

**OASIS CENTER, INC.**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY DATA**

**June 30, 2005 and 2004**

# OASIS CENTER, INC.

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Oasis Center, Inc.

We have audited the accompanying statements of financial position of Oasis Center, Inc. (a nonprofit organization) as of June 30, 2005 and 2004, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oasis Center, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2005, on our consideration of Oasis Center Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Oasis Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Frasier, Dean & Howard, PLLC

September 28, 2005

**OASIS CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 196,489	\$ 256,147
Receivable from grantor agencies	80,197	71,425
Unconditional promises to give, net	127,213	26,714
Other	<u>25,038</u>	<u>49,309</u>
Total current assets	428,937	403,595
Land, building and equipment, net	<u>1,221,966</u>	<u>1,273,485</u>
Total assets	<u><u>\$1,650,903</u></u>	<u><u>\$1,677,080</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 77,190	\$ 51,425
Accrued expenses	83,708	59,212
Current portion of long-term debt	<u>19,774</u>	<u>18,653</u>
Total current liabilities	180,672	129,290
Long-term debt, less current portion	<u>336,944</u>	<u>356,718</u>
Total liabilities	<u>517,616</u>	<u>486,008</u>
Net assets:		
Unrestricted	1,006,074	1,164,358
Temporarily restricted	<u>127,213</u>	<u>26,714</u>
Total net assets	<u>1,133,287</u> ✓	<u>1,191,072</u>
Total liabilities and net assets	<u><u>\$1,650,903</u></u>	<u><u>\$1,677,080</u></u>

See accompanying notes.

**OASIS CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Federal and state grants	\$ 1,015,207	\$ -	\$ 1,015,207
United Way	432,022	31,427	463,449
Other grants	435,152	95,786	530,938
Contributions	363,266	-	363,266
In-kind contributions	15,064	-	15,064
Program fees	21,477	-	21,477
Other	5,387	-	5,387
Investment income	2,117	-	2,117
Net assets released from restrictions	26,714	(26,714)	-
	<u>2,316,406</u>	<u>100,499</u>	<u>2,416,905</u> ✓
Expenses:			
Program services:			
Residential and crisis services	1,053,202	-	1,053,202
Counseling services	533,336	-	533,336
Youth leadership development services	339,264	-	339,264
	<u>1,925,802</u>	<u>-</u>	<u>1,925,802</u>
Support services:			
Management and general	381,358	-	381,358
Fundraising	167,530	-	167,530
	<u>548,888</u>	<u>-</u>	<u>548,888</u>
Total expenses	<u>2,474,690</u>	<u>-</u>	<u>2,474,690</u> ✓
Change in net assets	(158,284)	100,499	(57,785)
Net assets, beginning of year	<u>1,164,358</u>	<u>26,714</u>	<u>1,191,072</u>
Net assets, end of year	<u>\$ 1,006,074</u>	<u>\$ 127,213</u>	<u>\$ 1,133,287</u>

See accompanying notes.

**OASIS CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Federal and state grants	\$ 780,656	\$ -	\$ 780,656
United Way	464,135	18,214	482,349
Other grants	469,921	-	469,921
Contributions	288,196	8,500	296,696
Other	37,501	-	37,501
Program fees	33,766	-	33,766
In-kind contributions	15,278	-	15,278
Investment income	1,032	-	1,032
Net assets released from restrictions	84,917	(84,917)	-
	<u>2,175,402</u>	<u>(58,203)</u>	<u>2,117,199</u>
Expenses:			
Program services:			
Residential and crisis services	899,483	-	899,483
Counseling services	484,089	-	484,089
Youth leadership development services	304,456	-	304,456
	<u>1,688,028</u>	<u>-</u>	<u>1,688,028</u>
Support services:			
Management and general	405,891	-	405,891
Fundraising	93,380	-	93,380
	<u>499,271</u>	<u>-</u>	<u>499,271</u>
Total expenses	<u>2,187,299</u>	<u>-</u>	<u>2,187,299</u>
Change in net assets	(11,897)	(58,203)	(70,100)
Net assets, beginning of year	<u>1,176,255</u>	<u>84,917</u>	<u>1,261,172</u>
Net assets, end of year	<u><u>\$ 1,164,358</u></u>	<u><u>\$ 26,714</u></u>	<u><u>\$ 1,191,072</u></u>

See accompanying notes.

**OASIS CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2005**

	Program Services				Support Services			
	Residential and Crisis Services	Counseling Services	Youth Leadership Development Services	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	Total Expenses
Salaries	\$ 703,961	\$ 281,577	\$ 180,507	\$ 1,166,045	\$ 241,220	\$ 52,904	\$ 294,124	\$ 1,460,169
Fringe benefits	119,763	48,469	34,224	202,456	47,041	7,006	54,047	256,503
Grants and subcontracts	-	86,619	38,366	124,985	-	-	-	124,985
Depreciation	49,893	18,840	10,756	79,489	6,277	2,294	8,571	88,060
Supplies	45,103	11,637	16,136	72,876	5,637	1,737	7,374	80,250
Special events	-	-	-	-	-	76,492	76,492	76,492
Professional fees	5,574	34,507	13,652	53,733	16,341	625	16,966	70,699
Equipment	27,806	11,805	5,750	45,361	8,742	3,196	11,938	57,299
Communications	25,382	6,348	9,754	41,484	3,649	10,661	14,310	55,794
Maintenance	25,197	10,095	2,402	37,694	2,864	1,153	4,017	41,711
Utilities	18,174	9,463	2,006	29,643	2,644	1,051	3,695	33,338
Insurance	11,400	5,992	2,375	19,767	4,305	617	4,922	24,689
Interest	-	-	-	-	21,528	-	21,528	21,528
Miscellaneous	2,929	1,250	1,163	5,342	9,842	3,012	12,854	18,196
Travel	4,894	2,334	8,618	15,846	784	979	1,763	17,609
Specific assistance	4,478	35	10,939	15,452	1,633	-	1,633	17,085
In-kind contributions	7,839	575	1,750	10,164	4,900	-	4,900	15,064
Training	809	3,790	866	5,465	3,951	1,803	5,754	11,219
Bad debt expense	-	-	-	-	-	4,000	4,000	4,000
	<u>\$ 1,053,202</u>	<u>\$ 533,336</u>	<u>\$ 339,264</u>	<u>\$ 1,925,802</u>	<u>\$ 381,358</u>	<u>\$ 167,530</u>	<u>\$ 548,888</u>	<u>\$ 2,474,690</u>

See accompanying notes.



**OASIS CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2004**

	Program Services				Support Services			
	Residential and Crisis Services	Counseling Services	Youth Leadership Development Services	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	Total Expenses
Salaries	\$ 596,036	\$ 257,446	\$ 133,019	\$ 986,501	\$ 233,336	\$ 34,402	\$ 267,738	\$ 1,254,239
Payroll taxes and benefits	103,689	42,838	23,656	170,183	47,443	3,454	50,897	221,080
Grants and subcontracts	-	81,971	61,030	143,001	24,350	-	24,350	167,351
Depreciation expense	53,397	22,213	14,562	90,172	2,597	2,077	4,674	94,846
Communications	24,036	6,757	12,258	43,051	6,451	19,769	26,220	69,271
Professional fees	2,952	29,022	3,788	35,762	21,299	8,305	29,604	65,366
Supplies	32,354	4,600	19,361	56,315	4,896	2,245	7,141	63,456
Equipment	20,451	7,464	6,963	34,878	7,614	4,921	12,535	47,413
Utilities	15,976	9,547	1,969	27,492	2,879	758	3,637	31,129
Maintenance	17,165	7,298	1,668	26,131	2,253	579	2,832	28,963
Insurance	11,484	5,178	2,545	19,207	4,305	491	4,796	24,003
Travel	3,320	6,669	11,848	21,837	1,782	61	1,843	23,680
Interest	-	-	-	-	22,665	-	22,665	22,665
In-kind contributions	9,570	1,208	2,719	13,497	1,241	540	1,781	15,278
Special events	-	-	305	305	-	14,753	14,753	15,058
Specific assistance	4,545	53	7,431	12,029	2,365	-	2,365	14,394
Bad debt	-	-	-	-	12,610	-	12,610	12,610
Other	3,143	1,402	765	5,310	5,314	979	6,293	11,603
Training	1,365	423	569	2,357	2,491	46	2,537	4,894
	<u>\$ 899,483</u>	<u>\$ 484,089</u>	<u>\$ 304,456</u>	<u>\$ 1,688,028</u>	<u>\$ 405,891</u>	<u>\$ 93,380</u>	<u>\$ 499,271</u>	<u>\$ 2,187,299</u>

See accompanying notes.

**OASIS CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Change in net assets	\$ (57,785)	\$ (70,100)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	88,060	94,846
Increase in receivable from grantor agencies	(8,772)	(10,882)
(Increase) decrease in unconditional promises to give	(100,499)	51,703
Decrease (increase) in other assets	24,271	(22,707)
Increase in accounts payable	25,765	32,670
Decrease in accrued expenses	24,496	(2,443)
Net cash (used in) provided by operating activities	<u>(4,464)</u>	<u>73,087</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(36,541)</u>	<u>(35,179)</u>
Net cash used in investing activities	<u>(36,541)</u>	<u>(35,179)</u>
Cash flows from financing activities:		
Payments on long-term debt	<u>(18,653)</u>	<u>(17,595)</u>
Net cash used in financing activities	<u>(18,653)</u>	<u>(17,595)</u>
Net (decrease) increase in cash and cash equivalents	(59,658)	20,313
Cash and cash equivalents, beginning of year	<u>256,147</u>	<u>235,834</u>
Cash and cash equivalents, end of year	<u>\$ 196,489</u>	<u>\$ 256,147</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 21,528</u>	<u>\$ 22,665</u>

See accompanying notes.

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005 and 2004**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**General**

Oasis Center, Inc. (the “Center”) is a nonprofit organization that provides comprehensive youth services, including an emergency shelter, counseling, independent living, employment training, and other educational opportunities for teens in Middle Tennessee. The Center is funded by government grants, United Way, private donations, and fees for service.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements for Not-for-Profit Organizations*. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

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

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005 and 2004**

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

**Unconditional Promises to Give (Continued)**

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, 2005 and 2004. As a result, no allowance for uncollectible accounts has been provided.

**Donated Goods and Services**

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

**Income Taxes**

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

**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.

**NOTE 2 – LAND, BUILDING AND EQUIPMENT**

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

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005 and 2004**

**NOTE 2 – LAND, BUILDING AND EQUIPMENT (Continued)**

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

	<u>2005</u>	<u>2004</u>
Land	\$ 249,412	\$ 249,412
Building, improvements and leaseholds	1,546,619	1,543,419
Equipment	339,820	306,477
Vehicles	57,716	57,716
Artwork	<u>18,500</u>	<u>18,500</u>
	2,212,067	2,175,524
Less: Accumulated depreciation	<u>(990,101)</u>	<u>(902,039)</u>
	<u>\$ 1,221,966</u>	<u>\$ 1,273,485</u>

**NOTE 3 – LINE OF CREDIT**

The Center has available a \$100,000 revolving line of credit with a commercial bank. The agreement provides for interest to accrue at the bank's index rate. The note has a maturity date of October 18, 2007. No borrowings were outstanding under the agreement at June 30, 2005 and 2004.

**NOTE 4 – LONG-TERM DEBT**

Long-term debt is as follows:

	<u>2005</u>	<u>2004</u>
Mortgage note payable to bank in monthly principal and interest installments of \$3,343, secured by land and building, interest at 5.85% maturing January 2010. The mortgage note contains various restrictive covenants including minimum cash flow coverage, tangible net worth and working capital ratios. The Center was not in compliance with certain debt covenants at June 30, 2005 and 2004, but has received a waiver from the lender as of June 30, 2005 and 2004. As a result scheduled principal payments subsequent to June 30, 2005, are classified as long term in the accompanying statement of financial position.	\$ 356,718	\$ 375,371
Less amount shown as current	<u>(19,774)</u>	<u>(18,653)</u>
Long-term portion of note payable	<u>\$ 336,944</u>	<u>\$ 356,718</u>

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005 and 2004**

**NOTE 4 – LONG-TERM DEBT (Continued)**

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

<u>Year Ending June 30,</u>	
2006	\$ 19,774
2007	20,962
2008	22,222
2009	23,557
2010	24,973
Thereafter	<u>245,230</u>
	<u>\$ 356,718</u>

**NOTE 5 – EMPLOYEE BENEFIT PLAN**

The Center has a 401(k) retirement plan for administrative employees who have reached age 21 and have been employed for six months. The plan provides for discretionary employer matching contributions. Contributions to the plan amounted to \$8,431 and \$10,394 for the years ended June 30, 2005 and 2004, respectively.

**NOTE 6 – ACCRUED EXPENSES**

Employees of the Center are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, but not for accumulated sick leave. Accordingly, vacation pay is accrued and recognized as an expense in the period earned by employees. Accrued vacation pay included in accrued expenses was \$46,926 and \$42,268 at June 30, 2005 and 2004, respectively.

**NOTE 7 – IN-KIND CONTRIBUTIONS**

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

	<u>2005</u>	<u>2004</u>
Donated services	\$ 2,500	\$ 7,090
Interior design contributions	10,409	5,393
Other	1,295	1,510
Pulse day contributions	200	725
Concert and hockey tickets	<u>660</u>	<u>560</u>
	<u>\$ 15,064</u>	<u>\$ 15,278</u>

**OASIS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005 and 2004**

**NOTE 8 – UNCONDITIONAL PROMISES TO GIVE**

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

	<u>2005</u>	<u>2004</u>
Receivable from United Way	\$ 31,427	\$ 18,214
Foundation, corporate and other	<u>95,786</u>	<u>8,500</u>
	<u>\$ 127,213</u>	<u>\$ 26,714</u>

Although donor designations to the United Way may vary, differences between the amounts allocated and collected have historically been insignificant. Accordingly, no provision has been made for this difference. The entire receivable amount is considered collectible.

**NOTE 9 – RESTRICTIONS ON NET ASSETS**

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

	<u>2005</u>	<u>2004</u>
United Way funding for subsequent periods	\$ 31,427	\$ 18,214
Contributions received for future periods	<u>95,786</u>	<u>8,500</u>
	<u>\$ 127,213</u>	<u>\$ 26,714</u>

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

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

**NOTE 11 – SUBSEQUENT EVENT**

Effective July 1, 2005, the Center completed a merger with Community Impact! Nashville ("Community"). Community is a neighborhood based community development nonprofit organization in Nashville, Tennessee. As a result, the Center will assume all assets and liabilities of Community with Oasis being the surviving Corporation. At June 30, 2005 Community had assets and liabilities of approximately \$94,520 and \$30,408, respectively (unaudited). For the year ended June 30, 2005, Community had revenues and expenses of approximately \$195,546 and \$303,346, respectively (unaudited). The transaction will be accounted for under the pooling of interests method.

## **SUPPLEMENTARY DATA**



**OASIS CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the year ended June 30, 2005

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR</b>	<b>CFDA No.</b>	<b>Pass through Grantor's Number</b>	<b>Balance Receivable June 30, 2004</b>	<b>Cash Receipts</b>	<b>Expenditures</b>	<b>Balance Receivable June 30, 2005</b>
<b><u>FEDERAL AWARDS</u></b>						
<b><u>U. S. Department of Health &amp; Human Services</u></b>						
Runaway and Homeless Youth Program Basic Shelter	93.623	G-04CY0695/03	\$ -	\$ 33,334	\$ 33,334	\$ -
Runaway and Homeless Youth Program Basic Shelter	93.623	G-04CY0758/01	-	166,663	166,663	-
Total CFDA Program 93.623			-	199,997	199,997	-
Runaway and Homeless Youth Program Street Outreach	93.557	G-04YO 0647/01	-	100,000	100,000	-
Total CFDA Program 93.557			-	100,000	100,000	-
Transitional Living Program for Runaway and Homeless Youth	93.550	G-04CX0629/02	-	66,664	66,664	-
Transitional Living Program for Runaway and Homeless Youth	93.550	G-04CX0629/03	-	133,329	133,329	-
Total CFDA Program 93.550			-	199,993	199,993	-
Passed through the Department of Health, State of TN						
Alcohol and Drug Prevention Block Program	93.959	GR-04-15677-01	52,545	52,545	-	-
Alcohol and Drug Prevention Block Program	93.959	GR-05-16571-01	-	207,020	247,800	40,780
Total CFDA Program 93.959*+			52,545	259,565	247,800	40,780
Total U.S. Department of Health & Human Services			52,545	759,555	747,790	40,780
<b><u>Federal Emergency Management Agency</u></b>						
Disaster Assistance Program	83.523	23-7652-00	-	6,260	6,260	-
Total Federal Emergency Management Agency			-	6,260	6,260	-
<b><u>U.S. Department of Agriculture</u></b>						
Passed through Tennessee Department of Agriculture						
National School Lunch Program	10.555	4703759753	720	720	-	-
National School Lunch Program	10.555	4703759753	-	3,461	4,014	553
Total CFDA Program 10.555*			720	4,181	4,014	553
National School Breakfast	10.553	4703759753	445	445	-	-
National School Breakfast	10.553	4703759753	-	2,227	2,573	346
Total CFDA Program 10.553			445	2,672	2,573	346
Total U.S. Department of Agriculture			1,165	6,853	6,587	899

**OASIS CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**  
**For the year ended June 30, 2005**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR</b>	<b>CFDA No.</b>	<b>Pass through Grantor's Number</b>	<b>Balance Receivable June 30, 2004</b>	<b>Cash Receipts</b>	<b>Expenditures</b>	<b>Balance Receivable June 30, 2005</b>
<b><u>FEDERAL AWARDS (Continued)</u></b>						
<b><u>U.S. Department of Housing &amp; Urban Development (HUD)</u></b>						
Passed through Metro Development & Housing Agency						
MDHA - Emergency Shelter Program	14.231	N/A	2,443	2,472	29	-
MDHA - Emergency Shelter Program	14.231	N/A	-	16,447	16,447	-
MDHA - Emergency Shelter Program	14.231	N/A	-	121	1,321	1,200
MDHA - HUD Supportive Housing Program	14.235	N/A	3,600	22,330	18,947	217
Total U.S. Dept. of Housing & Urban Development*			6,043	41,370	36,744	1,417
<b><u>U.S. Department of Justice</u></b>						
Passed through TN Dept. of Finance and Administration						
Victims of Crime Act (VOCA)	16.575	Z00099321-02	-	39,777	42,300	2,523
Total U.S. Department of Justice			-	39,777	42,300	2,523
<b><u>Commission on National Community Service</u></b>						
Passed through TN Dept. of Finance and Administration						
Americorps	16.575	Z05022871-01	-	71,974	82,984	11,010
Total Commission on National Community Service			-	71,974	82,984	11,010
<b><u>STATE AND LOCAL AWARDS</u></b>						
<b><u>State of Tennessee</u></b>						
Administrative Office of the Courts	N/A	N/A	-	27,663	31,231	3,568
Total Administrative Office of the Courts			-	27,663	31,231	3,568
<b><u>Metropolitan Government of Nashville and Davidson County</u></b>						
Family Weekend			11,272	52,133	40,861	-
ADSEP			400	850	450	-
Metro Parks & Recreation			-	-	20,000	20,000
Total Metropolitan Government of Nashville and Davidson County			11,672	52,983	61,311	20,000
Total of Federal and State Awards			\$ 71,425	\$ 1,006,435	\$ 1,015,207	\$ 80,197

+ Indicates major program

# Represents states portion of grant

\* Cash grant represents pass-through federal funds



F R A S I E R , D E A N & H O W A R D , P L L C

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Oasis Center, Inc.

We have audited the financial statements of Oasis Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated September 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Oasis Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**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.

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

*Frasier, Dean & Howard, PLLC*

September 28, 2005



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors  
Oasis Center, Inc.

**Compliance**

We have audited the compliance of Oasis Center, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2005-1.

**Internal Control Over Compliance**

The management of Oasis Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Fraser, Dean & Howard, PLLC*

September 28, 2005

**OASIS CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended June 30, 2005**

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes    X No
- Reportable condition(s) identified that are considered to be material weakness(es)? \_\_\_ Yes    X None reported

Noncompliance material to financial statements noted? \_\_\_ Yes    X No

**Federal Awards:**

Internal control over major programs

- Material weakness(es) identified? \_\_\_ Yes    X No
- Reportable condition(s) identified that are considered to be material weakness(es)? \_\_\_ Yes    X None reported

Type of auditor’s report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? X Yes    \_\_\_ No

Identification of major programs:

**CFDA Number**  
93.959

**Name of Federal Program**  
Alcohol and Drug Prevention Block Program

Dollar threshold used to distinguish between Type A and type B programs \$300,000

Auditee qualified as low-risk auditee? X Yes    \_\_\_ No

**Section II – Financial Statement Findings**

A.    None

OASIS CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year ended June 30, 2005

Section III – Federal Award Findings and Questioned Costs

Department of Health and Human Services Block Grants for Prevention and Treatment of  
Substance Abuse – CFDA No. 93.959

	<u>Questioned Costs</u>
2005-1 <u><b>Statement of Condition:</b></u> Individual line items in the program budget should be revised if over the threshold amount set by the Federal Government.	\$ 3,267

**Criteria:** Salaries, benefits and travel/conference and meetings should always be revised no matter what the increase(decrease) is from budget. Professional fees, capital purchases, indirect/admin costs or other line items should be revised when the increase(decrease) from budget is greater than \$1,000.

**Effect of Condition:** Costs could be disallowed

**Cause of Condition:** We found that the salaries, benefits, and equipment rental line items were over the budget and there was no budget revision.

**Auditor's Recommendation:** We recommend that a budget revision should be obtained in writing to document any changes from original budget.

**Grantee Response:** We agree with the finding. We will attempt to obtain approval in writing for revisions to program budgets.



**OASIS CENTER, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year ended June 30, 2004**

None