

OASIS CENTER, INC.
FINANCIAL STATEMENTS
June 30, 2012 and 2011

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 – 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.
Nashville, Tennessee

We have audited the accompanying statements of financial position of Oasis Center, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, 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 the 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 previously present fairly, in all material respects, the financial position of Oasis Center, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the year 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 November 19, 2012, 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 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 audit.

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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Frasier, Dan & Howard, PLLC

November 19, 2012

OASIS CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and cash equivalents (including \$64,915 and \$66,682 at June 30, 2012 and 2011 restricted for capital campaign)	\$ 299,874	\$ 513,540
Receivable from grantor agencies	503,424	260,620
Unconditional promises to give	347,377	778,495
Other	30,094	39,236
	<u>1,180,769</u>	<u>1,591,891</u>
Total current assets		
Unconditional promises to give, noncurrent, net of discount	35,313	104,095
Land, building and equipment, net	<u>5,436,319</u>	<u>5,648,858</u>
Total assets	<u>\$ 6,652,401</u>	<u>\$ 7,344,844</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 256,132	\$ 117,217
Accrued expenses	69,040	132,616
NYOC payable	101,514	275,496
Current portion of long-term debt	47,496	28,344
	<u>474,182</u>	<u>553,673</u>
Total current liabilities		
NYOC payable, net of current portion	14,125	21,638
Long-term debt, net of current portion	<u>157,504</u>	<u>561,656</u>
Total liabilities	<u>645,811</u>	<u>1,136,967</u>
Net assets:		
Unrestricted	5,652,655	5,510,457
Temporarily restricted	353,935	697,420
	<u>6,006,590</u>	<u>6,207,877</u>
Total net assets		
Total liabilities and net assets	<u>\$ 6,652,401</u>	<u>\$ 7,344,844</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><u>\$ 5,652,655</u></u>	<u><u>\$ 353,935</u></u>	<u><u>\$ 6,006,590</u></u>

See accompanying notes.

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

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

See accompanying notes.

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 EXPENSES
Salaries	\$ 902,076	\$ 495,584	\$ 158,436	\$ 227,041	\$ 580,540	\$ 2,363,677	\$ 232,968	\$ 170,348	\$ 403,316
Fringe benefits	145,364	93,937	32,114	33,326	122,442	427,183	75,343	34,416	109,759
Professional fees	43,405	23,733	2,359	2,564	63,925	135,986	119,159	47,362	166,521
Depreciation	91,169	59,318	41,165	22,582	10,457	224,691	28,766	20,880	49,646
Grants and subcontracts	10	43,900	-	-	220,052	263,962	-	-	-
Supplies	57,684	28,561	17,641	2,594	11,394	117,874	-	13,359	13,359
Special events	-	-	19,184	-	-	19,184	-	91,114	91,114
Conferences and meetings	2,340	384	16,448	315	87,300	106,787	1,626	273	1,899
Utilities	45,530	18,840	4,033	7,250	8,170	83,823	9,668	6,291	15,959
Specific assistance	43,323	14,682	23,064	2,245	1,025	84,339	3,413	4,019	7,432
Communications	22,540	14,294	6,422	4,577	19,051	66,884	8,662	14,118	22,780
Travel	7,305	36,054	8,490	1,870	8,679	62,398	719	351	1,070
Maintenance	28,781	9,329	953	1,553	2,256	42,872	1,770	1,365	3,135
Miscellaneous	1,516	1,533	132	801	5,459	9,441	28,501	4,261	32,762
Equipment	10,015	7,028	4,549	3,837	1,401	26,830	1,644	1,675	3,319
Insurance	9,658	9,342	629	1,249	1,827	22,705	4,159	826	4,985
Interest and fees	853	-	-	-	-	853	18,726	-	18,726
	\$ 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.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

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

See accompanying notes.

OASIS CENTER, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (201,287)	\$ 68,153
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	274,337	279,345
Contributions restricted for long-term purposes	-	(55)
Gain on sale of land, building and equipment	-	(277,119)
Donated vehicle	(29,425)	-
Change in operating assets and liabilities:		
Unconditional promises to give	(16,008)	25,390
Receivable from grantor agencies	(242,804)	9,299
Other assets	9,142	10,069
Accounts payable	157,315	(70,456)
Accrued expenses	(63,576)	(15,075)
Net cash (used in) provided by operating activities	<u>(112,306)</u>	<u>29,551</u>
Cash flows from investing activities:		
Proceeds from sale of land, building and equipment	-	365,000
Purchase of land, building and equipment	(50,773)	(144,534)
Net cash (used in) provided by investing activities	<u>(50,773)</u>	<u>220,466</u>
Cash flows from financing activities:		
Payments on long-term debt	(385,000)	(340,000)
Net payments for NYOC payable	(181,495)	(37,157)
Contributions restricted for investment in land, building and equipment	515,908	140,652
Net cash used in financing activities	<u>(50,587)</u>	<u>(236,505)</u>
Net (decrease) increase in cash and cash equivalents	(213,666)	13,512
Cash and cash equivalents, beginning of year	513,540	500,028
Cash and cash equivalents, end of year	<u>\$ 299,874</u>	<u>\$ 513,540</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 19,579</u>	<u>\$ 41,149</u>
Supplemental schedule of non-cash financing and investing activities:		
Accounts payable for purchase of fixed assets:	<u>\$ -</u>	<u>\$ 18,400</u>
Donated vehicle	<u>\$ 29,425</u>	<u>\$ -</u>

See accompanying notes.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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 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 that 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.

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, 2012 and 2011

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.

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, 2012 and 2011. As a result, no allowance for uncollectible accounts has been provided.

Land, Building and Equipment

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

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

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

Donated Goods and Services

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

Estimates

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

Income Taxes

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

The Center follows Financial Accounting Standards Board Accounting Standards Codification 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, 2009 through June 30, 2012.

Subsequent Events

The Center evaluated subsequent events through November 19, 2012, when these financial statements were available to be issued. The Center is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

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

	<u>2012</u>	<u>2011</u>
Capital campaign contributions, net	\$ 322,014	\$ 837,922
Foundation, corporate, and other	<u>60,676</u>	<u>44,668</u>
	<u>\$ 382,690</u>	<u>\$ 882,590</u>

Unconditional promises to give are collectible over the following periods:

	<u>2012</u>	<u>2011</u>
Less than one year	\$ 347,377	\$ 778,495
One to five years	40,000	112,000
Over five years	<u>-</u>	<u>-</u>
	387,377	890,495
Less discount to net present value	<u>(4,687)</u>	<u>(7,905)</u>
	<u>\$ 382,690</u>	<u>\$ 882,590</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.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 3 – LAND, BUILDING AND EQUIPMENT

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

	<u>2012</u>	<u>2011</u>
Land	\$ 290,000	\$ 290,000
Building, improvements and leaseholds	5,849,870	5,849,870
Equipment	555,638	539,365
Vehicles	165,947	120,422
Artwork	<u>18,500</u>	<u>18,500</u>
	6,879,955	6,818,157
Less: accumulated depreciation	<u>(1,443,636)</u>	<u>(1,169,299)</u>
	<u>\$ 5,436,319</u>	<u>\$ 5,648,858</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 \$85,354 and \$82,042 at June 30, 2012 and 2011, respectively.

NOTE 5 – LONG-TERM DEBT

Long-term debt is as follows at June 30:

	<u>2012</u>	<u>2011</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, 2012 is being amortized over a fifteen year term, maturing February 2026. The note is secured by land and building.	<u>\$ 205,000</u>	<u>\$ 590,000</u>
Total long-term debt	205,000	590,000
Less current portion	<u>47,496</u>	<u>28,344</u>
Long-term portion of notes payable	<u>\$ 157,504</u>	<u>\$ 561,656</u>

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

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.

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

Year Ending June 30,	
2013	\$ 47,496
2014	49,852
2015	52,324
2016	54,919
2017	<u>409</u>
	<u>\$ 205,000</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, 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>2012</u>	<u>2011</u>
Capital campaign contributions, net of NYOC payable	\$ 271,290	\$ 607,470
Contributions to be received in future periods	22,490	21,390
Contributions received for future periods	<u>60,155</u>	<u>68,560</u>
	<u>\$ 353,935</u>	<u>\$ 697,420</u>

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

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.

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 \$18,907 and \$0 for the years ended June 30, 2012 and 2011, 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 different youth organizations that serve young people facing challenges throughout Middle Tennessee through a continuum of programs offered by the youth organizations. At June 30, 2012 and 2011, the Center has \$322,014 and \$837,922, respectively, in capital campaign pledges receivable designated for NYOC. At June 30, 2012, 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, 2012 and 2011, the Center had recorded a payable related to contributions received on behalf of NYOC for STARS of \$115,639 and \$297,134, respectively, related to contributions solicited and recorded related to the joint capital campaign. This amount represents forty percent of joint contributions received. During 2012 and 2011, \$186,299 and \$44,587, respectively, was transferred to STARS in cash for payment of joint building expenditures.

SUPPLEMENTARY DATA

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor	CFDA Number	Program Name	Contract Number	Receiveable at 6/30/2011	Cash Receipts	Expenditures	Other	Receiveable at 6/30/2012
FEDERAL AWARDS								
U.S. Dept. of Health and Human Services	93.623	Basic Center Grant	90-CY2534/01	\$ -	\$ 46,671	\$ 46,671	\$ -	\$ -
U.S. Dept. of Health and Human Services	93.623	Basic Center Grant	90-CY2534/02	-	145,000	145,000	-	-
Total for CFDA No. 93.623				-	191,671	191,671	-	-
U.S. Dept. of Health and Human Services	93.557	Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	90-YO0086/01	-	40,007	40,007	-	-
U.S. Dept. of Health and Human Services	93.557	Education and Prevention Grants to Reduce Sexual Abuse of Runaway Homeless and Street Youth	90-YO0086/02	-	55,823	55,823	-	-
Total for CFDA No. 93.557				-	95,830	95,830	-	-
U.S. Dept. of Health and Human Services	93.550	Transitional Living for Homeless Youth	G-04CX0651/04	-	96,663	96,663	-	-
U.S. Dept. of Health and Human Services	93.550	Transitional Living for Homeless Youth	G-04CX0651/05	-	95,008	95,008	-	-
Total for CFDA No. 93.550				-	191,671	191,671	-	-
U.S. Dept. of Health and Human Services Passed Through: Meharry Medical College	93.136	Injury Prevention and Control Research and State and Community Based Programs	060329PDJ047S1/02	4,861	-	-	(4,861)	-
Meharry Medical College	93.136	Injury Prevention and Control Research and State and Community Based Programs	5U49CE00109105	19,647	29,452	9,805	-	-
Total for CFDA No. 93.136				24,508	29,452	9,805	(4,861)	-
TN Dept. of Mental Health and Developmental Disabilities	93.959	Block Grants for Prevention and Treatment of Substance Abuse	GR-1132581	65,609	65,609	-	-	-
TN Dept. of Mental Health and Developmental Disabilities	93.959	Block Grants for Prevention and Treatment of Substance Abuse	GR-1235813	-	286,345	316,454	-	30,109
Total for CFDA No. 93.959				65,609	351,954	316,454	-	30,109
Tennessee State University	93.910	Family and Community Violence Prevention Program	332-77-10-916	34,633	95,717	61,084	-	-
Tennessee State University	93.910	Family and Community Violence Prevention Program	332-77-10-913	-	32,839	42,193	-	9,354
Total for CFDA No. 93.910				34,633	128,556	103,277	-	9,354
DCS, University of Tennessee	93.092	Affordable Care Act Personal Responsibility Education Program	8500024935	-	193,212	215,573	-	22,361
Total for U.S. Dept. of Health and Human Services				124,750	1,182,346	1,124,281	(4,861)	61,824
U.S. Dept. of Housing & Urban Development Passed Through: Metro Development & Housing Agency	14.231	Emergency Shelter Grants Program	N/A	-	16,200	16,200	-	-
Metro Development & Housing Agency	14.218	Community Development Block Grants/Entitlement Grants	N/A	-	12,500	12,500	-	-
Metro Development & Housing Agency	14.262	ARRA - Homeless Prevention and Rapid Re-Housing Program Technical Assistance	N/A	13,269	70,368	57,099	-	-
Total for U.S. Dept. of Housing & Urban Development				13,269	99,068	85,799	-	-

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued from Page 16)
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Receivable at 6/30/2011	Cash Receipts	Expenditures	Other	Receivable at 6/30/2012
FEDERAL AWARDS (Continued)								
U.S. Dept. of Justice Passed Through:								
TN Dept. of Finance and Administration	Crime Victim Assistance	16.575	Z07033116-02	-	32,675	32,675	-	-
TN Dept. of Finance and Administration	ARRA - State Victim Assistance Formula Grant Program	16.801	Edison #3904	2,454	2,454	-	-	-
TN Commission on Children and Youth	Juvenile Justice and Delinquency Prevention	16.540	N/A	24,041	78,273	54,232	-	-
TN Commission on Children and Youth	Juvenile Justice and Delinquency Prevention	16.540	Edison #22607	-	49,086	71,426	-	22,340
Total for CFDA No. 16.540				24,041	127,359	125,658	-	22,340
Total for U.S. Dept. of Justice				26,495	162,488	158,333	-	22,340
U.S. Dept. of Education Passed Through:								
Tennessee Higher Education Commission	College Access Challenge Grant Program	84.378 +	GR-1134838	31,874	434,802	481,398	-	78,470
Tennessee Higher Education Commission	Race to the Top - ARRA	84.395 A+	GR-1134507-01	-	227,616	561,177	-	333,561
Tennessee Alliance for Children and Families	Title I Grants to Local Educational Agencies	84.010	N/A	6,394	20,621	22,418	(962)	7,229
Total for U.S. Dept. of Education				38,268	683,039	1,064,993	(962)	419,260
U.S. Dept. of Commerce passed through:								
One Economy Corporation	ARRA - Broadband Technology Opportunities Program	11.557	B10516-10-MS-0111	13,000	11,000	-	(2,000)	-
Total for U.S. Dept. of Commerce				13,000	11,000	-	(2,000)	-
Federal Emergency Management Agency	Disaster Assistance Program	97.024	29-7652-00-016	-	2,482	2,482	-	-
Total Federal Awards				215,782	2,140,423	2,435,888	(7,823)	503,424
STATE AWARDS								
TN Higher Education Commission	Lumina How2Go Grant	N/A	GR-1132926	-	34,600	34,600	-	-
TN Higher Education Commission	Lumina How2Go Grant	N/A	GR-1236969	-	10,000	10,000	-	-
TN Higher Education Commission	National Council for Community and Education Partnerships	N/A	GR-1236968	-	18,482	18,482	-	-
Total State Awards				-	63,082	63,082	-	-
Total Federal and State Awards				\$ 215,782	\$ 2,203,505	\$ 2,498,970	\$ (7,823)	\$ 503,424
+ Indicates a major program								

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE 1 - BASIS OF ACCOUNTING

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



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

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

We have audited the financial statements of Oasis Center, Inc. (the "Center") (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 19, 2012. 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

Management of Oasis Center, Inc. is responsible for establishing and maintaining effective 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 Organization'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 was not designed to 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 previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2012-1 and 2012-2, that we consider to be significant deficiencies in internal control over

financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of Oasis Center, Inc. in a separate letter dated November 19, 2012.

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

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

Fraser, Dean & Harsh, PLLC

November 19, 2012



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

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

Compliance

We have audited Oasis Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Oasis Center, Inc.'s major federal programs for the year ended June 30, 2012. 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, 2012.

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 the 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Frazier, Den & Hard, PLLC

November 19, 2012

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

SUMMARY OF AUDITOR'S RESULTS

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

CFDA Number

84.378

Name of Federal Program or Cluster

College Access Challenge Grant Program

84.395A

Race to the Top

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

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2012

FINDINGS – FINANCIAL STATEMENTS AUDIT

2012-1 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 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.

2012-2 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. In addition, the Center’s payables clerk writes checks, has access to the electronic signature, and mails checks. The result is the danger that intentional or unintentional errors could be made and not detected.

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

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

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

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2012

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

NONE

OASIS CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012

NONE

CORRECTIVE ACTION PLAN

November 19, 2012

U.S. Department of Health and Human Services

Oasis Center, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2012.

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, 2011 – June 30, 2012

The findings from the June 30, 2012 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

2012-1 Auditor's Recommendation: The Center should evaluate the cost/benefit of engaging resources in house to interpret GAAP and prepare its audited financial statements.

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

2012-2 Auditor's Recommendation: Duties should be segregated so that no one person has access to both physical assets and the related accounting records or to all phases of a transaction.

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

FINDINGS – FEDERAL AWARD PROGRAMS AUDITS

NONE

If the U.S. Department of Health and Human Services has questions regarding this plan, please call Kim Reese, V.P. of Operations, at 615-983-6857.

Sincerely,



Kim Reese, V.P. of Operations