asset if its life is estimated to be one year or greater and the cost is \$500 or greater.

**Donated Goods and Services**

The value of donated goods and services meeting the criteria for recognition are recorded as in-kind contributions, with the corresponding expenses recorded, when the fair values of the goods and services are available.

**Estimates**

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

**Income Taxes**

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

The Center follows Financial Accounting Standards Board Accounting Standards Codification guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Center has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include the years ended June 30, 2010 through June 30, 2013.

**OASIS CENTER, INC. AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

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

**Subsequent Events**

The Center evaluated subsequent events through November 21, 2013, when these financial statements were available to be issued. The Center is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 2 – UNCONDITIONAL PROMISES TO GIVE**

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

	<u>2013</u>	<u>2012</u>
Capital campaign contributions, net	\$ 239,489	\$ 322,014
Foundation, corporate, and other	<u>70,354</u>	<u>60,676</u>
	<u>\$ 309,843</u>	<u>\$ 382,690</u>

Unconditional promises to give are collectible over the following periods:

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 284,530	\$ 347,377
One to five years	<u>30,000</u>	<u>40,000</u>
	314,530	387,377
Less discount to net present value	<u>(4,687)</u>	<u>(4,687)</u>
	<u>\$ 309,843</u>	<u>\$ 382,690</u>

Unconditional promises to give over one year are reflected at the present value of estimated future cash flows using discount rates ranging from 0.61% to 1.71%. Substantially all unconditional promises to give are due for restricted purposes.

**OASIS CENTER, INC. AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

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

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

	<u>2013</u>	<u>2012</u>
Land	\$ 290,000	\$ 290,000
Building, improvements and leaseholds	5,849,870	5,849,870
Equipment	576,095	555,638
Vehicles	165,947	165,947
Artwork	<u>18,500</u>	<u>18,500</u>
	6,900,412	6,879,955
Less: accumulated depreciation	<u>(1,714,388)</u>	<u>(1,443,636)</u>
	<u>\$ 5,186,024</u>	<u>\$ 5,436,319</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 totaled \$82,172 and \$85,354 at June 30, 2013 and 2012, respectively.

**NOTE 5 – LONG-TERM DEBT**

Long-term debt is as follows at June 30:

	<u>2013</u>	<u>2012</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, 2013 is being amortized over a fifteen year term, with an original maturity date of March 2023. The Center has prepaid the note and anticipates the note to be paid in full in 2016. The note is secured by land and building.	\$ 115,000	\$ 205,000
Less current portion	<u>39,996</u>	<u>47,496</u>
Long-term portion of notes payable	<u>\$ 75,004</u>	<u>\$ 157,504</u>

**OASIS CENTER, INC. AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

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

The note requires the maintenance of certain financial covenants including a debt service coverage ratio not less than 1.0. The Center was in compliance with this covenant at June 30, 2013.

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

Year Ending June 30,	
2014	\$ 39,996
2015	39,996
2016	<u>35,008</u>
	<u>\$ 115,000</u>

**NOTE 6 – LINE OF CREDIT**

In March 2012, the Center entered into a line of credit agreement with a bank that provides for maximum borrowings of \$500,000. The line of credit requires interest at a percentage rate calculated annually, not to be less than 4.25%, payable monthly, with the outstanding principal amount due at maturity. The Center had no outstanding borrowings under this agreement at June 30, 2013 or 2012. The line is secured by certain real property. The agreement matures April 2014.

**NOTE 7 – RESTRICTIONS ON NET ASSETS**

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

	<u>2013</u>	<u>2012</u>
Capital campaign contributions, net of NYOC payable	\$ 174,811	\$ 271,290
Contributions to be received in future periods	31,967	22,490
Contributions received for future periods	<u>33,333</u>	<u>60,155</u>
	<u>\$ 240,111</u>	<u>\$ 353,935</u>

**NOTE 8 – CONCENTRATIONS**

The Center receives a substantial amount of its support from government grants and United Way. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Center's programs and activities. In addition, the funding received by the Center from governmental agencies is subject to audit and retroactive adjustment.

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



**OASIS CENTER, INC. AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

**NOTE 9 – EMPLOYEE BENEFIT PLAN**

The Center has a 401(k) retirement plan for administrative employees who have reached age 21 and have been employed for six months. The plan provides for discretionary employer matching contributions. Employer match contributions totaled \$26,579 and \$18,907 for the years ended June 30, 2013 and 2012, respectively.

**NOTE 10 – CAPITAL CAMPAIGN**

In April 2007, the Center joined together with STARS Nashville (“STARS”) (a nonprofit entity) for a capital campaign to create the Nashville Youth Opportunity Center (“NYOC”). Contributions received were used to renovate a building at 1700 Charlotte Avenue. The building houses a variety of youth organizations that serve young people facing challenges throughout Middle Tennessee through a continuum of programs offered by the youth organizations. At June 30, 2013 and 2012, the Center has \$235,223 and \$322,014, respectively, in capital campaign pledges receivable designated for NYOC. At June 30, 2013, 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, 2013 and 2012, the Center had recorded a payable related to contributions received on behalf of NYOC for STARS of \$98,769 and \$115,639, respectively, related to contributions solicited and recorded related to the joint capital campaign. This amount represents forty percent of joint contributions received. During 2013 and 2012, \$69,809 and \$186,299, respectively, was transferred to STARS in cash for payment of joint building expenditures.

## **SUPPLEMENTARY DATA**

**OASIS CENTER, INC. AND AFFILIATE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Receivable at 6/30/2012	Cash Receipts	Expenditures	Other	Receivable at 6/30/2013
<b>FEDERAL AWARDS</b>								
U.S. Dept. of Health and Human Services	Basic Center Grant	93.623	90-CY2534/02	\$ -	\$ 66,654	\$ 66,654	\$ -	\$ -
U.S. Dept. of Health and Human Services	Basic Center Grant	93.623	90-CY2534/03	-	150,000	150,000	-	-
Total for CFDA No. 93.623				-	216,654	216,654	-	-
U.S. Dept. of Health and Human Services	Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90-YO0086/02	-	29,165	29,165	-	-
U.S. Dept. of Health and Human Services	Education and Prevention Grants to Reduce Sexual Abuse of Runaway Homeless and Street Youth	93.557	90-YO0086/03	-	75,000	75,000	-	-
Total for CFDA No. 93.557				-	104,165	104,165	-	-
U.S. Dept. of Health and Human Services	Transitional Living for Homeless Youth	93.550	G-04CX0651/05	-	108,336	108,336	-	-
U.S. Dept. of Health and Human Services Passed Through:								
TN Dept. of Mental Health and Developmental Disabilities	Block Grants for Prevention and Treatment of Substance Abuse	93.959	GR-1235813	30,109	30,109	-	-	-
TN Dept. of Mental Health and Developmental Disabilities	Block Grants for Prevention and Treatment of Substance Abuse	93.959	GR-1338795 01	-	353,349	380,000	-	26,651
Total for CFDA No. 93.959+				30,109	383,458	380,000	-	26,651
Tennessee State University	Family and Community Violence Prevention Program	93.910	332-77-10-913	9,354	61,907	59,763	-	7,210
DCS, University of Tennessee	Affordable Care Act Personal Responsibility Education Program	93.092	8500024935	22,361	107,861	85,500	-	-
DCS, University of Tennessee	Affordable Care Act Personal Responsibility Education Program	93.092	8500024935	-	157,348	207,466	-	50,118
Total for CFDA No. 93.092				22,361	265,209	292,966	-	50,118
Total for U.S. Dept. of Health and Human Services				61,824	1,139,729	1,161,884	-	83,979
U.S. Dept. of Housing & Urban Development Passed Through:								
Metro Development & Housing Agency	Emergency Shelter Grants Program	14.231	N/A	-	16,628	16,628	-	-
Metro Development & Housing Agency	Community Development Block Grants/Entitlement Grants	14.218	N/A	-	12,500	12,500	-	-
Total for U.S. Dept. of Housing & Urban Development				-	29,128	29,128	-	-
U.S. Dept. of Justice Passed Through:								
TN Dept. of Finance and Administration	Crime Victim Assistance	16.575	Z07033116 -02	-	2,453	-	2,453	-
TN Dept. of Finance and Administration	ARRA - State Victim Assistance Formula Grant Program	16.801	Z07033116 -03	-	28,440	32,674	-	4,234
TN Commission on Children and Youth	Juvenile Justice and Delinquency Prevention	16.540	Edison #22607	22,340	50,301	27,961	-	-
TN Commission on Children and Youth	Juvenile Justice and Delinquency Prevention	16.540	Edison #22607	-	35,975	56,500	-	20,525
Total for CFDA No. 16.540				22,340	86,276	84,461	-	20,525
Total for U.S. Dept. of Justice				22,340	117,169	117,135	2,453	24,759

**OASIS CENTER, INC. AND AFFILIATE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued from Page 16)**  
**For the Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Receivable at 6/30/2012	Cash Receipts	Expenditures	Other	Receivable at 6/30/2013
<b>FEDERAL AWARDS (Continued)</b>								
U.S. Dept. of Education Passed Through:								
Tennessee Higher Education Commission	College Access Challenge Grant Program	84.378	GR-1134838	78,470	135,072	56,602	-	-
Tennessee Higher Education Commission	College Access Challenge Grant Program	84.378	GR-1134838	-	284,910	345,489	-	60,579
Total for CFDA No. 84.378				78,470	419,982	402,091	-	60,579
Tennessee Higher Education Commission	Race to the Top - ARRA	84.395 A	GR-1134507-01	333,561	516,460	182,899	-	-
Tennessee Higher Education Commission	Race to the Top - ARRA	84.395 A	GR-1134507-01	-	19,881	25,626	-	5,745
Tennessee Higher Education Commission	Race to the Top - ARRA	84.395 A	GR-1134507-01	-	40,334	40,334	-	-
Total for CFDA No. 84.395 A+				333,561	576,675	248,859	-	5,745
Tennessee Alliance for Children and Families	Title I Grants to Local Educational Agencies	84.010	N/A	7,229	15,028	7,799	-	-
Tennessee Alliance for Children and Families	Title I Grants to Local Educational Agencies	84.010	N/A	-	14,708	16,322	-	1,614
Total for CFDA No. 84.010				7,229	29,736	24,121	-	1,614
Total for U.S. Dept. of Education				419,260	1,026,393	675,071	-	67,938
Total Federal Awards				\$ 503,424	\$ 2,312,419	\$ 1,983,218	\$ 2,453	\$ 176,676

+ 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 Awards is prepared on the accrual basis of accounting.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Oasis Center, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and issued our report thereon dated November 21, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Oasis Center, Inc. and Affiliate's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oasis Center, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2013-1 and 2013-2, that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oasis Center, Inc. and Affiliate's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Oasis Center, Inc.'s Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Frasier, Owen + Howard, PLLC*

Nashville, Tennessee  
November 21, 2013



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

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

**Report on Compliance for Each Major Federal Program**

We have audited Oasis Center, Inc. and Affiliate'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. and Affiliate's major federal programs for the year ended June 30, 2013. Oasis Center, Inc. and Affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Oasis Center, Inc. and Affiliate's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oasis Center, Inc. and Affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Oasis Center Inc. and Affiliate's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Oasis Center, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Oasis Center, Inc. and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oasis Center Inc. and Affiliate's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oasis Center Inc. and Affiliate's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Frasier, Dan & Hand, PLLC*

November 21, 2013



**OASIS CENTER, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2013**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Oasis Center, Inc. and Affiliate
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The conditions are not considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of Oasis Center, Inc. and Affiliate, which would be required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Oasis Center, Inc. and Affiliate expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include:

**CFDA Number**

93.959

**Name of Federal Program or Cluster**

Block Grants for Prevention and Treatment of  
Substance Abuse

84.395A

Race to the Top

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Oasis Center, Inc. and Affiliate was determined to be a low-risk auditee.

**OASIS CENTER, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Year Ended June 30, 2013**

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2013-1 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.

**2013-2 Statement of Condition:** The Center’s payables clerk has access to a credit card and pays the credit card account. In addition, the reconciliation process of credit card payments to the outstanding credit card account balance needs improvement. 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 all phases of a transaction and that the credit card payment process be improved.

**Grantee Response:** We concur with the finding and will evaluate ways to improve segregation of duties and the credit card payment procedures.

**OASIS CENTER, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Year Ended June 30, 2013**

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

NONE

**OASIS CENTER, INC. AND AFFILIATE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended June 30, 2013**

NONE



November 21, 2013

U.S. Department of Health and Human Services

Oasis Center, Inc. and Affiliate respectfully submits the following corrective action plan for the year ended June 30, 2013.

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, 2012 – June 30, 2013

The findings from the June 30, 2013 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**

2013-1 Auditor's Recommendation: The Center should evaluate the cost/benefit of engaging resources to interpret GAAP and prepare its audited financial statements.

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

2013-2 Auditor's Recommendation: Duties should be segregated so that no one person has access to all phases of a transaction and that the credit card payment process be improved.

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

#### **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 615-983-6857.

Sincerely,

Kim Reese, V.P. of Operations