



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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying roster of Board of Directors, schedule of current year findings and schedule of prior year findings, as required by the Tennessee Comptroller of the Treasury, as per the *Auditing & Accounting for Local Governmental Units and Other Organizations*, 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 September 22, 2020, 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.

September 22, 2020

Patterson Handee & Ballentine

THE ROCHELLE CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 1,657,147	\$ 1,485,270
Restricted cash	14,360	14,360
Investments	9,115	9,858
Receivables	334,376	340,305
Prepaid expenses	15,320	52,085
Total current assets	<u>2,030,318</u>	<u>1,901,878</u>
Property and Equipment:		
Land	41,051	41,051
Buildings	2,971,864	2,648,229
Equipment	1,584,151	1,497,511
	<u>4,597,066</u>	<u>4,186,791</u>
Less: accumulated depreciation	<u>(3,092,601)</u>	<u>(2,958,429)</u>
Total property and equipment, net	<u>1,504,465</u>	<u>1,228,362</u>
Assets Whose Use is Limited:		
Restricted investments - Community Foundation	<u>10,696</u>	<u>10,410</u>
Total assets whose use is limited	<u>10,696</u>	<u>10,410</u>
Total assets	<u><u>\$ 3,545,479</u></u>	<u><u>\$ 3,140,650</u></u>

See accompanying notes to the financial statements.

THE ROCHELLE CENTER
STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2019

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
Current Liabilities:		
Current installments of long-term debt	\$ 236,325	\$ 5,615
Accounts payable	39,732	31,921
Accrued expenses	123,754	111,609
Total current liabilities	<u>399,811</u>	<u>149,145</u>
Long-term debt, net of current installments	<u>490,819</u>	<u>285,727</u>
Total liabilities	<u>890,630</u>	<u>434,872</u>
Net Assets:		
Without donor restrictions	2,629,793	2,681,008
With donor restrictions	<u>25,056</u>	<u>24,770</u>
Total net assets	<u>2,654,849</u>	<u>2,705,778</u>
Total liabilities and net assets	<u><u>\$ 3,545,479</u></u>	<u><u>\$ 3,140,650</u></u>

See accompanying notes to the financial statements.

THE ROCHELLE CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020	2019
Public Support and Revenues:				
Gross special event revenue	\$ 249,874	\$ -	\$ 249,874	\$ 262,971
Less direct cost of special events	(167,762)	-	(167,762)	(170,871)
Net special events revenue	82,112	-	82,112	92,100
Public support:				
Contributions	27,905	-	27,905	21,018
Government contracts	2,671,853	-	2,671,853	2,981,072
Program fees	1,345	-	1,345	6,142
Residential income	238,415	-	238,415	236,738
Investment income, net	10,888	286	11,174	11,774
Total public support	2,950,406	286	2,950,692	3,256,744
Other Revenue:				
Gain on sale of assets	-	-	-	281,534
Total public support and revenue	3,032,518	286	3,032,804	3,630,378
Expenses:				
Program services:				
Developmental services	683,360	-	683,360	808,207
Residential services	1,873,190	-	1,873,190	1,813,427
Total program services	2,556,550	-	2,556,550	2,621,634
Supporting services:				
Management and general	525,503	-	525,503	485,989
Fundraising	1,680	-	1,680	4,377
Total supporting services	527,183	-	527,183	490,366
Total expenses	3,083,733	-	3,083,733	3,112,000
Increase(Decrease) in net assets	(51,215)	286	(50,929)	518,378
Net assets - beginning of year	2,681,008	24,770	2,705,778	2,187,400
Net assets - end of year	\$ 2,629,793	\$ 25,056	\$ 2,654,849	\$ 2,705,778

See accompanying notes to the financial statements.

THE ROCHELLE CENTER
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			
	<u>Developmental services</u>		<u>Residential services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Salaries	\$ 373,206	\$ 447,858	\$ 1,255,041	\$ 1,214,580
Payroll taxes and benefits	98,227	85,761	171,957	175,320
Total personnel costs	471,433	533,619	1,426,998	1,389,900
Bad debts	-	-	837	2,044
Communications	25,036	18,586	54,712	48,443
Contracted services	5,723	2,299	17,609	12,145
Dues and subscriptions	6,732	3,375	7,098	4,141
Insurance	17,798	17,454	19,398	19,414
Interest	-	36	2,981	6,943
Miscellaneous	7,659	6,375	9,120	6,385
Professional fees	6,380	7,598	5,007	5,294
Rent	4,064	5,341	3,239	2,142
Repairs and maintenance	32,722	50,848	76,705	83,786
Special events	-	-	-	197
Supplies	3,943	7,995	101,918	95,433
Travel and transportation	34,841	74,745	9,919	20,222
Utilities	20,329	27,193	56,990	56,121
Depreciation	44,444	47,726	75,334	58,207
Office Supplies	2,256	5,017	5,325	2,807
Total expenses by function	683,360	808,207	1,873,190	1,813,624
Less expenses included with revenues on the statement of activities:				
Direct cost of special events	-	-	-	(197)
Total expenses included in the expense section on the statement of activities	\$ 683,360	\$ 808,207	\$ 1,873,190	\$ 1,813,427

See accompanying notes to the financial statements.