

OASIS CENTER, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

June 30, 2018

And Report of Independent Auditor

OASIS CENTER, INC.
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OASIS CENTER, INC.

ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

AS OF JUNE 30, 2018

Board of Directors

Norma Burgess	Chair
Jimmy Bynum	Vice Chair
Kendall Musgrove	Treasurer
Lavona Russell	Secretary
Fabian Bedne	Board Member
Charles H. Bell	Board Member
Gregg Boling	Board Member
Charles Robert Bone	Board Member
Lisa Campbell	Board Member
Laura Creekmore	Board Member
Collie Daily	Board Member
Richard Dinkins	Board Member
Sonnye Dixon	Board Member
Kent Earls	Board Member
Beth Fortune	Board Member
Stephanie Ingram	Board Member
Andres Martinez	Board Member
Dave Mazur	Board Member
Michael Peacock	Board Member
Laura Proctor	Board Member
Heather Steele	Board Member
Sam Strang	Board Member
Brenda Wynn	Board Member

Executive Staff

Tom Ward	President and Chief Executive Officer
Kimberly Reese	Chief Financial Officer
Mark Dunkerley	Chief Strategy Officer
Judy Freudenthal	VP of Youth Engagement & Action and External Evaluation
Cheryl Mendez	VP of Clinical Services and Data Integrity
Shanda Hampton	VP of Human Resources

Report of Independent Auditor

To the Board of Directors
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, 2018, 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, 2018, 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 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 18, 2018, 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 effectiveness of Oasis Center, Inc.'s 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.

Cheng Bekeant LLP

Nashville, Tennessee
December 18, 2018

OASIS CENTER, INC.
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

Current Assets:

Cash and cash equivalents (including \$10,117 restricted for capital campaign)	\$ 358,600
Receivable from grantor agencies	239,659
Other receivables	154,034
Other assets	<u>27,222</u>
Total Current Assets	779,515

Investments	2,199,171
Land, building, and equipment, net	<u>4,184,740</u>
Total Assets	<u>\$ 7,163,426</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 50,263
Accrued expenses	<u>161,933</u>
Total Current Liabilities	<u>212,196</u>

Net Assets:

Unrestricted	6,941,113
Temporarily restricted	<u>10,117</u>
Total Net Assets	<u>6,951,230</u>
Total Liabilities and Net Assets	<u>\$ 7,163,426</u>

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Government grants	\$ 1,873,854	\$ -	\$ 1,873,854
Contributions	1,714,121	-	1,714,121
Other grants	522,444	-	522,444
United Way	328,250	-	328,250
Special event revenue	188,064	-	188,064
Investment gain	93,347	-	93,347
Other	88,780	-	88,780
Program fees and other	83,286	-	83,286
Net assets released from restrictions	24,340	(24,340)	-
Total Revenue and Other Support	<u>4,916,486</u>	<u>(24,340)</u>	<u>4,892,146</u>
Expenses:			
Program Services:			
Residential and crisis services	965,291	-	965,291
Youth action services	641,142	-	641,142
Statewide TOP	546,286	-	546,286
Youth engagement services	505,908	-	505,908
Transitions initiative	489,478	-	489,478
College connection	378,211	-	378,211
Counseling services	268,530	-	268,530
Total Program Services	<u>3,794,846</u>	<u>-</u>	<u>3,794,846</u>
Support Services:			
Management and general	637,055	-	637,055
Fundraising	478,656	-	478,656
Total Support Services	<u>1,115,711</u>	<u>-</u>	<u>1,115,711</u>
Total Expenses	<u>4,910,557</u>	<u>-</u>	<u>4,910,557</u>
Change in net assets	5,929	(24,340)	(18,411)
Net assets, beginning of year	<u>6,935,184</u>	<u>34,457</u>	<u>6,969,641</u>
Net assets, end of year	<u>\$ 6,941,113</u>	<u>\$ 10,117</u>	<u>\$ 6,951,230</u>

The accompanying notes to the financial statements are an integral part of this statement.

OASIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services								Support Services			
	Residential and Crisis Services	Youth Action Services	Statewide TOP	Youth Engagement Services	Transitions Initiative	College Connection	Counseling Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 648,766	\$ 355,932	\$ 226,529	\$ 298,003	\$ 316,862	\$ 291,501	\$ 197,675	\$ 2,335,268	\$ 417,312	\$ 292,189	\$ 709,501	\$ 3,044,769
Fringe benefits	108,859	69,629	39,343	58,684	57,640	53,121	39,520	426,796	85,951	51,458	137,409	564,205
Professional fees	32,496	44,749	42,830	10,702	7,556	3,353	4,473	146,159	53,845	2,523	56,368	202,527
Depreciation	55,086	24,738	6,310	37,693	13,502	6,626	11,552	155,507	9,970	6,134	16,104	171,611
Grants and subcontracts	-	25,236	126,256	-	-	-	-	151,492	-	-	-	151,492
Specific assistance	24,295	22,994	9,589	27,988	41,605	2,508	1,125	130,104	100	3,161	3,261	133,365
Supplies	32,509	24,954	4,892	11,997	8,711	5,220	1,747	90,030	22,957	16,300	39,257	129,287
Utilities	23,103	15,830	4,092	16,809	7,920	4,081	7,003	78,838	5,575	4,092	9,667	88,505
Communications	6,171	9,725	16,839	4,323	12,562	5,347	2,166	57,133	10,613	10,461	21,074	78,207
Conferences and meetings	1,530	24,445	40,877	668	4,273	-	170	71,963	1,326	1,250	2,576	74,539
Travel	5,850	10,586	19,783	11,000	8,839	3,173	37	59,268	510	498	1,008	60,276
Miscellaneous	3,584	1,015	5,681	924	5,036	529	56	16,825	8,999	34,933	43,932	60,757
Special events	-	398	-	-	-	-	26	424	-	52,944	52,944	53,368
Insurance	9,095	4,155	1,390	12,213	2,500	1,953	1,677	32,983	4,923	1,390	6,313	39,296
Equipment	4,504	3,919	1,048	10,439	1,098	53	84	21,145	13,310	566	13,876	35,021
Maintenance	9,443	2,837	827	4,465	1,374	746	1,219	20,911	1,664	757	2,421	23,332
	<u>\$ 965,291</u>	<u>\$ 641,142</u>	<u>\$ 546,286</u>	<u>\$ 505,908</u>	<u>\$ 489,478</u>	<u>\$ 378,211</u>	<u>\$ 268,530</u>	<u>\$ 3,794,846</u>	<u>\$ 637,055</u>	<u>\$ 478,656</u>	<u>\$ 1,115,711</u>	<u>\$ 4,910,557</u>

The accompanying notes to the financial statements are an integral part of this statement.

OASIS CENTER, INC.
STATEMENT OF CASH FLOW

YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:

Change in net assets	\$ (18,411)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	171,611
Unrealized gain on investments	(31,221)
Change in operating assets and liabilities:	
Receivable from grantor agencies	29,848
Other receivables	(24,993)
Unconditional promises to give	9,667
Other assets	16,556
Accounts payable	(43,328)
Accrued expenses	(1,869)
Net cash provided by operating activities	<u>107,860</u>

Cash flows from investing activities:

Purchases of investments	(799,774)
Sales of investments	693,800
Purchase of fixed assets	<u>(24,833)</u>
Net cash used in investing activities	<u>(130,807)</u>

Net decrease in cash and cash equivalents	(22,947)
Cash and cash equivalents, beginning of year	<u>381,547</u>
Cash and cash equivalents, end of year	<u>\$ 358,600</u>

OASIS CENTER, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1—Nature of activities and summary of 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, along with street outreach, a drop-in center, case management, and connections to permanent housing for youth experiencing homelessness, ages 18-22 years old.

Youth Action Services – Help youth develop leadership and life skills, while working to create change on systemic issues they deem critical to their lives and to other youth in the community. Youth Action Services includes programs like the Mayor’s Youth Council, WeGo Public Transit Youth Action Team, Students of Stonewall, and Building Bridges.

Statewide TOP® – A state-wide effort to disseminate the Wyman Center’s evidence-based Teen Outreach Program (“TOP®”) in foster care, juvenile justice, and educational settings across Tennessee. This initiative focuses on training and supporting staff in these settings to implement TOP® as a means to improve life skills, health behaviors, and sense of purpose for particularly at-risk youth populations.

Youth Engagement Services – Engage at-risk youth in building positive identities and strong connections to their communities. Service-learning is central to this work as a tool for developing meaningful relationships, civic responsibility, and a positive sense of self. These services include programs like the International Teen Outreach Program, R.E.A.L., the Bike Workshop, and Just Us.

Oasis Transitions – Provides workforce development and job preparedness training for low-income and at-risk youth, ages 14-24 years old. Youth are supported in an individualized career development process that connects them to sustainable career pathways, wraparound supportive services, and follow-up support.

Oasis College Connection – Helps make college a reality for low-income, New American, and potential first generation college students by offering comprehensive college counseling services. Mobile staff engage students and families in schools, libraries, and community center to help them build college-going identities, explore college/career options, complete financial aid and admissions paperwork, and find their most appropriate “fit” in order to be successful.

Counseling Services – Family, individual, and group counseling designed to address a wide range of issues affecting teens and their families. This work focuses on helping youth and families find hope and healing, build stronger relationships, discover personal strengths and resources, and find solutions that nurture ongoing positive growth.

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 (“GAAP”). 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 THE FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1—Nature of activities and summary of significant accounting policies (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 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 statement 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.

Fair Value Measurements – Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and certain other products, such as mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

No changes in the valuation methodologies have been made during the period from July 1, 2017 through June 30, 2018.

OASIS CENTER, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1—Nature of activities and summary of significant accounting policies (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date (see 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 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 \$1,000 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 GAAP 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 (“FASB”) 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 50% likely of being realized upon ultimate settlement. The Center has no tax penalties or interest reported in the accompanying financial statements.

Subsequent Events – The Center evaluated subsequent events through December 18, 2018, 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.

New Accounting Pronouncements – In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are a decrease in the number of net asset classes from three to two, reporting of underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, requiring disclosures of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks and requiring reporting of expenses by function and nature, as well as enhanced endowment disclosures. This standard is effective for all fiscal years beginning after December 31, 2017. The Organization has elected not to early adopt ASU 2016-14.

OASIS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1—Nature of activities and summary of significant accounting policies (continued)

In June 2018, the FASB issued ASU 2018-08, *Not for Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The new standard is effective for annual periods beginning after December 15, 2018. The Organization is evaluating the impact of this ASU on the financial statements.

Note 2—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, 2018:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market accounts	\$ 151,294	\$ -	\$ -	\$ 151,294
Equities:				
Financial	219,023	-	-	219,023
Consumer goods	146,836	-	-	146,836
Technology	219,254	-	-	219,254
Communication	22,681	-	-	22,681
Utilities	53,591	-	-	53,591
Energy	74,643	-	-	74,643
Basic materials	26,786	-	-	26,786
Healthcare	120,686	-	-	120,686
Services	28,254	-	-	28,254
Real estate	65,246	-	-	65,246
Industrial goods	46,982	-	-	46,982
Total Equities	1,023,982	-	-	1,023,982
Mutual Funds:				
Mid-cap blend	278,392	-	-	278,392
Intermediate-term bond	185,618	-	-	185,618
Small blend	145,707	-	-	145,707
Other	121,819	-	-	121,819
Foreign large blend	86,793	-	-	86,793
Diversified emerging markets	60,684	-	-	60,684
Emerging markets bond	40,730	-	-	40,730
Corporate bond	63,472	-	-	63,472
Intermediate government bond	40,680	-	-	40,680
Total Mutual Funds	1,023,895	-	-	1,023,895
Total Investments	\$ 2,199,171	\$ -	\$ -	\$ 2,199,171

OASIS CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

Note 3—Land, building, and equipment

The balances of the major classes of land, building, and equipment are as follows at June 30, 2018:

Land	\$ 290,001
Building, improvements, and leaseholds	5,107,840
Equipment	530,057
Vehicles	86,427
Artwork	18,500
	<u>6,032,825</u>
Less accumulated depreciation	<u>(1,848,085)</u>
	<u>\$ 4,184,740</u>

Note 4—Accrued expenses

Employees of the Center are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, but not for accumulated sick leave. Accordingly, vacation pay is accrued and recognized as an expense in the period earned by employees. Accrued vacation pay included in accrued expenses totaled \$98,279 at June 30, 2018.

Note 5—Restrictions on net assets

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2018:

Capital campaign contributions, net	<u>\$ 10,117</u>
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Note 6—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.

Financial instruments which potentially subject the Center to concentrations of credit risk consist of cash and cash equivalents. The Center places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Center from time to time may have amounts on deposit in excess of the insured limits. The Center had cash and cash equivalent bank balances of approximately \$152,000 in excess of these insured limits at June 30, 2018.

Note 7—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 \$44,523 for the year ended June 30, 2018.

SUPPLEMENTARY DATA

OASIS CENTER, INC.**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2018

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-CY6584/01	9/30/16-9/29/17	\$ 50,000	\$ -
Runaway and Homeless Youth Program Basic Shelter	93.623	90-CY6584/02	9/30/17-9/29/18	100,000	-
Total 93.623				150,000	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90-YO2178/01	9/30/16-9/29/17	41,844	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90-YO2178/02	9/30/17-9/29/18	83,893	-
Total 93.557				125,737	-
<i>Passed through State of Tennessee Department of Mental Health & Substance Abuse Services</i>					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA 53539_2017-2018-_012	7/1/17-6/30/18	390,000	-
<i>Passed through State of Tennessee Department of Children Services</i>					
Affordable Care Act Personal Responsibility Education Program	93.092	Edison #44265	7/1/17-6/30/18	596,571	151,492
Total U.S. Department of Health and Human Services				1,262,308	151,492
<u>U.S. Department of Housing and Urban Development</u>					
Continuum of Care Program	14.267	N/A	6/1/17-8/15/18	10,122	-
<i>Passed through Safe Haven Family Shelter</i>					
Continuum of Care Program	14.267	N/A	6/1/17-8/15/18	41,738	-
Total 14.267				51,860	-
<i>Passed through Metro Development Housing Agency</i>					
Emergency Solutions Grants Program	14.231	N/A	7/1/17-6/30/18	33,934	-
<i>Passed through Metro Development Housing Agency</i>					
Community Development Block Grants/Entitlement Grants	14.218	N/A	6/1/17-8/15/18	27,500	-
Total U.S. Department of Housing and Urban Development				113,294	-

See accompanying notes to schedule of expenditures of federal awards.

OASIS CENTER, INC.**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

YEAR ENDED JUNE 30, 2018

Grant Description	Federal CFDA Number	Grantor's Number	Grant Period	Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS (Continued)					
<u>U.S. Department of Justice</u>					
<i>Passed through State of Tennessee Department of Finance and Administration</i>					
Crime Victim Assistance	16.575	Edison #26775	7/1/17-6/30/18	\$ 32,676	\$ -
Crime Victim Assistance	16.575	Edison #29511	10/15/16-6/30/18	5,322	-
Total 16.575				37,998	-
<i>Passed through Vanderbilt University</i>					
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	UNIV59383	3/3/17-12/31/21	79,588	-
Total U.S. Department of Justice				117,586	-
<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	10/1/16-9/30/17	3,100	-
Title I Grants to Local Educational Agencies	84.010	2-173773-01	8/1/17-7/31/18	21,089	-
Total U.S. Department of Education				24,189	-
<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	313,665	-
<i>Passed through Nashville Career Advancement Center</i>					
WIA/WIOA Youth Activities	17.259	344598	7/1/17-6/30/18	33,495	-
Total U.S. Department of Labor Employment and Training Administration				347,160	-
<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	32-765200-017	7/1/17-6/30/18	9,317	-
Total U.S. Department of Homeland Security				9,317	-
Total Federal Awards				\$ 1,873,854	\$ 151,492

See accompanying notes to schedule of expenditures of federal awards.

OASIS CENTER, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2018

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, 2018. 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.

**Report of Independent Auditor 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
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, 2018, 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 18, 2018.

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 Oasis Center Inc.'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. 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.

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*.

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.

Cheng Bekeant LLP

Nashville, Tennessee
December 18, 2018

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
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, 2018. 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, 2018.

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, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-01, which we consider to be a significant deficiency in internal control over compliance.

Oasis Center, Inc.'s response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

Cheryl Bekant LLP

Nashville, Tennessee
December 18, 2018

OASIS CENTER, INC.**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2018

Section I - Summary of Audit Results**Financial Statement Section**

Type of auditor's report issued on whether financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes x

No

Significant deficiency(ies) identified

 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

Significant deficiency(ies) identified

 x Yes

None Reported

Type of auditor's report on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 x Yes No**Identification of Major Programs**

Name of Federal Program or Cluster	CFDA Number(s)
Block Grants for Prevention and Treatment of Substance Abuse	93.959

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee?

 x Yes No**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

OASIS CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2018

Section III – Federal Award Findings and Questioned Costs – Major Federal Awards

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

Finding 2018-01 Non-material Noncompliance over the Reporting Requirement for the Block Grants for Prevention and Treatment of Substance Abuse CFDA #93.959

Criteria: The Oasis Center, Inc. (the "Center") is responsible for establishing controls and procedures to ensure compliance with federal grants.

Condition: For the year ended June 30, 2018, the Center did not submit the annual report to the granting agency within the reporting requirements.

Cause: Program personnel did not submit the report within the required time period.

Effect: The Center was not in compliance with the annual reporting requirement of the grant.

Recommendation: The Center should put in procedures to ensure that timely reporting is submitted to ensure compliance with the grant.

Management's Response: We agree with the finding.

Schedule of Prior Year Audit Findings

A schedule of prior year audit findings is not applicable as there were no findings in the prior year.



CORRECTIVE ACTION PLAN

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, 2018.

Name and address of independent public accounting firm:

Cherry Bekaert, LLP
222 Second Avenue South #1240
Nashville, TN 37201

Audit period: July 1, 2017 – June 30, 2018

The findings from the June 30, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Federal Award Findings and Questioned Costs – Major Federal Awards

Finding 2018-01 Non-material Noncompliance over the Reporting Requirement for the Block Grants for Prevention and Treatment of Substance Abuse CFDA #93.959

2018-1 Recommendation: The Center should put in procedures to ensure that timely reporting is submitted to ensure compliance with the grant

Action Taken: We concur with the recommendation and will establish procedures to ensure timely reporting occurs within the reporting timeline to remain in grant compliance.

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