

OASIS CENTER, INC.
FINANCIAL STATEMENTS
June 30, 2016

OASIS CENTER, INC.
TABLE OF CONTENTS

Independent Auditor’s Report.....	1 – 2
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7 – 13
Supplementary Data:	
Schedule of Expenditures of Federal Awards	14 – 15
Notes to Schedule of Expenditures of Federal Awards.....	16
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>	17 – 18
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	19 – 20
Schedule of Findings and Questioned Costs	21 – 23
Summary Schedule of Prior Audit Findings	24
Corrective Action Plan	25



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Oasis Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 audit. 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of Oasis Center, Inc. as of June 30, 2016, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 12, 2016, 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* in considering Oasis Center, Inc.'s internal control over financial reporting and compliance.

Fraser, Dean & Howard, PLLC

Nashville, Tennessee
December 12, 2016

OASIS CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2016

Assets

Current assets:

Cash and cash equivalents (including \$29,186 at June 30, 2016 restricted for capital campaign)	\$ 293,215
Receivable from grantor agencies	369,882
Other receivables	103,788
Unconditional promises to give, net	44,634
Other assets	<u>16,307</u>

Total current assets	827,826
----------------------	---------

Investments	1,999,512
Land, building and equipment, net	<u>4,498,668</u>

Total assets	<u><u>\$ 7,326,006</u></u>
--------------	----------------------------

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 151,857
Accrued expenses	<u>120,141</u>

Total current liabilities	<u>271,998</u>
---------------------------	----------------

Net assets:

Unrestricted	6,988,143
Temporarily restricted	<u>65,865</u>

Total net assets	<u>7,054,008</u>
------------------	------------------

Total liabilities and net assets	<u><u>\$ 7,326,006</u></u>
----------------------------------	----------------------------

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Government grants	\$ 1,990,293	\$ -	\$ 1,990,293
Contributions	1,265,866	24,967	1,290,833
Other grants	491,327	-	491,327
United Way	407,564	-	407,564
Special event revenue	218,166	-	218,166
Investment gain	101,095	-	101,095
Program fees and other	79,800	-	79,800
Other	47,852	-	47,852
Net assets released from restrictions	150,451	(150,451)	-
	<u>4,752,414</u>	<u>(125,484)</u>	<u>4,626,930</u>
Total revenue and other support			
Expenses:			
Program services:			
Residential and crisis services	907,139	-	907,139
Statewide TOP	678,337	-	678,337
Transitions initiative	504,130	-	504,130
Youth engagement services	495,727	-	495,727
Youth action services	495,146	-	495,146
College connection	352,929	-	352,929
Counseling services	267,619	-	267,619
	<u>3,701,027</u>	<u>-</u>	<u>3,701,027</u>
Total program services			
Support services:			
Management and general	602,058	-	602,058
Fundraising	467,317	-	467,317
	<u>1,069,375</u>	<u>-</u>	<u>1,069,375</u>
Total support services			
Total expenses	<u>4,770,402</u>	<u>-</u>	<u>4,770,402</u>
Change in net assets	(17,988)	(125,484)	(143,472)
Net assets, beginning of year	<u>7,006,131</u>	<u>191,349</u>	<u>7,197,480</u>
Net assets, end of year	<u>\$ 6,988,143</u>	<u>\$ 65,865</u>	<u>\$ 7,054,008</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	Program Services							Support Services				
	Residential and Crisis Services	Youth Engagement Services	Youth Action Services	Counseling Services	College Connection	Statewide TOP	Transitions Initiative	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 599,217	\$ 277,528	\$ 267,307	\$ 189,061	\$ 259,372	\$ 221,456	\$ 305,213	\$ 2,119,154	\$ 353,091	\$ 258,643	\$ 611,734	\$ 2,730,888
Fringe benefits	99,831	56,330	50,407	36,280	45,033	34,477	53,587	375,945	81,773	44,841	126,614	502,559
Professional fees	40,586	13,502	29,692	6,454	10,446	152,845	13,925	267,450	71,546	9,284	80,830	348,280
Supplies	33,350	19,004	22,841	2,271	6,656	15,452	11,662	111,236	16,263	62,490	78,753	189,989
Depreciation	53,792	38,963	25,483	13,373	6,570	8,604	10,962	157,747	19,279	4,980	24,259	182,006
Grants and subcontracts	-	-	-	-	-	144,702	-	144,702	-	-	-	144,702
Specific assistance	32,313	21,277	19,778	839	5,317	4,304	44,573	128,401	-	1,561	1,561	129,962
Travel	3,286	4,409	10,921	1,877	1,407	44,900	25,970	92,770	1,220	1,053	2,273	95,043
Communications	6,785	6,439	11,968	3,856	6,785	23,549	12,998	72,380	11,916	8,380	20,296	92,676
Utilities	12,401	20,353	15,083	6,577	3,575	3,414	6,617	68,020	10,654	3,575	14,229	82,249
Conferences and meetings	590	2,913	31,650	1,206	840	19,529	10,406	67,134	3,722	864	4,586	71,720
Special events	-	-	-	-	-	-	125	125	-	58,313	58,313	58,438
Insurance	9,984	12,003	3,649	2,525	2,672	3,221	2,760	36,814	6,606	2,672	9,278	46,092
Miscellaneous	3,101	1,715	946	-	293	138	2,875	9,068	15,573	8,589	24,162	33,230
Maintenance	8,505	10,494	3,470	1,470	1,012	834	1,528	27,313	3,182	1,732	4,914	32,227
Equipment	3,398	10,797	1,951	1,830	2,951	912	929	22,768	6,888	340	7,228	29,996
Interest and fees	-	-	-	-	-	-	-	-	345	-	345	345
	<u>\$ 907,139</u>	<u>\$ 495,727</u>	<u>\$ 495,146</u>	<u>\$ 267,619</u>	<u>\$ 352,929</u>	<u>\$ 678,337</u>	<u>\$ 504,130</u>	<u>\$ 3,701,027</u>	<u>\$ 602,058</u>	<u>\$ 467,317</u>	<u>\$ 1,069,375</u>	<u>\$ 4,770,402</u>

See accompanying notes.

OASIS CENTER, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

Cash flows from operating activities:	
Change in net assets	\$ (143,472)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	182,006
Bad debt expense	(2,919)
Unrealized gain on investments	(38,718)
Change in operating assets and liabilities:	
Receivable from grantor agencies	(111,164)
Other receivables	64,837
Unconditional promises to give	(21,283)
Other assets	6,533
Accounts payable	34,173
Accrued expenses	26,235
	<hr/>
Net cash used in operating activities	(3,772)
	<hr/>
Cash flows from investing activities:	
Purchases of investments	(452,689)
Sales of investments	410,301
Purchase of fixed assets	(23,503)
	<hr/>
Net cash used in investing activities	(65,891)
	<hr/>
Cash flows from financing activities:	
Contributions restricted for investment in land, building and equipment	10,000
	<hr/>
Net cash provided by financing activities	10,000
	<hr/>
Net decrease in cash and cash equivalents	(59,663)
Cash and cash equivalents, beginning of year	352,878
	<hr/>
Cash and cash equivalents, end of year	\$ 293,215
	<hr/> <hr/>
Supplemental disclosure of cash flow information:	
Interest paid	\$ 345
	<hr/> <hr/>

See accompanying notes.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 – provide immediate response to youth in crisis, who have run away, or who are experiencing homelessness. These services include an Emergency Shelter for youth ages 13 – 17 years old and Street Outreach and Drop In Center for homeless youth ages 18 – 22 years old.

Youth Engagement Services – engage 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 – help 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.

Statewide TOP® - provides training and support to Tennessee congregate care staff in the implementation of the Teen Outreach Program (“TOP®”) to decrease pregnancy and increase life skills among Tennessee foster youth living in congregate care settings.

Transition Initiative – provides workforce development and job preparedness training for low-income and at-risk youth, ages 14-24 years old. Staff engage youth in a three-phase career development process that includes self-exploration, career exploration, career planning and management.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016

**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 statement 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.

Investments and Fair Value Measurements

Investments in money market accounts, certificates of deposit, mutual funds and equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with unrealized gains and losses recognized currently in the statements of activities.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016

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

Investments and Fair Value Measurements (Continued)

The Center has an established process for determining fair value. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data and third party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Generally accepted accounting principles have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for instruments measured at fair value as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. In general, fair value is based on quoted market prices, where available. If such quoted market prices are not available, fair value is based on internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and valuation adjustments are applied consistently over time. The Center's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016

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

Investments and Fair Value Measurements (Continued)

Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates and, therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Fair values for investments in money market accounts and mutual funds are valued at the net asset value of shares held by the Center at year end. Fair values for investments in equities are valued at the closing price reported on the active market on which the securities are traded.

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.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016

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

Income Taxes (Continued)

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, 2013 through June 30, 2016.

Subsequent Events

The Center evaluated subsequent events through December 12, 2016, 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, 2016:

Foundation, corporate, and other	\$ 24,967
Capital campaign contributions, net	<u>19,667</u>
	<u>\$ 44,634</u>

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table sets forth the Center's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market accounts	\$ 280,948	\$ -	\$ -	\$ 280,948
Equities:				
Technology	160,155	-	-	160,155
Consumer goods	144,289	-	-	144,289
Financial	131,135	-	-	131,135

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities (continued):				
Utilities	90,228	-	-	90,228
Basic materials	89,398	-	-	89,398
Healthcare	81,036	-	-	81,036
Industrial goods	72,120	-	-	72,120
Services	<u>55,117</u>	<u>-</u>	<u>-</u>	<u>55,117</u>
Total equities	<u>823,478</u>	<u>-</u>	<u>-</u>	<u>823,478</u>
Mutual funds:				
Intermediate-term bond	289,716	-	-	289,716
Other	195,336	-	-	195,336
Intermediate government bond	129,897	-	-	129,897
Corporate bond	118,194	-	-	118,194
Emerging markets bond	94,128	-	-	94,128
Foreign large value	<u>67,815</u>	<u>-</u>	<u>-</u>	<u>67,815</u>
Total mutual funds	<u>895,086</u>	<u>-</u>	<u>-</u>	<u>895,086</u>
Total investments	<u>\$ 1,999,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,999,512</u>

NOTE 4 – LAND, BUILDING AND EQUIPMENT

The balances of the major classes of land, building and equipment are as follows at June 30, 2016:

Land	\$ 290,000
Building, improvements and leaseholds	5,105,240
Equipment	495,050
Vehicles	86,427
Artwork	<u>18,500</u>
	5,995,217
Less: accumulated depreciation	<u>(1,496,549)</u>
	<u>\$ 4,498,668</u>

NOTE 5 – 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 \$109,541 at June 30, 2016.

OASIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016

NOTE 6 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2016:

Capital campaign contributions, net of NYOC payable	\$ 40,898
Pledges receivable	<u>24,967</u>
	<u>\$ 65,865</u>

NOTE 7 – CONCENTRATIONS

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

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

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Center has a 401(k) retirement plan for administrative employees who have reached age 21 and have been employed for six months. The plan provides for discretionary employer matching contributions. Employer matching contributions totaled \$30,873 for the year ended June 30, 2016.

NOTE 9 – CAPITAL CAMPAIGN

In April 2007, the Center joined together with STARS Nashville ("STARS") (a nonprofit entity) for a capital campaign to create the Nashville Youth Opportunity Center ("NYOC"). Contributions received were used to renovate a building at 1700 Charlotte Avenue. The building houses a variety of youth organizations that serve young people facing challenges throughout Middle Tennessee through a continuum of programs offered by the youth organizations. At June 30, 2016, the Center has \$19,667 in net capital campaign pledges receivable designated for NYOC. At June 30, 2016, 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, 2016, the Center had recorded a payable related to contributions received on behalf of NYOC for STARS of \$7,955 related to contributions solicited and recorded related to the joint capital campaign. This amount represents forty percent of joint contributions received. During 2016, \$33,815 was transferred to STARS in cash for payment of joint building expenditures.

SUPPLEMENTARY DATA

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Grant Description	Federal CFDA Number	Grantor's Number	Grant Period	Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS					
<u>U.S. Department of Health and Human Services</u>					
Runaway and Homeless Youth Program Basic Shelter	93.623	90-CY6584/02	9/30/14-9/29/15	\$ 33,196	\$ -
Runaway and Homeless Youth Program Basic Shelter	93.623	90-CY6584/03	9/30/15-9/29/16	139,193	-
Total 93.623				172,389	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway Homeless and Street Youth	93.557	90-YO2178/02	9/30/14-9/29/15	28,102	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway Homeless and Street Youth	93.557	90-YO2178/03	9/30/15-9/29/16	136,646	-
Total 93.557				164,748	-
<i>Passed through State of Tennessee Department of Health and Mental Disabilities</i>					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA 45372_2015-2016_013	7/1/15-6/30/16	380,000	-
<i>Passed through State of Tennessee Department of Children Services</i>					
Affordable Care Act Personal Responsibility Education Program	93.092+	Edison #38182	7/1/15-6/30/16	731,173	144,702
Total U.S. Department of Health and Human Services				1,448,310	144,702
<u>U.S. Department of Housing and Urban Development</u>					
<i>Passed through Tennessee Housing Development Agency</i>					
Emergency Solutions Grants Program	14.231	N/A	1/1/15-12/31/15	33,628	-
<i>Passed through Metro Housing Development Agency</i>					
Emergency Solutions Grants Program	14.231	N/A	4/1/15-6/30/16	10,000	-
Total 14.231				43,628	-
<i>Passed through Metro Housing Development Agency</i>					
Community Development Block Grants/Entitlement Grants	14.218	N/A	6/1/15-8/15/15	32,500	-
Total U.S. Department of Housing and Urban Development				76,128	-
<u>U.S. Department of Justice</u>					
<i>Passed through State of Tennessee Department of Finance and Administration</i>					
ARRA - State Victim Assistance Formula Grant Program	16.801	Edison #18852	7/1/15-6/30/16	31,990	-
Total U.S. Department of Justice				31,990	-

OASIS CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended June 30, 2016

Grant Description	Federal CFDA Number	Grantor's Number	Grant Period	Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS (Continued)					
<u>U.S. Department of Education</u>					
<i>Passed through Tennessee Alliance for Children and Families</i>					
Title I Grants to Local Educational Agencies	84.010	N/A	10/1/14-9/30/15	2,622	-
Title I Grants to Local Educational Agencies	84.010	N/A	10/1/15-9/30/16	18,818	-
Total U.S. Department of Education				21,440	-
<u>U.S. Department of Labor Employment and Training Administration</u>					
Face Forward 3-Intermediary and Community Grants	17.270	YF-27299-15-60-A-47	7/1/15-9/30/18	100,000	-
<i>Passed through Institute for Educational Leadership's Center for Workforce Development</i>					
Reintegration of Ex-Offenders	17.270	PE-24410-13-60-A-11	10/1/14-9/30/15	88,764	-
Reintegration of Ex-Offenders	17.270	PE-24410-13-60-A-11	10/1/15-9/30/16	147,669	-
Total 17.270				336,433	-
<i>Passed through Nashville Career Advancement Center</i>					
WIA/WIOA Youth Activities	17.259	344598	7/1/15-6/30/16	59,241	-
Total U.S. Department of Labor Employment and Training Administration				395,674	-
<u>U.S. Department of Homeland Security</u>					
<i>Passed through Federal Emergency Management Agency</i>					
Emergency Food and Shelter National Board Program	97.024	32-765200-016	9/1/14-11/30/15	6,751	-
Total U.S. Department of Homeland Security				6,751	-
<u>National Endowment for the Arts</u>					
Promotion of the Arts	45.024	14-957524	1/1/15-12/31/15	10,000	-
Total National Endowment for the Arts				10,000	-
Total Federal Awards				\$ 1,990,293	\$ 144,702

+ Indicates a major program

OASIS CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Oasis Center, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Oasis Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Oasis Center, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Oasis Center, Inc. expended indirect costs using a multiple allocation base method and did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.



**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.
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 financial statements of Oasis Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oasis Center, Inc.'s internal control over financial reporting (internal control) to determine the 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.'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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2016-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oasis Center, Inc.'s 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.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Oasis Center Inc.'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 Oasis Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fraser, Dean & Howard, PLLC

Nashville, Tennessee
December 12, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Oasis Center, Inc.'s compliance with the types of compliance requirements described in the *OMB 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, 2016. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oasis Center, Inc.'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Oasis Center Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Oasis Center, Inc. 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, 2016.

Report on Internal Control Over Compliance

Management of Oasis Center, Inc. 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.'s internal control over compliance with the types of 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 the Uniform Guidance, 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. *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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fraser, Dean & Howard, PLLC

Nashville, Tennessee
December 12, 2016

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Oasis Center, Inc.
2. A significant deficiency relating to the audit of the financial statements is 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*.
3. No instances of noncompliance material to the financial statements of Oasis Center, Inc. were disclosed during the audit
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Oasis Center, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this Schedule.
7. The program tested as a major program includes:

CFDA Number

93.092

Name of Federal Program or Cluster

Affordable Care Act Personal Responsibility
Education

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. 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, 2016

FINDINGS – FINANCIAL STATEMENTS AUDIT

2016-1 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 Organization’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. In addition, audit adjusting entries were required during the audit.

Effect of Condition: The Center currently relies on its independent auditor to assist in making final adjustments to its internal accounting records and prepare its audited financial statements with full disclosures in accordance with generally accepted accounting principles.

Auditor’s Recommendation: We recommend that management continue to evaluate the cost/benefit of engaging the resources in house to interpret GAAP and prepare its financial statements including disclosures. We also recommend that the year-end closing process be enhanced to eliminate the need for audit adjusting entries.

Grantee Response: We concur with the finding and will continue to evaluate the cost/benefit to the organization of engaging personnel with the expertise to prepare financial statements including all disclosures required by GAAP.

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2016

**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, 2016

DEPARTMENT OF LABOR EMPLOYMENT AND TRAINING ADMINISTRATION

Reintegration of Ex-Offenders – CFDA No. 17.270; passed through Institute for Educational Leadership’s Center for Workforce Development; Grant No. PE-24410-13-60-A-11

2015-2 Condition: Section V of the grant agreement required that reports be filed within 60 days and six months, respectively, of the end of the grant period. The grant agreement included six specific reporting requirements, four of which had been met.

Recommendation: The Center should adhere to procedures in place to ensure reporting requirements for each grant are met.

Current Status: The Center requested a waiver on the reporting requirements not met during the year ended June 30, 2015.

2015-3 Condition: The Center did not obtain written approval from the grantor for changing the program requirements regarding the mentoring component.

Recommendation: The Center should obtain written approval for any changes to the program in accordance with the grant agreement.

Current Status: The Center requested a waiver regarding the changes made to the mentoring component of the program.



CORRECTIVE ACTION PLAN

December 12, 2016

U.S. Department of Health and Human Services

Oasis Center, Inc. and Affiliate (“the Center”) respectfully submits the following corrective action plan for the year ended June 30, 2016.

Name and address of independent public accounting firm:
Fraser, Dean & Howard, PLLC
3310 West End Avenue, Suite 550
Nashville, TN 37203

Audit period: July 1, 2015 – June 30, 2016

The findings from the June 30, 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

2016-1 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.

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

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

Sincerely,

Kim Reese, Chief Financial Officer