

**2018**  
**Financial Statements**  
**With**  
**Auditor's Letters**

**THE ROCHELLE CENTER**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

(With Independent Auditor's Report Thereon)

**THE ROCHELLE CENTER**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

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**THE ROCEHLLLE CENTER**  
**ROSTER OF BOARD OF DIRECTORS**  
**JUNE 30, 2018**

Roxanne Coats McDonald  
Kevin Taylor  
Zach Saei  
Regina Newsom

Chair  
Vice Chair  
Treasurer  
Secretary

Karen Blanchard  
James Bradshaw, III  
Benjamin Goldberg  
Kathleen Byington  
Beverly Hanselman  
Mary Ann Hea  
Andrea Farr  
Tom Tribke  
Bill Torrence  
Eleanor Willis  
Robbie Landers  
Valerie Levay

Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member



## PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The Rochelle Center

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

We have audited the accompanying financial statements of The Rochelle Center (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 The Rochelle Center 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.

**Report on Summarized Comparative Information**

We have previously audited The Rochelle Center's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2018, on our consideration of The Rochelle Center'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 solely 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 The Rochelle Center'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 The Rochelle Center's internal control over financial reporting and compliance.

*Patterson Handley & Bellentone*

October 16, 2018

**THE ROCHELLE CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

**ASSETS**

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| Current Assets:                                     |                     |                     |
| Cash  | \$ 752,312          | \$ 474,397          |
| Investments   | 7,649               | 6,232               |
| Receivables, net of allowance for doubtful accounts | 313,029             | 360,807             |
| Prepaid expenses                                    | 23,859              | 38,773              |
| Total current assets                                | <u>1,096,849</u>    | <u>880,209</u>      |
| Property and Equipment:                             |                     |                     |
| Land  | 41,051              | 41,051              |
| Buildings   | 2,811,625           | 2,773,283           |
| Equipment   | 1,535,466           | 1,501,543           |
|   | <u>4,388,142</u>    | <u>4,315,877</u>    |
| Less: accumulated depreciation                      | <u>(3,091,868)</u>  | <u>(2,982,665)</u>  |
| Total property and equipment, net                   | <u>1,296,274</u>    | <u>1,333,212</u>    |
| Assets Whose Use is Limited:                        |                     |                     |
| Cash - designated by the board of directors         | 322,000             | 322,000             |
| Restricted cash                                     | 14,360              | 10,702              |
| Restricted investments - Community Foundation       | 9,898               | 9,235               |
| Total assets whose use is limited                   | <u>346,258</u>      | <u>341,937</u>      |
| Total assets  | <u>\$ 2,739,381</u> | <u>\$ 2,555,358</u> |

See accompanying notes to the financial statements.

**THE ROCHELLE CENTER**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

**LIABILITIES AND NET ASSETS**

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| Current Liabilities:                        |                     |                     |
| Current installments of long-term debt      | \$ 125,121          | \$ 13,576           |
| Accounts payable                            | 53,613              | 52,698              |
| Accrued expenses                            | 80,304              | 68,715              |
| Total current liabilities                   | <u>259,038</u>      | <u>134,989</u>      |
| Long-term debt, net of current installments | <u>292,943</u>      | <u>418,069</u>      |
| Total liabilities                           | <u>551,981</u>      | <u>553,058</u>      |
| Net Assets:                                 |                     |                     |
| Unrestricted:                               |                     |                     |
| Undesignated                                | 1,841,142           | 1,660,363           |
| Board-designated                            | 322,000             | 322,000             |
| Total unrestricted net assets               | <u>2,163,142</u>    | <u>1,982,363</u>    |
| Temporarily restricted                      | 14,360              | 10,702              |
| Permanently restricted                      | 9,898               | 9,235               |
| Total restricted net assets                 | <u>24,258</u>       | <u>19,937</u>       |
| Total net assets                            | <u>2,187,400</u>    | <u>2,002,300</u>    |
| Total liabilities and net assets            | <u>\$ 2,739,381</u> | <u>\$ 2,555,358</u> |

See accompanying notes to the financial statements.

**THE ROCHELLE CENTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017**

|  | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | 2018         | 2017         |
|--|--------------|---------------------------|---------------------------|--------------|--------------|
| Public Support and Revenues:                         |              |                           |                           |              |              |
| Gross special event revenue                          | \$ 203,540   | \$ -                      | \$ -                      | \$ 203,540   | \$ 221,191   |
| Less direct cost of special events                   | (134,335)    | -                         | -                         | (134,335)    | (148,155)    |
| Net special events revenue                           | 69,205       | -                         | -                         | 69,205       | 73,036       |
| Public support:                                      |              |                           |                           |              |              |
| Contributions  | 30,326       | 44,500                    | -                         | 74,826       | 53,938       |
| United Way   | -            | -                         | -                         | -            | 1,657        |
| Government contracts                                 | 2,896,537    | -                         | -                         | 2,896,537    | 2,652,788    |
| Forgiveness of THDA grant note                       | -            | -                         | -                         | -            | 62,307       |
| Program fees   | 11,835       | -                         | -                         | 11,835       | 64,855       |
| Residential income                                   | 205,253      | -                         | -                         | 205,253      | 210,915      |
| Investment income, net                               | 1,417        | -                         | 663                       | 2,080        | 1,831        |
| Miscellaneous  | -            | -                         | -                         | -            | 821          |
| Net assets released from restrictions                | 40,842       | (40,842)                  | -                         | -            | -            |
| Total public support                                 | 3,186,210    | 3,658                     | 663                       | 3,190,531    | 3,049,112    |
| Total public support and revenue                     | 3,255,415    | 3,658                     | 663                       | 3,259,736    | 3,122,148    |
| Expenses:  |              |                           |                           |              |              |
| Program services:                                    |              |                           |                           |              |              |
| Developmental services                               | 669,747      | -                         | -                         | 669,747      | 539,035      |
| Residential services                                 | 1,849,492    | -                         | -                         | 1,849,492    | 2,125,865    |
| Supported employment                                 | 116,397      | -                         | -                         | 116,397      | 68,724       |
| Total program services                               | 2,635,636    | -                         | -                         | 2,635,636    | 2,733,624    |
| Supporting services:                                 |              |                           |                           |              |              |
| Management and general                               | 401,915      | -                         | -                         | 401,915      | 297,281      |
| Fundraising  | 37,085       | -                         | -                         | 37,085       | 75,966       |
| Total supporting services                            | 439,000      | -                         | -                         | 439,000      | 373,247      |
| Total expenses                                       | 3,074,636    | -                         | -                         | 3,074,636    | 3,106,871    |
| Increase in net assets<br>from continuing operations | 180,779      | 3,658                     | 663                       | 185,100      | 15,277       |
| Discontinued operations                              | -            | -                         | -                         | -            | (75,203)     |
| Increase (decrease) in net assets                    | 180,779      | 3,658                     | 663                       | 185,100      | (59,926)     |
| Net assets - beginning of year                       | 1,982,363    | 10,702                    | 9,235                     | 2,002,300    | 2,062,226    |
| Net assets - end of year                             | \$ 2,163,142 | \$ 14,360                 | \$ 9,898                  | \$ 2,187,400 | \$ 2,002,300 |

See accompanying notes to the financial statements.

**THE ROCHELLE CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017**

|  | Program Services              |                   |                             |                     |                             |                  |
|--|-------------------------------|-------------------|-----------------------------|---------------------|-----------------------------|------------------|
|  | <u>Developmental services</u> |                   | <u>Residential services</u> |                     | <u>Supported employment</u> |                  |
|  | <u>2018</u>                   | <u>2017</u>       | <u>2018</u>                 | <u>2017</u>         | <u>2018</u>                 | <u>2017</u>      |
| Salaries   | \$ 377,595                    | \$ 303,240        | \$ 1,283,269                | \$ 1,484,970        | \$ 73,784                   | \$ 55,845        |
| Payroll taxes and benefits   | 70,883                        | 38,714            | 183,079                     | 207,151             | 6,511                       | 10,882           |
| Total personnel costs  | 448,478                       | 341,954           | 1,466,348                   | 1,692,121           | 80,295                      | 66,727           |
| Bad debts  | -                             | -                 | 18,156                      | -                   | -                           | -                |
| Communications   | 7,051                         | 3,681             | 39,195                      | 44,759              | 3,560                       | -                |
| Contracted services  | 35,480                        | 52,201            | 17,190                      | 39,279              | 4,593                       | 300              |
| Dues and subscriptions   | 1,207                         | 2,245             | 543                         | 840                 | 414                         | -                |
| Insurance  | 35,539                        | 32,946            | 16,246                      | 24,953              | 1,345                       | 680              |
| Interest   | 740                           | -                 | 8,660                       | 8,962               | -                           | -                |
| Miscellaneous  | 4,872                         | 1,592             | 10,681                      | 10,025              | 1,747                       | 355              |
| Professional fees  | 2,585                         | 13,913            | 6,354                       | 16,984              | 1,821                       | 40               |
| Rent   | 5,181                         | 4,873             | 1,875                       | 2,904               | 2,004                       | -                |
| Repairs and maintenance  | 20,166                        | 20,789            | 59,064                      | 53,190              | 2,404                       | -                |
| Special events   | -                             | -                 | -                           | -                   | -                           | -                |
| Supplies   | 9,424                         | 9,313             | 65,235                      | 57,194              | 496                         | 28               |
| Travel and transportation  | 43,866                        | 7,643             | 30,151                      | 44,872              | 3,718                       | 183              |
| Utilities  | 25,138                        | 27,320            | 53,507                      | 56,264              | 14,000                      | -                |
| Workshop wages and benefits  | -                             | -                 | -                           | -                   | -                           | -                |
| Depreciation   | 30,020                        | 20,565            | 56,287                      | 73,518              | -                           | 411              |
| Total expenses by function   | 669,747                       | 539,035           | 1,849,492                   | 2,125,865           | 116,397                     | 68,724           |
| Less expenses included with revenues<br>on the statement of activities:          |                               |                   |                             |                     |                             |                  |
| Direct cost of special events  | -                             | -                 | -                           | -                   | -                           | -                |
| Total expenses included in the expense<br>section on the statement of activities | <u>\$ 669,747</u>             | <u>\$ 539,035</u> | <u>\$ 1,849,492</u>         | <u>\$ 2,125,865</u> | <u>\$ 116,397</u>           | <u>\$ 68,724</u> |

See accompanying notes to the financial statements.

**THE ROCHELLE CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017**

|  | Supporting Services           |                     |                               |                   |                    |                  |
|--|-------------------------------|---------------------|-------------------------------|-------------------|--------------------|------------------|
|  | <u>Total program services</u> |                     | <u>Management and general</u> |                   | <u>Fundraising</u> |                  |
|  | <u>2018</u>                   | <u>2017</u>         | <u>2018</u>                   | <u>2017</u>       | <u>2018</u>        | <u>2017</u>      |
| Salaries   | \$ 1,734,648                  | \$ 1,844,055        | \$ 259,071                    | \$ 213,752        | \$ 29,274          | \$ 53,182        |
| Payroll taxes and benefits   | 260,473                       | 256,747             | 50,319                        | 38,160            | 4,764              | 13,678           |
| Total personnel costs  | 1,995,121                     | 2,100,802           | 309,390                       | 251,912           | 34,038             | 66,860           |
| Bad debts  | 18,156                        | -                   | -                             | -                 | -                  | -                |
| Communications   | 49,806                        | 48,440              | 1,538                         | -                 | -                  | -                |
| Contracted services  | 57,263                        | 91,780              | 4,808                         | 567               | -                  | -                |
| Dues and subscriptions   | 2,164                         | 3,085               | 5,891                         | 773               | 649                | 2,161            |
| Insurance  | 53,130                        | 58,579              | 5,638                         | 2,598             | 1,456              | -                |
| Interest   | 9,400                         | 8,962               | 539                           | 247               | -                  | -                |
| Miscellaneous  | 17,300                        | 11,972              | 6,702                         | 8,575             | 21                 | 5,001            |
| Professional fees  | 10,760                        | 30,937              | 15,307                        | 26,041            | -                  | 530              |
| Rent   | 9,060                         | 7,777               | 3,402                         | 613               | -                  | -                |
| Repairs and maintenance  | 81,634                        | 73,979              | 11,376                        | 1,133             | -                  | -                |
| Special events   | -                             | -                   | -                             | -                 | 134,335            | 148,155          |
| Supplies   | 75,155                        | 66,535              | 10,194                        | 2,024             | 544                | 814              |
| Travel and transportation  | 77,735                        | 52,698              | 589                           | 2,790             | -                  | -                |
| Utilities  | 92,645                        | 83,584              | 4,700                         | -                 | 377                | 600              |
| Workshop wages and benefits  | -                             | -                   | -                             | 8                 | -                  | -                |
| Depreciation   | 86,307                        | 94,494              | 21,841                        | -                 | -                  | -                |
| Total expenses by function   | 2,635,636                     | 2,733,624           | 401,915                       | 297,281           | 171,420            | 224,121          |
| Less expenses included with revenues<br>on the statement of activities:          |                               |                     |                               |                   |                    |                  |
| Direct cost of special events  | -                             | -                   | -                             | -                 | (134,335)          | (148,155)        |
| Total expenses included in the expense<br>section on the statement of activities | <u>\$ 2,635,636</u>           | <u>\$ 2,733,624</u> | <u>\$ 401,915</u>             | <u>\$ 297,281</u> | <u>\$ 37,085</u>   | <u>\$ 75,966</u> |

See accompanying notes to the financial statements.

**THE ROCHELLE CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017**

|  | <u>Total supporting services</u> |             | <u>Total expenses</u> |              |
|--|----------------------------------|-------------|-----------------------|--------------|
|  | <u>2018</u>                      | <u>2017</u> | <u>2018</u>           | <u>2017</u>  |
| Salaries   | \$ 288,345                       | \$ 266,934  | \$ 2,022,993          | \$ 2,110,989 |
| Payroll taxes and benefits   | 55,083                           | 51,838      | 315,556               | 308,585      |
| Total personnel costs  | 343,428                          | 318,772     | 2,338,549             | 2,419,574    |
| Bad debts  | -                                | -           | 18,156                | -            |
| Communications   | 1,538                            | -           | 51,344                | 48,440       |
| Contracted services  | 4,808                            | 567         | 62,071                | 92,347       |
| Dues and subscriptions   | 6,540                            | 2,934       | 8,704                 | 6,019        |
| Insurance  | 7,094                            | 2,598       | 60,224                | 61,177       |
| Interest   | 539                              | 247         | 9,939                 | 9,209        |
| Miscellaneous  | 6,723                            | 13,576      | 24,023                | 25,548       |
| Professional fees  | 15,307                           | 26,571      | 26,067                | 57,508       |
| Rent   | 3,402                            | 613         | 12,462                | 8,390        |
| Repairs and maintenance  | 11,376                           | 1,133       | 93,010                | 75,112       |
| Special events   | 134,335                          | 148,155     | 134,335               | 148,155      |
| Supplies   | 10,738                           | 2,838       | 85,893                | 69,373       |
| Travel and transportation  | 589                              | 2,790       | 78,324                | 55,488       |
| Utilities  | 5,077                            | 600         | 97,722                | 84,184       |
| Workshop wages and benefits  | -                                | 8           | -                     | 8            |
| Depreciation   | 21,841                           | -           | 108,148               | 94,494       |
| Total expenses by function   | 573,335                          | 521,402     | 3,208,971             | 3,255,026    |
| Less expenses included with revenues<br>on the statement of activities:          |                                  |             |                       |              |
| Direct cost of special events  | (134,335)                        | (148,155)   | (134,335)             | (148,155)    |
| Total expenses included in the expense<br>section on the statement of activities | \$ 439,000                       | \$ 373,247  | \$ 3,074,636          | \$ 3,106,871 |

See accompanying notes to the financial statements.

**THE ROCHELLE CENTER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017**

|   | <u>2018</u>              | <u>2017</u>              |
|---|--------------------------|--------------------------|
| Cash Flows From Operating Activities:   |                          |                          |
| Increase in net assets from continuing operations   | \$ 185,100               | \$ 15,277                |
| Loss from discontinued operations   | -                        | (75,203)                 |
| Increase (decrease) in net assets   | <u>185,100</u>           | <u>(59,926)</u>          |
| Adjustments to reconcile increase (decrease) in net assets<br>to net cash provided by (used in) operating activities: |                          |                          |
| Depreciation  | 108,148                  | 94,494                   |
| Depreciation - discontinued operations  | -                        | 17,815                   |
| Investment income, net  | (2,080)                  | (1,831)                  |
| Forgiveness of THDA grant note  | -                        | (62,307)                 |
| Changes in:   |                          |                          |
| Receivables   | 47,778                   | 17,948                   |
| Prepaid expenses  | 14,914                   | (5,063)                  |
| Assets whose use is limited   | (3,658)                  | 12,810                   |
| Accounts payable  | 1,970                    | 1,816                    |
| Accrued expenses  | 11,589                   | (120,993)                |
| Total adjustments   | <u>178,661</u>           | <u>(45,311)</u>          |
| Net cash provided by (used in) operating activities   | <u>363,761</u>           | <u>(105,237)</u>         |
| Cash Flows from Investing Activities:   |                          |                          |
| Purchase of property and equipment  | <u>(72,265)</u>          | <u>(45,119)</u>          |
| Net cash used in investing activities   | <u>(72,265)</u>          | <u>(45,119)</u>          |
| Cash Flows from Financing Activities:   |                          |                          |
| Payments on long-term debt  | <u>(13,581)</u>          | <u>(13,926)</u>          |
| Net cash used in financing activities   | <u>(13,581)</u>          | <u>(13,926)</u>          |
| Net increase (decrease) in cash   | 277,915                  | (164,282)                |
| Cash - beginning of year  | <u>474,397</u>           | <u>638,679</u>           |
| Cash - end of year  | <u><u>\$ 752,312</u></u> | <u><u>\$ 474,397</u></u> |

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Interest paid during the years ended June 30, 2018 and 2017, was \$9,939 and \$9,209, respectively.

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The terms "we" "our" and "us" are also used throughout these notes to the financial statements to identify The Rochelle Center. The Rochelle Center (the "Center") is a nonprofit organization located in Nashville, Tennessee. For over 30 years, we have served persons with developmental disabilities and their families, creating opportunities to develop new skills, enhance independence and increase acceptance as valued members of their communities. The majority of our revenue is determined by the state through Medicaid at set reimbursement rates which are reviewed annually by the State legislature for possible adjustment.

Program Services

The following program services are included in the accompanying financial statements:

Developmental Services - Provide meaningful day activities through facility and community based services to adults with severe to profound disabilities.

Residential Services - Provide community based supported living homes supporting up to three adults with severe to moderate intellectual disabilities. The emphasis of the program is on normalized, home environment with the consumers assuming household responsibilities and participation to the extent of their abilities.

Production Center - Offers work skill development opportunities on a variety of contracts from a diverse set of businesses in the Nashville community. Placement in the work community is designed to advance the skills learned and provide employment for individuals. As of June 30, 2017, the production center was no longer in operation. See Note 12 for note on discontinued operations.

Supported Employment - Offer work and skill development opportunities and a means to earn training wages for disadvantaged or disabled people who cannot otherwise find work training programs.

Basis of Presentation

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

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

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

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes.

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Prior Year Summarized Financial Information

While comparative information is not required under United States generally accepted accounting principles ("US GAAP"), we believe this information is useful and have included certain summarized financial information from our 2017 financial statements. Such summarized information is not intended to be a complete presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with our financial statements as of and for the year ended June 30, 2017, from which it was derived.

Reclassifications

Certain reclassifications of prior year summarized amounts have been made to conform to the current year presentation.

Revenue Recognition

We recognize fee income in the period in which services are provided to consumers based on a contractual rate per client per day. The majority of our fee income is from the State of Tennessee. Rates paid to us are determined by the State of Tennessee per client, based on the level of care required.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all investment instruments purchased with original maturities of three months or less to be cash equivalents. At June 30, 2018 and 2017, there were no cash equivalents.

Accounts Receivable

We record receivables from promises to give when they are pledged. Bad debts are recognized on the allowance method based on historical experience and our evaluation of outstanding accounts. An allowance for uncollectable accounts of \$0 and \$1,000 has been recorded for the years ended June 30, 2018 and 2017, respectively.

Investments

We use a framework for measuring fair value and disclosing fair values. We define fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. We use this framework for all assets and liabilities measured and reported on a fair value basis and enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Each asset and liability carried at fair value is classified into one of the following categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market based inputs or unobservable inputs corroborated by market data
- Level 3 - Unobservable inputs not corroborated by market data.

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

**Investments (continued)**

The following table summarizes our financial assets measured at fair value on a recurring basis segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value as of June 30, 2018:

|  | <u>Level 1</u>  | <u>Level 2</u> | <u>Level 3</u>  | <u>Total</u>     |
|--|-----------------|----------------|-----------------|------------------|
| Beneficial interest in agency endowment fund | \$ -            | \$ -           | \$ 9,898        | \$ 9,898         |
| Investments                                  | <u>7,649</u>    | <u>-</u>       | <u>-</u>        | <u>7,649</u>     |
|  | <u>\$ 7,649</u> | <u>\$ -</u>    | <u>\$ 9,898</u> | <u>\$ 17,547</u> |

As discussed above, we are required to report fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the valuation techniques. We used the following ways to determine the fair values of the beneficial interest in agency endowment fund and investments, respectively:

- We obtained a summary statement directly from the Community Foundation of Middle Tennessee with the value of the endowment fund as of June 30, 2018.

There were no transfers between Level 1, Level 2, and Level 3 investments during the year ended June 30, 2018.

A reconciliation of changes in the amounts reported for the assets valued using Level 3 inputs are included in Note 9.

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Our capitalization policy is to capitalize any expenditure over \$500 for any land, building, and equipment purchased. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At June 30, 2018, no assets were considered to be impaired.

Property and equipment donated with explicit restrictions regarding their use and contributions of cash which must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long the donated assets must be maintained, we report expirations of donor restrictions when the donated or acquired assets are placed in service and also reclassify the temporarily restricted net assets to unrestricted net assets concurrently.

**Income Tax Status**

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

**Functional Allocation of Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising**

Advertising is expensed as incurred.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

**Fair Values of Financial Instruments**

The fair values of current assets, current liabilities, long-term liabilities, and restricted cash approximate the carrying values due to the short maturities of these instruments and they are all Level 1 in the fair value hierarchy other than the Community Foundation endowment in Note 9, which is considered a Level 3 investment.

The fair values of long-term debt approximate the carrying values, they are estimated based on current rates offered to us, and they are all Level 1 in the fair value hierarchy.

**NOTE 2 - Accounts Receivable**

A summary of the accounts receivable held at June 30, 2018 and 2017, is as follows:

|  | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|
| Production contracts                                       | \$ -              | \$ 70,919         |
| Tennessee Department of Intellectual Disabilities Services | 279,475           | 291,101           |
| Residential  | 33,554            | (213)             |
|  | <u>313,029</u>    | <u>361,807</u>    |
| Less: allowance for bad debts                              | -                 | (1,000)           |
|  | <u>\$ 313,029</u> | <u>\$ 360,807</u> |

**NOTE 3 - Investments**

In the year ended June 30, 2014, we received an investment portfolio as a donation for attending a fundraising event. The investment portfolio had a fair market value of \$4,282 at the date of donation. At June 30, 2018 and 2017, the investments in this portfolio had a fair market value of \$ 7,649 and \$ 6,232, respectively.

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

NOTE 3 – Investments (continued)

Investments consisted of the following at June 30, 2018 and 2017:

|                     | <u>2018</u>     | <u>2017</u>     |
|---------------------|-----------------|-----------------|
| Equities            | \$ 6,268        | \$ 5,764        |
| FlexInsured Account | <u>1,381</u>    | <u>468</u>      |
|                     | <u>\$ 7,649</u> | <u>\$ 6,232</u> |

The fair value of the above investments is based on Level 1 inputs, which are values readily obtained by publicly quoted prices. Investment income is \$2,080 which is comprised of interest of \$508, and net realized and unrealized gain of \$1,572 at June 30, 2018, and interest income of \$717 and net realized and unrealized gain of \$1,114 at June 30, 2017. The endowment investment income, net of \$663 at June 30, 2018, is included in investment income. See Note 9 for endowment activity note.

NOTE 4 - Accrued Expenses

At June 30, 2018 and 2017, expenses were accrued for the following:

|                       | <u>2018</u>      | <u>2017</u>      |
|-----------------------|------------------|------------------|
| Accrued paid time off | \$ 29,114        | \$ 24,044        |
| Accrued wages payable | 33,015           | 30,866           |
| Deferred revenue      | 13,500           | 11,500           |
| Other accruals        | <u>4,675</u>     | <u>2,305</u>     |
|                       | <u>\$ 80,304</u> | <u>\$ 68,715</u> |

NOTE 5 - Long-term Debt

Long-term debt at June 30, 2018 and 2017 consists of the following:

|   | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|
| First mortgage note payable to U.S. Bank with a maturity of June 2, 2019. Monthly payments of \$1,174 are required with interest at 4.49%. The note is collateralized by real and personal property with a net book value of \$143,076.   | \$ 121,736        | \$ 130,101        |
| First mortgage note payable to Regions Bank with a maturity of August 8, 2023. Monthly payments of \$677 are required, including 4.25% interest. The note is collateralized by real property with a net book value of \$89,987.   | 64,979            | 70,195            |
| Grant notes payable to THDA with maturities through August 25, 2021. There are no monthly payments required and these are non-interest bearing notes. The Rochelle Center is not required to pay the notes back if the properties in the grant notes are kept until their maturities. | 231,349           | 231,349           |
|   | 418,064           | 431,645           |
|   | <u>(125,121)</u>  | <u>(13,576)</u>   |
| Less: current maturities  | <u>\$ 292,943</u> | <u>\$ 418,069</u> |

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

**NOTE 5 - Long-term Debt (continued)**

The following is a schedule of future maturities:

| <u>Year Ended June 30,</u> |                   |
|----------------------------|-------------------|
| 2019                       | \$ 125,121        |
| 2020                       | 5,615             |
| 2021                       | 5,859             |
| 2022                       | 237,462           |
| 2023                       | 6,378             |
| Thereafter                 | <u>37,629</u>     |
|                            | <u>\$ 418,064</u> |

**NOTE 6 - Unrestricted Net Assets – Board Designated**

At June 30, 2018 and 2017, the Board of Directors has designated \$322,000 in net assets and cash to be used for future building and equipment purchases and repairs.

**NOTE 7 - Temporarily Restricted Net Assets**

Also at June 30, 2018 and 2017, we held assets whose use was temporarily restricted by donors or grantors as follows:

|                       | <u>2018</u>      | <u>2017</u>      |
|-----------------------|------------------|------------------|
| Music Therapy Program | \$ 1,745         | \$ 2,987         |
| Purchase of Van       | 4,725            | 4,725            |
| Purchase of Vehicles  | 3,500            | -                |
| Client Awards         | 1,400            | -                |
| First Aid/CPR         | <u>2,990</u>     | <u>2,990</u>     |
|                       | <u>\$ 14,360</u> | <u>\$ 10,702</u> |

**NOTE 8 - Lease Agreement**

We lease various office equipment and real property under lease arrangements classified as operating leases. Most of our leases are on a month-to-month or as needed basis. We have one operating lease for a copier with monthly payments of \$478. This lease expires in November 2021. Total rent expense for the years ended June 30, 2018 and 2017, was \$12,462 and \$8,390, respectively.

| <u>Year Ended June 30,</u> |                  |
|----------------------------|------------------|
| 2019                       | \$ 5,736         |
| 2020                       | 5,736            |
| 2021                       | <u>1,912</u>     |
|                            | <u>\$ 13,384</u> |

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

**NOTE 9 - Community Foundation Endowment**

The Community Foundation of Middle Tennessee (the "Foundation"), a non-profit organization, is in control of an endowment fund for The Rochelle Center. The Foundation has ultimate authority and control over all property of the fund and the income derived therefrom; however, the endowment is considered to be a reciprocal transfer, and is, therefore, recorded as a permanently restricted asset on our Statement of Financial Position. The balance of the fund at June 30, 2018 and 2017, was \$9,898 and \$9,235, respectively.

The activity in the Community Foundation endowment for the Center is as follows:

|                          |    |      |       |
|--------------------------|----|------|-------|
| Balance at July 1, 2017  |    | \$   | 9,235 |
| Contributions            | \$ | 25   |       |
| Interest income          |    | 161  |       |
| Realized loss            |    | 467  |       |
| Unrealized gain          |    | 73   |       |
| Administrative fees      |    | (25) |       |
| Investment fees          |    | (38) |       |
|                          |    |      | 663   |
| Balance at June 30, 2018 |    | \$   | 9,898 |

**NOTE 10 - Concentrations and Contingencies**

**Revenue Sources**

We receive a substantial amount of our support and revenues from governmental agencies. A significant reduction in the level of this support may reflect on our future programs and activities. In addition, the funding received from the governmental agencies is subject to audit and retroactive adjustment by the governmental agencies. At June 30, 2018 and 2017, revenue received from governmental agencies was 92% and 80% of total revenue, respectively. At June 30, 2018 and 2017, there was a concentration of 89% and 81% of total receivables due from the State of Tennessee, respectively.

We maintain our cash in bank accounts which, at times, may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe that we are exposed to any significant credit risk on our cash.

**Accounts Payable**

At June 30, 2018 and 2017, we owed three and two vendors 46% and 64% of our total accounts payable, respectively.

**NOTE 11 - Retirement Plan**

We sponsor a tax-deferred annuity plan ("Plan") under Section 403(b) of the Internal Revenue Code. In the years ended June 30, 2018 and 2017, we did not make discretionary employer matches for the Plan. There were no expenses for the Plan during the years ended June 30, 2018 and 2017.

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

**NOTE 12 - Discontinued Operations/Future Waiver Contracts**

As determined by the Home and Community Based Services (HCBS) Waiver all agencies funded by the Department of Intellectual and Developmental Disabilities (DIDD) will transition to Prevocational/Employment or Community Based Day from Facility Based Service on or before March 17, 2019. Information has been sent home to stakeholders regarding the changes required to meet the new standards. As a result of the new waiver, all paid prevocational work activities at Rochelle Center ended on or before December 31, 2016, for those funded by the HCBS/DIDD. The discontinued operations in the amount of \$75,203 are June 30, 2017, revenue and expenses as shown on the Statement of Activities. On the Statement of Financial Position, assets related to the production center are \$64,945 which includes \$3,481 in receivables related to production center contracts at June 30, 2017, that are expected to be received and fixed assets at carrying value of \$61,464. We will work with other vulnerable populations that will benefit from work hardening skills as services transition away from the traditional work environment for those funded by HCBS/DIDD. We continue to provide meaningful Community Based Day opportunities and Prevocational/Employment Services as well as Residential Supported Living Services for those who have chosen us as a service provider under the HCBS/DIDD Licensure.

**NOTE 13 - New Pronouncements**

In May 2014, FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606). The Update provides guidance about recording contract revenue on an organization's statement of activities. The amendments in this Update are effective for annual periods beginning after December 15, 2018, and for annual periods and interim periods thereafter with early adoption permitted for annual periods beginning after December 15, 2016. We are currently evaluating the impact of adopting this statement.

In February 2016, FASB issued Accounting Standards Update 2016-02, Leases (Topic 842). The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2019, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

In August 2016, FASB issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Update provides guidance about the presentation of financial statements for non-profit organizations. The amendments in this Update are effective for annual periods beginning after December 15, 2017, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

In August 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how certain cash receipts and cash payments are presented and classified in the Statement of Cash Flows. The amendments will be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the impact of adopting this statement.

In November 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of cash flows. The amendments will be effective for the Organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting this guidance on the financial statements.

**THE ROCHELLE CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017**

**NOTE 14 - Subsequent Events**

We have evaluated events subsequent to the year ended June 30, 2018. As of October 16, 2018, the date that the financial statements were available to be issued. We are not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.



## PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

**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  
Rochelle Center

We have audited, in accordance with the 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 Rochelle Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, statement of 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 October 16, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rochelle Center'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 Rochelle Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Rochelle 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency 2018-001.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rochelle Center'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

### **Rochelle Center's Response to Findings**

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

**Purpose of this Report**

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

*Patterson Handley & Bellentine*

October 16, 2018

**THE ROCHELLE CENTER**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of The Rochelle Center.
2. One significant deficiency during the audit of the financial statements was 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*. See 2018-001.
3. No instances of material noncompliance were disclosed during the audit.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

2018-001

|                             |  |
|-----------------------------|--|
| Criteria:                   | As a part of financial reporting and controls over financial reporting the Organization should reconcile supporting schedules for material assets and liabilities to the general ledger on a monthly basis, investigate differences and make adjustments as necessary. |
| Condition:                  | Supporting schedules for accounts receivable, fixed assets, and prepaid expenses did not agree to the general ledger at year-end.  |
| Perspective<br>Information: | The Organization was aware that accounts receivable required adjustment.   |
| Cause:                      | There is no policy in place to require a second level of review for supporting schedules during the monthly close process.   |
| Effect:                     | The financial statement required a material adjustment.  |
| Recommendations:            | Supporting schedules should be reconciled at least monthly to the general ledger. The Organization should consider enlisting its financial professional board members to provide a periodic second review of the supporting schedules.                                 |
| Response:                   | See Management's Corrective Action Plan  |



*Supporting People with Disabilities*

### **Management's Corrective Action Plan**

**Finding 2018-001** – Supporting schedules for three balance sheet accounts did not agree to the general ledger.

**Comment from Management:**

This deficiency in the reconciliation process occurred as a result of transitioning accounting systems on January 1, 2018.

**Plan:**

The Rochelle Center management has already begun implementing monthly reconciliation processes for all sub ledgers to ensure proper general ledger reporting of interim and year end financial statements.

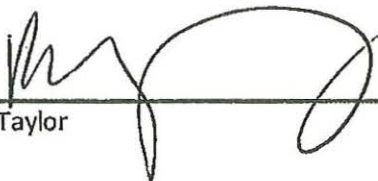
**Completion Date:**

August 17<sup>th</sup>, 2018

**Contact Person:**

Rikki Lea Taylor  
Director of Finance  
1020 Southside Court  
Nashville, TN 37203  
615-254-0673 ext 245

**Signed:**

  
\_\_\_\_\_  
Rikki Lea Taylor

**THE ROCHELLE CENTER**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Financial Statement Findings:

| <b>Prior Year Finding<br/>Number</b> | <b>Finding Title</b>                               | <b>Status/ Current Year<br/>Finding Number</b> |
|--------------------------------------|--|--|
| 2017-001                             | Days billed to State did not agree to daily notes. | Corrected                                      |