Bruce D. Norling, CPA, P.C.

MANAGEMENT LETTER

November 12, 2014

To the Board of Directors
ACCEPT Education Collaborative

In planning and performing our audit of the financial statements of ACCEPT Education Collaborative (ACCEPT) for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the ACCEPT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACCEPT's internal control.

During our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 12, 2014, on the financial statements of ACCEPT Education Collaborative.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Bruce D. Norling, CPA, P.C.

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The following are comments and recommendations we noted during our audit for the year ended June 30, 2014. We feel that the implementation of these items will enable ACCEPT to further strengthen its management and accounting systems and procedures.

TRANSPORTATION DEPARTMENT

Historically, the transportation department has been a profit center for ACCEPT. This past year, the department was deficit spending. Transportation expenses increased partially due to the use of vendors to provide transportation rather than ACCEPT vehicles and drivers. In addition, the department continues to struggle to send bills out timely and accurately resulting in many corrections in later months.

To return the department to a profit center, we recommend that more assistance be provided to manage the transportation department and that accounting personnel be involved in transportations billings.

MANAGEMENT'S RESPONSE

Management agrees that the Transportation Department is in need of assistance. The following actions have been taken to improve the operation of the Department: 1) the Transportation Department office has been moved to the same building as the ACCEPT main office to streamline communication and provide additional staffing when necessary; 2) established a Transportation Committee to study various billing methodologies; and 3) a full time accountant and a part time business manager have been added to the ACCEPT staffing, providing access to additional support and assistance in operations, billing, fleet utilization, routing, and negotiations with outside vendors.

ROLE OF TREASURER

ACCEPT has a Treasurer to comply with Collaborative Regulations. 603 CMR 50.06 (3) States "Each collaborative board of directors shall hire or appoint a treasurer to manage all receipts and disbursements through the collaborative fund and to perform such duties as are required by the collaborative board of directors and authorized by M.G.L. c. 40, § 4E and these regulations."

We recommend the role of ACCEPT's Treasurer be refined to include his responsibilities regarding reviewing cash receipts and monthly bank statements.

MANAGEMENT'S RESPONSE

Management agrees the role of the Treasurer should be expanded to include the review of cash receipts and reconciliation of bank statement and will implement these changes.

Bruce D. Norling, CPA, P.C.

November 12, 2014

To the Board of Directors
ACCEPT Education Collaborative

We have audited the financial statements of ACCEPT Education Collaborative for the year ended June 30, 2014, and have issued our report thereon dated November 12, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ACCEPT Education Collaborative are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 12, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Information in Documents Containing Audited Financial Statements</u>

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of ACCEPT Education Collaborative and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bruce D. Norling, CPA, P.C.

ACCEPT
Education Collaborative
220 North Main Street, Suite 201, Natick, MA 01760
508.653.6776 · 508.653.0878 Fax · accept.org
Celebrating 40 Years

November 12, 2014

Bruce D. Norling, CPA, P.C.
410 Boston Post Road, #24
Sudbury, MA 01776

This representation letter is provided in connection with your audit of the financial statements of ACCEPT Education Collaborative (ACCEPT), which comprise the statement of net position of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 12, 2014, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 20, 2014, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which ACCEPT is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
b) Additional information that you have requested from us for the purpose of the audit.
c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

a) Management,
b) Employees who have significant roles in internal control, or
c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

19) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) ACCEPT has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

25) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

26) Except as made known to you, ACCEPT has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) ACCEPT has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

29) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

30) The financial statements properly classify all funds and activities.

31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

32) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

34) Provisions for uncollectible receivables have been properly identified and recorded.

35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

40) We have appropriately disclosed ACCEPT's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

42) With respect to the supplementary information:
   a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant

assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signed: ______________________ Executive Director

______________________ Director of Finance

ACCEPT EDUCATION COLLABORATIVE

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

ACCEPT EDUCATION COLLABORATIVE

FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS FY 14

ACCEPT EDUCATION COLLABORATIVE
220 North Main Street, Suite 201
Natick, MA 01760

Financial Statements for the fiscal year ending June 30, 2014

This discussion and analysis of the ACCEPT Education Collaborative's (ACCEPT) financial performance provides an overall review of ACCEPT'S financial activities for the current fiscal year, with comparative information for the prior year. The intent of this discussion and analysis is to examine ACCEPT's financial performance during FY14. Readers are encouraged to review the independent auditors' report for a more detailed review of ACCEPT'S financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999.

About ACCEPT Education Collaborative

Mission: To use the collective power of member school districts and community resources to provide a wide range of exceptional programs and services that maximizes the potential of students, their families, educators and communities.

Our goal is to be the provider of first choice for high quality regional programs and services that meet our students' and member districts evolving needs.

Guiding Principles:

- Respect for diversity and human differences
- Best teaching practices
- Continuous improvement
- Open and honest communication
- Integrity

ACCEPT, founded in 1974 and headquartered in Natick, Massachusetts, is a regional public non-profit educational organization serving 15 local school districts in the MetroWest area. ACCEPT has established trusted partnerships with member districts by providing a wide range of high quality and cost-effective, evolving programs and services for students, parents, educators, and school districts. Current programs and services include: Special Education Programs, Specialized Transportation Services, Home-based Services, Consultation Services, Medicaid Reimbursement Services, Educational Technology Services, and Professional Development.

ACCEPT is organized according to Massachusetts General Law Chapter 40, Section 4e. It has 501(c)(3) status for tax purposes under federal regulations for non-profit organizations. ACCEPT is governed by a Board of Directors comprised of the Superintendents from our member school districts: Ashland, Dover, Dover/Sherborn Regional, Framingham, Franklin, Holliston, Hopkinton, Medfield, Medway, Millis, Natick, Needham, Sherborn, South Middlesex

Regional Technical Vocational High School, and Sudbury Public Schools. Four operating committees/job-alike groups, Special Education, Technology, Curriculum, and Business Operations, provide input into the development and implementation of ACCEPT's programs.

A key differentiator between Massachusetts educational collaboratives and their member districts is the manner in which budgets are developed and funding is available. Under Massachusetts law, school committees must adopt an annual budget, funded by local tax assessments. Once adopted, the district must operate within the constraints of the budget; extraordinary circumstances resulting in the need for additional funding require further approval.

ACCEPT's budget is approved by the Board of Directors and is based on projected revenues and expenses. Tuitions, fees, and other assessments must be established recognizing revenues and expenses will vary throughout the year as the number of students enrolled and services purchased changes. Keen and routine oversight is necessary to ensure that changes in expense are balanced by proportional changes in revenue. Conservative fiscal planning and effective program management are ACCEPT cornerstones and have resulted in a positive financial outcome over each of the past several fiscal years.

Unrestricted Summary:	FY2014	FY2013
Revenues	$11,474,177	$10,322,619
Expenses	11,392,592	10,101,126
Change in Net Position	81,585	221,493
Total Net Position (unrestricted)	$3,192,142	$3,110,557

Expense/Revenue Summary

	FY14 INCOME	FY14 EXPENSES	FY14 SURPLUS/LOSS
Administration*	52,000	86,212	(34,212)
Core Programs	4,070,764	3,861,869	208,895
Transportation	5,415,925	5,716,367	(300,442)
Home Based/Consult Svcs	770,615	621,141	149,474
Summer	463,807	336,151	127,656
Technology	167,835	144,403	23,432
Prof. Development	221,886	293,805	(71,919)
Medicaid	100,841	125,036	(24,195)
OPERATING TOTAL	**$11,263,673**	**$11,184,984**	**$78,689**
Restricted Funds	18	750	(732)
Interest & Gift Income	5,928	3,032	2,896
Grants	205,326	205,326	-
TOTAL	**$11,474,945**	**$11,394,092**	**$80,853**

* Reflects allocation of administrative expenses across program accounts

During FY14 ACCEPT generated total operating revenue of $11,263,673. Operating expenses for the year were $11,184,984, resulting in $78,689 (0.7% of operating revenue) in surplus funds. This demonstrates both conservative fiscal planning and keen program management and oversight.

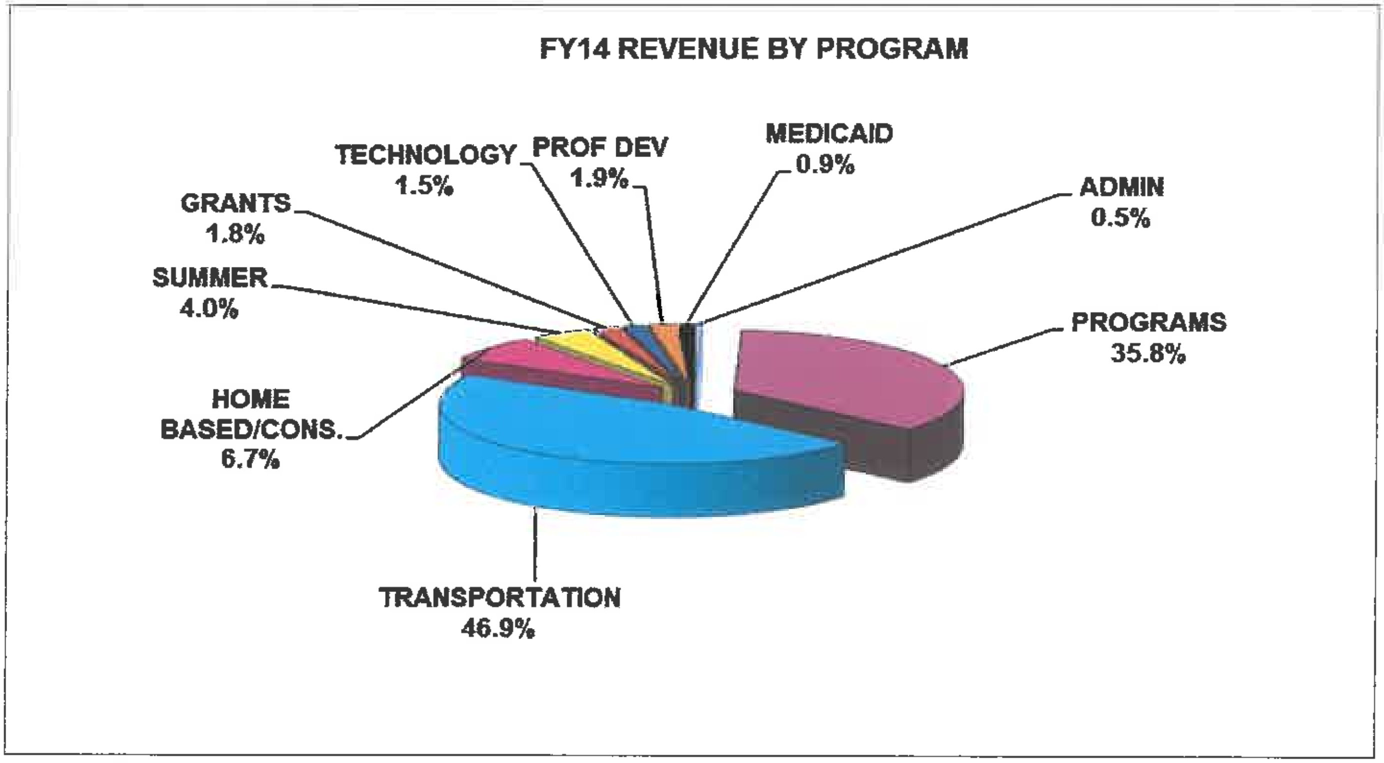
Statement of Net Position

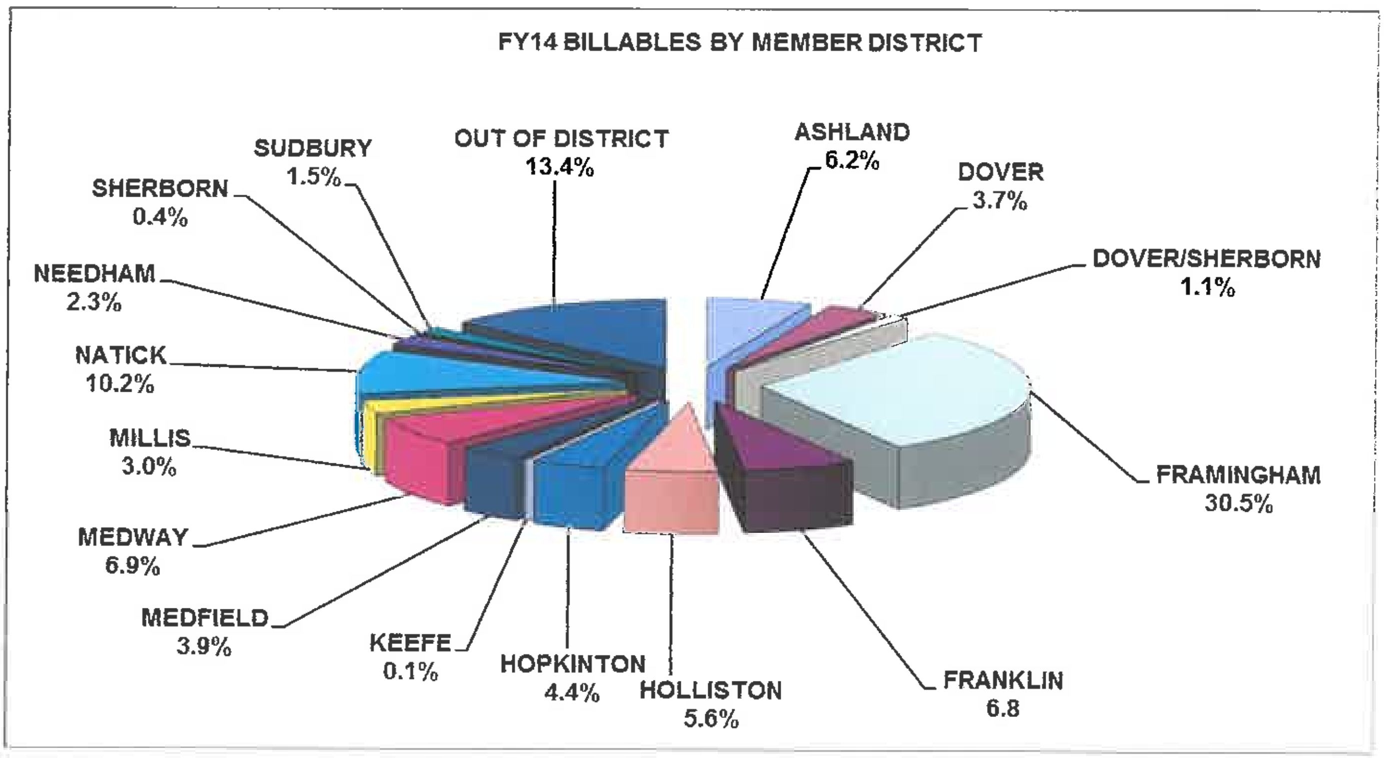
The statement of net position presents information on all of ACCEPT's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. A summary of changes for the years ending June 30, 2014 and 2013 follows.

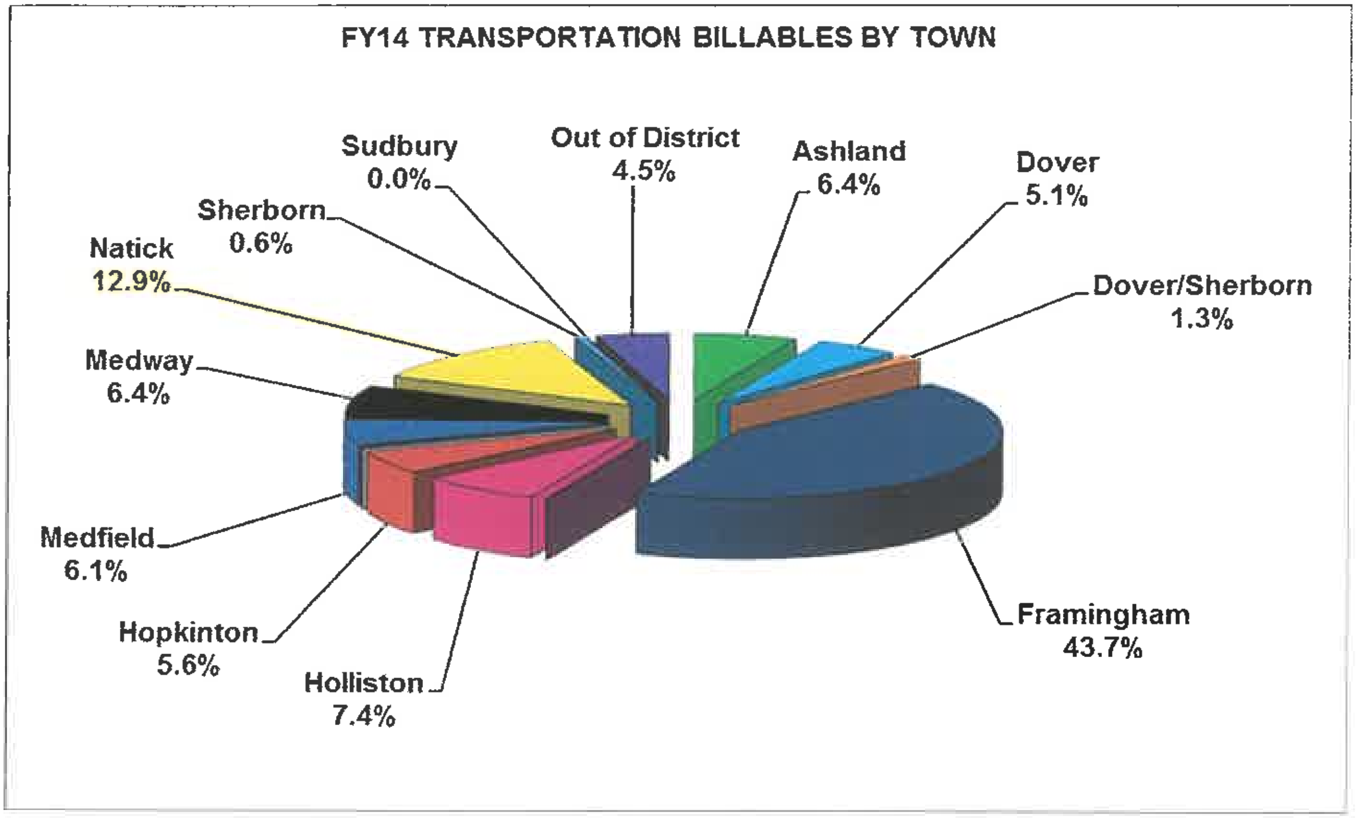
ASSETS	2014	2013	INCREASE (DECREASE)
CURRENT ASSETS			
Cash and Cash Equivalents	$ 2,315,513	$ 1,939,166	$ 376,347
Accounts Receivable, Net	1,745,172	1,482,174	262,998
Grants Receivable	7,541	63,081	(55,540)
Prepaid Expenses	108,691	113,325	(4,634)
Security Deposits	11,639	5,902	5,737
Total Current Assets	4,188,556	3,603,648	584,908
FIXED ASSETS			
Furniture and Equipment	113,758	27,084	86,674
Vehicles	2,416,540	1,656,166	760,374
Less: Accumulated Depreciation	(1,313,543)	(826,878)	(486,665)
Net Fixed Assets	1,216,755	856,372	360,383
Total Assets	5,405,311	4,460,020	945,291
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	303,341	226,228	77,113
Accrued Payroll and Fringe Benefits	401,324	355,408	45,916
Current Portion of Notes Payable	394,462	223,623	170,839
Amounts Due Members	160,000	-	160,000
Deferred Revenue	124,918	40,949	83,969
Total Current Liabilities	1,384,045	846,208	537,837
NONCURRENT LIABILITIES			
Accrued OPEB Expense	499,146	378,308	120,838
Long Term Portion of Notes Payable	315,442	109,679	205,763
Total Noncurrent Liabilities	814,588	487,987	326,601
Total Liabilities	2,198,633	1,334,195	864,438
NET POSITION			
Invested in Capital Assets, Net of Related Del	506,851	523,070	(16,219)
Unrestricted	2,685,291	2,587,487	97,804
Restricted	14,536	15,268	(732)
Total Net Position	3,206,678	3,125,825	80,853
Total Liabilities and Net Position	$ 5,405,311	$ 4,460,020	945,291

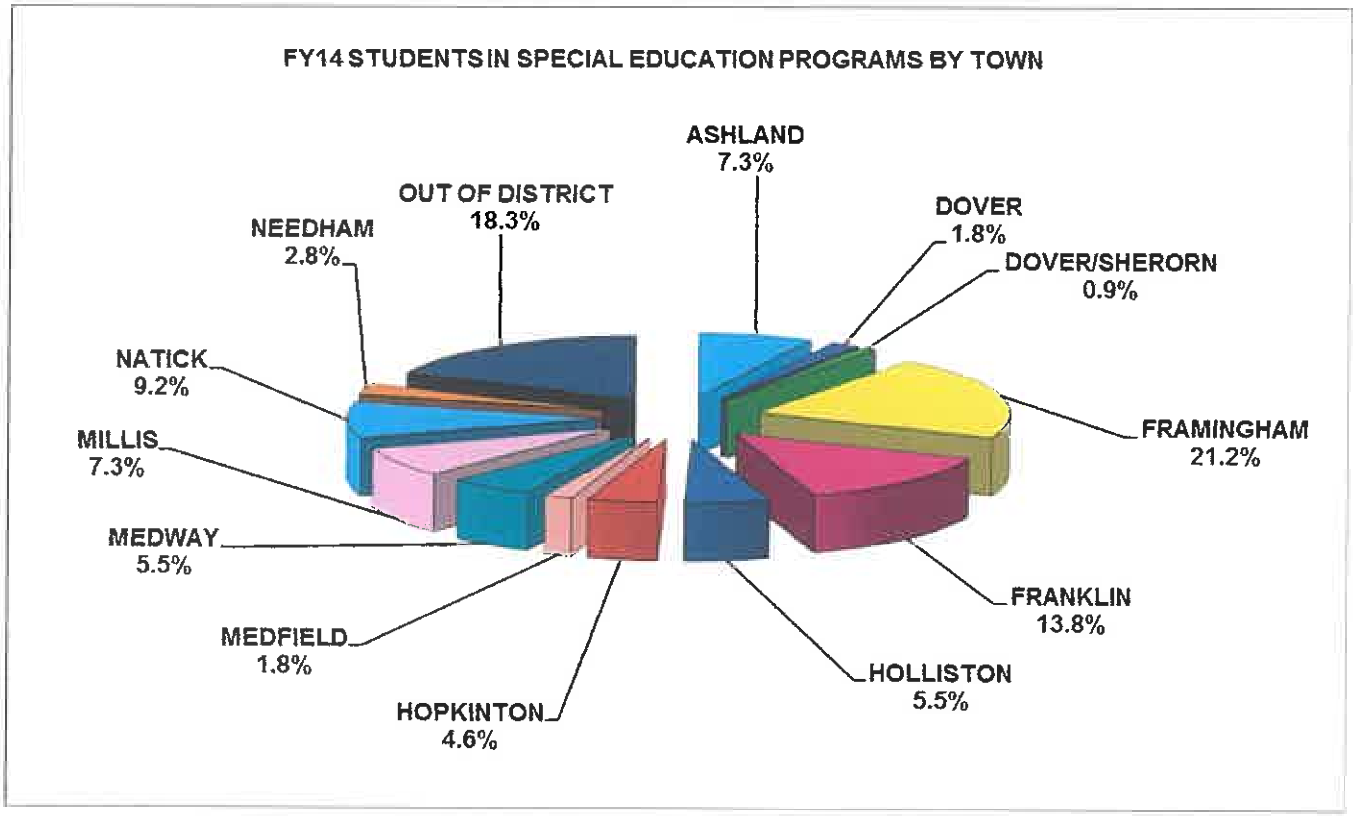
The charts that follow provide a summary of revenues by program and district utilization of ACCEPT's major programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS FY 14

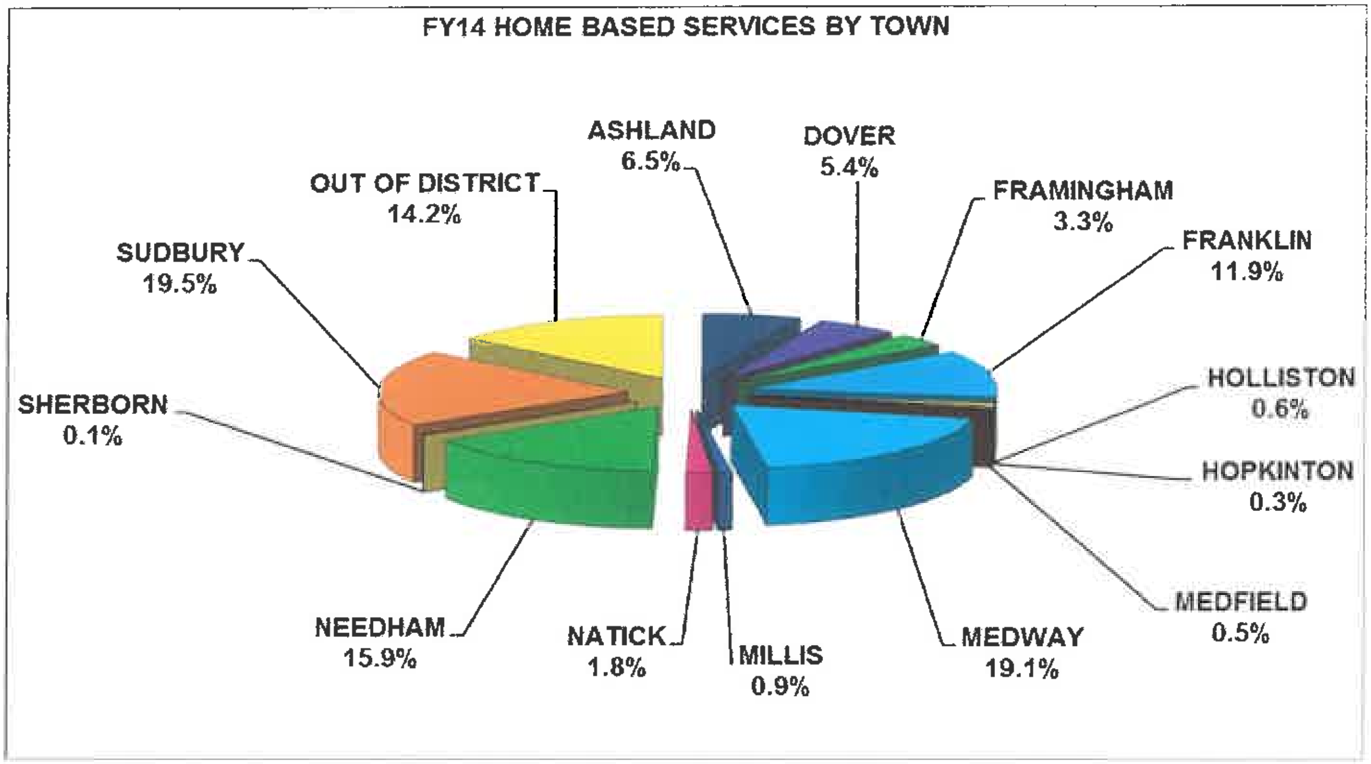





FY14 TRANSPORTATION BILLABLES BY TOWN
Sudbury 0.0%
Out of District 4.5%
Ashland 6.4%
Dover 5.1%
Sherborn 0.6%
Natick 12.9%
Dover/Sherborn 1.3%
Medway 6.4%
Medfield 6.1%
Hopkinton 5.6%
Holliston 7.4%
Framingham 43.7%


FY14 STUDENTS IN SPECIAL EDUCATION PROGRAMS BY TOWN
ASHLAND 7.3%
OUT OF DISTRICT 18.3%
DOVER 1.8%
NEEDHAM 2.8%
DOVER/SHERORN 0.9%
NATICK 9.2%
MILLIS 7.3%
FRAMINGHAM 21.2%
MEDWAY 5.5%
FRANKLIN 13.8%
MEDFIELD 1.8%
HOLLISTON 5.5%
HOPKINTON 4.6%

MANAGEMENT'S DISCUSSION AND ANALYSIS FY 14



This financial report is designed to provide users with a general overview of the Collaborative's purpose and financial position. Questions about the report or requests for additional information may be directed to the Executive Director, ACCEPT Education Collaborative, 220 N. Main Street, Natick MA 01760.

By: *Marcia J. Berkowitz, Ed.M, M.Ed.*

Marcia J. Berkowitz, Ed.M, M.Ed.
Executive Director
ACCEPT Education Collaborative

INDEPENDENT AUDITORS' REPORT

To the Board of Directors ACCEPT Education Collaborative

We have audited the accompanying financial statements of ACCEPT Education Collaborative (the Collaborative) as of June 30, 2014 and 2013, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years 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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Collaborative as of June 30, 2014

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and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the retiree health plan funding progress on pages 1 through 6 and page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Collaborative's basic financial statements. The supplementary statement of revenues and expenses – budget and actual on page 24, and the Information Required by MGL Chapter 40 Section 4E on page 26 are presented for purposes of additional analysis and are not a required part of the financial statements. This supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014, on our consideration of the Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Collaborative's internal control over financial reporting and compliance.

Bruce D. Norling, CPA, P.C.

November 12, 2014

ACCEPT EDUCATION COLLABORATIVE
STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013

ASSETS	2014	2013
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,315,513	$ 1,939,166
Accounts Receivable, Net	1,745,172	1,482,174
Grants Receivable	7,541	63,081
Prepaid Expenses	108,691	113,325
Security Deposits	11,639	5,902
Total Current Assets	4,188,556	3,603,648
CAPITAL ASSETS		
Furniture and Equipment	113,758	27,084
Vehicles	2,416,540	1,656,166
Less: Accumulated Depreciation	(1,313,543)	(826,878)
Net Capital Assets	1,216,755	856,372
Total Assets	5,405,311	4,460,020
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	303,341	226,228
Accrued Payroll and Fringe Benefits	401,324	355,408
Current Portion of Notes Payable	394,462	223,623
Amounts Due Members	160,000	-
Deferred Revenue	124,918	40,949
Total Current Liabilities	1,384,045	846,208
NONCURRENT LIABILITIES		
Accrued OPEB Expense	499,146	378,308
Long Term Portion of Notes Payable	315,442	109,679
Total Noncurrent Liabilities	814,588	487,987
Total Liabilities	2,198,633	1,334,195
NET POSITION		
Invested in Capital Assets, Net of Related Debt	506,851	523,070
Unrestricted	2,685,291	2,587,487
Restricted	14,536	15,268
Total Net Position	3,206,678	3,125,825
Total Liabilities and Net Position	$ 5,405,311	$ 4,460,020

See accompanying notes to financial statements.

ACCEPT EDUCATION COLLABORATIVE
STATEMENTS REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	UNRESTRICTED AND INVESTED IN CAPITAL	RESTRICTED	TOTAL	UNRESTRICTED AND INVESTED IN CAPITAL	RESTRICTED	TOTAL
REVENUES						
Administration - Membership and Other Fees	$ 52,000		52,000	$ 142,214		142,214
Tuition and Therapy						
Regular Programs Tuition - School Year	3,771,573		3,771,573	3,166,378		3,166,378
Speech Therapy Tuition - Collaborative Students	57,975		57,975	29,412		29,412
Occupational Therapy Tuition - Collaborative Students	51,725		51,725	42,992		42,992
Physical Therapy Tuition - Collaborative Students	36,288		36,288	34,379		34,379
Other Therapy Tuition - Collaborative Students	153,203		153,203	143,414		143,414
Subtotal, Tuition and Therapy	4,070,764		4,070,764	3,416,575		3,416,575
Summer Programs Tuition	463,807		463,807	412,587		412,587
Home-based Services and Consultation	770,615		770,615	716,222		716,222
Transportation	5,415,925		5,415,925	4,899,929		4,899,929
Professional Development Programs	221,886		221,886	200,465		200,465
Medicaid Reimbursement Services	100,841		100,841	207,509		207,509
Technology Initiative	167,835		167,835	129,230		129,230
Grant Revenues	205,326		205,326	194,746		194,746
Gifts and Other	2,532	18	2,550	24	9,141	9,165
Total Revenues	11,471,531	18	11,471,549	10,319,501	9,141	10,328,642
EXPENSES						
Administration	86,212		86,212	179,479		179,479
Regular, Therapy, and Other Programs - School Year	3,701,869		3,701,869	3,400,181		3,400,181
Summer Programs	336,151		336,151	276,829		276,829
Home-based Services and Consultation	621,141		621,141	699,534		699,534
Transportation	5,716,367		5,716,367	4,890,674		4,890,674
Professional Development Programs	293,805		293,805	161,263		161,263
Medicaid Reimbursement Services	125,036		125,036	169,424		169,424
Technology Initiative	144,403		144,403	127,996		127,996
Grant Expenses	205,326		205,326	195,746		195,746
Gifts and Other	3,032		3,032	5,569		5,569
Total Expenses	11,233,342	-	11,233,342	10,106,695	-	10,106,695
Change in Net Assets before Investment Income and Other Changes	238,189	18	238,207	212,806	9,141	221,947
Investment Income	2,646	-	2,646	3,118		3,118
Satisfaction of Program Restrictions	750	(750)	-	5,569	(5,569)	-
Reserve for Members	(160,000)	-	(160,000)	-	-	-
TOTAL CHANGE IN NET POSITION	81,585	(732)	80,853	221,493	3,572	225,065
NET POSITION, Beginning of Year	3,110,557	15,268	3,125,825	2,889,064	11,696	2,900,760
NET POSITION, End of Year	$ 3,192,142	14,536	3,206,678	$ 3,110,557	15,268	3,125,825

See accompanying notes to financial statements.

ACCEPT EDUCATION COLLABORATIVE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

		2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	$	11,213,128	$	9,891,715
Payments to Vendors and Employees		(10,343,626)		(9,483,665)
Interest Received		2,646		3,118
Net Cash Provided by Operating Activities		872,148		411,168
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Purchase of Capital Assets		-		(93,381)
Net Cash Used in Investing Activities		-		(93,381)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from (Repayment of) Debt, Net		376,602		(444,987)
Interest Expense		(25,355)		(17,959)
Net Cash Used in Financing Activities		351,247		(462,946)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,223,395		(145,159)
CASH AND CASH EQUIVALENTS, Beginning of Year		1,939,166		2,084,325
CASH AND CASH EQUIVALENTS, End of Year	$	3,162,561	$	1,939,166

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATIONS

		2014		2013
Change in Net Position	$	80,853	$	225,065
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities				
Depreciation		486,665		325,923
Interest		25,355		17,959
(Increase) Decrease in Accounts Receivable		(262,998)		(201,111)
(Increase) Decrease in Grants Receivable		55,540		(63,081)
(Increase) Decrease in Prepaid Expenses and Deposits		(1,103)		(5,391)
Increase (Decrease) in Accounts Payable and Accrued Expenses		243,867		153,911
Increase (Decrease) in Amounts Due Members		160,000		0
Increase (Decrease) in Deferred Revenue		83,969		(42,107)
Net Cash Provided by (Used in) Operating Activities	$	872,148	$	411,168
Vehicles and Equipment Purchased with Notes Payable	$	847,048	$	254,304

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

Founded in 1974 to promote excellence and innovation in educational practice for school districts in MetroWest, the ACCEPT Education Collaborative (the "Collaborative") is an unincorporated multi-purpose school collaborative formed under the laws of the Commonwealth of Massachusetts. ACCEPT's mission is to use the collective power of member school districts and community resources to provide a wide range of exceptional programs and services that maximize the potential of students, their families, educators and communities. ACCEPT Education Collaborative's main source of revenue is derived from fee for services for special education programs, transportation services, home-based services, behavioral and educational consultation, professional development, educational technology services and Medicaid reimbursement claiming services.

The Collaborative consists of the following member towns:

Ashland	Hopkinton
Dover	Medfield
Dover/Sherborn	Medway
Joseph P. Keefe Technical School	Millis
Framingham	Natick
Franklin	Sherborn
Holliston	Sudbury

TAX EXEMPT STATUS

The Collaborative is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. In addition, the Collaborative has received exemption from filing the Federal Form 990, since it is considered a governmental entity under Massachusetts General Laws.

BASIS OF PRESENTATION

The financial statements of the Collaborative have been prepared in conformity with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

GASB integrates fund-based financial reporting and district-wide financial reporting as complementary components of a single comprehensive financial reporting model for school districts. ACCEPT, which is a collaborative of member school districts, is a special purpose governmental entity engaged only in business type activities. Therefore, ACCEPT is only required to present enterprise fund financial statements, which consist of management's discussion and analysis, statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.

The Collaborative uses the accrual basis of accounting. The more significant policies are described below.

REVENUE RECOGNITION

Revenues are recognized at the time services are provided. Tuition and program fees billed for the next school year are recorded as a deferred liability at June 30 and recognized as revenue in the next fiscal year.

ACCOUNTS RECEIVABLE

Accounts receivables are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Overdue accounts receivable are not assessed a finance charge.

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Collaborative considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

CAPITAL ASSETS

Purchases of capital assets over $2,500 (with an estimated useful life in excess of one year) are capitalized at cost. A full year of depreciation is taken on vehicles in the year of purchase. Depreciation is computed using the straight-line method over a five year useful life.

NET POSITION

Equity is classified as net position and displayed in three components:

1. Invested in Capital Assets – This account consists of capital assets, including restricted capital assets, net of accumulated depreciation that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted – This account consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments: or (2) law through constitutional provisions or enabling legislation.

3. Unrestricted – All other net assets that do not meet the definition of "invested in capital assets" or "restricted".

Revenues are reported as increases in unrestricted unless use of the related assets is limited by donor-imposed restrictions and/or time restrictions. Revenues are reported as unrestricted if the donor-imposed restrictions are met in the same reporting period. Expenses are reported as decreases in unrestricted.

USE OF ESTIMATES

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

2. CLASSROOMS AND OFFICE SPACE

The Collaborative receives the use of the classrooms and office space from certain members for which either payments are made or credits are allowed the members against billings for services provided to students from their communities. The total value of $148,080 and $134,200 in 2014 and 2013, respectively, for the use of such space has been reflected in administrative and program expenses in the accompanying financial statements.

3. CAPITAL ASSETS AND DEPRECIATION

The capital asset activity for the year ended June 30, 2014 is as follows:

Capital Assets		6/30/13	Additions	6/30/14
Furniture & Equipment	$	27,084	86,674	113,758
Vehicles		1,656,166	760,374	2,416,540
Total Cost		**1,683,250**	**847,048**	**2,530,298**
Accumulated Depreciation		826,878	486,665	1,313,543
Net Capital Assets	**$**	**856,372**	**360,383**	**1,216,755**

Depreciation expense was $486,665 and $325,923 in 2014 and 2013 respectively. These amounts were allocated to Transportation expense.

4. MEMBERSHIP ASSESSMENTS

Under the terms of their agreement, a portion of the administrative costs of the Collaborative shall be made available by assessing the member towns at a rate to be determined annually by the Collaborative Board. The assessment to each member was $4,000 in 2014 and 2013. Non-member towns pay higher tuition.

5. TRANSPORTATION FEES AND CHARGES

The Collaborative provides transportation for member district students who attend schools outside their local community. The costs for transportation are billed to the towns whose students are receiving the services.

6. PENSION PLANS

A.) Teachers and certain administrative personnel participate in the Massachusetts Teachers' Retirement System (MTRS). The Collaborative is not required to contribute to MTRS. MTRS is fully funded by the Commonwealth of Massachusetts and by contributions from covered employees. The Commonwealth is required to make actuarially determined contributions that maintain the financial integrity of the System. The amount of the current funding by the Commonwealth is not available.

All persons employed on at least a half-time basis, who are covered under a contractual agreement requiring certification by the Board of Education, are eligible and must participate in the MTRS. Under the pension plan, benefits are vested immediately if the employee is under 55 years of age. Participants are eligible to receive a retirement allowance once they have completed 20 years of service or have reached age 55. If participants joined the system after January 1, 1978, they must complete ten years of service before receiving a retirement allowance.

Based on the Commonwealth of Massachusetts's retirement laws, employees covered by the pension plan must contribute a percentage of their gross earnings into the pension fund. The percentage is determined by the participants' date of entry into the system.

Before January 1, 1975	5%
January 1, 1975-December 31, 1983	7%
After January 1, 1984	8%
After July 1, 1996	9%
After July 2001	11%

In addition, all participants hired after January 1, 1979 must pay their regular contribution percentage, as outlined above, plus 2% of salary in excess of $30,000.

The payroll for teaching staff covered by MTRS for the years ended June 30, 2014, and 2013 was approximately $2,149,490 and $1,966,714, respectively.

The Massachusetts Teachers' Retirement System paid contributions of $297,170 and $273,423 in pension benefits during fiscal years 2014 and 2013, respectively, to benefit eligible teachers who were employed by the Collaborative.

B.) Non-teacher personnel participate in the Commonwealth of Massachusetts State Retirement System, a separate contributory defined benefit plan. An employee working over 20 hours a week becomes a participant in the plan on the date of employment, subject to the approval of an administrative board. Retirement is permitted upon completion of 20 years of service or upon reaching age 55. Employees leaving the plan before retirement may withdraw their accumulated contributions with interest. The Commonwealth requires actuarially determined contributions such that the financial integrity of the system be maintained.

Benefit payments to plan participants are based on compensation levels, age and years of credited service. Participants become vested after ten years of service.

Contributions are made by the employer at the rate of 7.8% of covered wages with employee contributions of 5% or 7% if employed prior to January 1, 1984, and 8% if employed prior to July 1, 1997 and 9% if employed after that date. The Collaborative's expense for required contributions to the plan for fiscal years 2014 and 2013 was $116,122 and $92,501, respectively.

C.) Part-time employees (working 20 hours or less per week) are required to contribute to a deferred compensation plan through the Public Employees Benefit Service Corporation (PEBSCO). The Collaborative is not required to contribute to the plan. Approximately 100 employees participate in this plan.

7. POST EMPLOYMENT HEALTHCARE BENEFITS

In addition to providing pension benefits, ACCEPT funds 50% of health insurance coverage for retired employees.

In the past, ACCEPT has been meeting its obligations on a "pay as you go" basis. Effective July 1, 2009, the Collaborative adopted GASB 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. This statement establishes accounting and financial reporting requirements for employers to measure and report the cost and liabilities associate with other (than pension) post employment benefits (or OPEB). It imposes similar accounting rules for health care benefits as those now in place for pension benefits. The Collaborative applied GASB No. 45 on a prospective basis.

Plan Description - The Collaborative administers a single-employer defined benefit healthcare plan. The Accept Education Collaborative Postretirement Medical Plan ("the Plan") provides medical insurance benefits to eligible retirees. The Collaborative contributes 50% of the cost of current-year premiums for eligible retired plan members. As of June 30, 2014, ten retirees meet eligibility requirements. The Plan does not issue a publicly available financial report.

Funding policy – The contribution requirement of the plan members and the Collaborative are established and may be amended by the Collaborative's Advisory Board. The annual required contribution was based on projected pay-as-you-go financing requirements. For fiscal year 2014, ACCEPT contributed $17,317 to the Plan. The Collaborative has accrued an amount sufficient to meet the outstanding OPEB obligation. Cash, included in the financial statements, was set aside in a separate bank account to fund this obligation, but the legal restrictions on this account have not been put in place to classify the obligation as "funded". Eligible retirees contribute 50% of premium costs.

Annual OPEB Cost and Net OPEB Obligation – The Collaborative's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. Calculations were based on single employee benefits. The following table shows the components of the Collaborative's annual OPEB cost for the fiscal years 2014 and 2013, the amount actually contributed to the plan, and changes in the Collaborative's net OPEB obligation based on the actuarial valuation as of July 1, 2013:

	FY2014	**FY2013**
Annual required contribution (ARC)	$ 156,200	$ 168,829
Interest on net OPEB obligation	22,774	14,745
Adjustment to ARC	(40,819)	(28,031)
Annual OPEB cost (expense)	138,155	155,543
Contributions made	(17,317)	(22,986)
Increase in net OPEB obligation	120,838	132,557
Net OPEB obligation – beginning of year	378,308	245,751
Net OPEB obligation – end of year	**$ 499,146**	**$ 378,308**

The Collaborative's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014 and 2013 was as follows:

	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	138,155	13%	499,146
June 30, 2013	155,543	15%	378,308
June 30, 2012	184,723	13%	245,751
June 30, 2011	80,368	47%	84,188

Funded Status and Funding Progress – The Funded Status of the plan as of June 30, 2014 was as follows:

Actuarial accrued liability (AAL)	$	499,146
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	$	1,236,769
Funded ratio (actuarial value of plan assets/AAL)		0%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, a method assuming "frozen entry age with allocation based on service" was used. The actuarial assumptions included a 6% discount rate and an annual health care cost trend rate of 7.75% initially, reduced by .75% per year to an ultimate rate of 2.5%. The UAAL is being amortized in level dollar amounts over thirty years starting in 2010. The remaining amortization period at June 30, 2014 was twenty-five years.

The Collaborative has recorded a liability of $499,146, which covers the actuarial accrued liability (AAL), which is based on coverage for family and single retirees.

8. ACCRUED VACATIONS

The employees of the Collaborative are entitled to paid vacation time depending on length of service and other factors. The accrued liability for vacations was approximately $14,755 and $10,575 at June 30, 2014 and 2013, respectively, and is reflected in Accrued Payroll and Fringe Benefits in the accompanying financial statements. Employees are required to use their vacation time by August 31 following the fiscal year end, or they lose any balance.

9. AMOUNTS DUE MEMBERS

Due to regulations, there is a limit on the amount of surplus Collaboratives are allowed to retain. The Collaborative has calculated an amount due to members of $160,000 as of June 30, 2014. Members can elect to either receive the funds in cash or apply the amount as a credit against future billings.

10. GROUP HEALTH INSURANCE PLAN

As allowed by state laws, the Collaborative is a member of West Suburban Health Group. This health group provides a form of reinsurance and affords its members protection against substantial health premium increases based on an adverse claim history. If a large premium increase would occur, the cost would be spread among all members. During fiscal years 2014 and 2013, the employer portion of the Collaborative's premiums totaled $387,586 and $367,680 respectively. No contingent liabilities exist due to the Collaborative's membership in the West Suburban Health Group.

11. RESTRICTED FUNDS

Following is a summary of restricted net assets at June 30, 2014 and 2013:

	2014	2013
M.J. Palladino Scholarship Fund	$ 2,995	$ 3,245
Susan Rees Fund	3,105	3,605
Children's Scholarship	1,814	1,814
Natick First	6,622	6,604
	$ 14,536	$ 15,268

12. OPERATING LEASES

The Collaborative rents office space located in Natick, Massachusetts and has an operating lease which has been extended through August 31, 2017. According to the terms of the lease, rent is increased annually. Rent expense for this facility was $74,016 for fiscal years 2014 and 2013, respectively. The Collaborative leased additional office space effective July 1, 2014 through June 30, 2017. Minimum future rental payments under these operating leases are as follows:

Year	Amount
FY2015	$ 89,276
FY2016	89,961
FY2017	92,017
FY2018	11,994
Total	**$ 283,248**

13. CONCENTRATION OF CREDIT RISK

The Collaborative maintains its operating bank accounts at one bank. Generally, these deposits may be redeemed upon demand. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. These balances fluctuate greatly during the year and can exceed this limit. The amount in excess of the FDIC limit totaled $1,663,685 as of June 30, 2014. In addition, the Collaborative has an arrangement with Bank of America to guarantee the balances in exchange for a lower rate of return on the investments. Management believes the related credit risk is minimal.

14. BUDGETARY COMPARISON SCHEDULE

The Collaborative's Board of Directors annually approves budgeted revenues and expenses as the basis for determining fees and assessments to both member and non-member towns participating in the program.

15. LOAN COMMITMENTS

The Collaborative has four 36 month loans, the proceeds from which were used to purchase vehicles for client transportation. The loans are secured by the vehicles. In addition, the Collaborative has a 30 month loan for GPS equipment.

Bank Name	Bank of America	Rockland Trust	Bank of America	Bank of West
Date of Loan	8/6/2012	8/22/2011	8/13/2013	11/8/2013
Loan Amount	$254,304	$242,095	$760,374	$86,674
Interest Rate	3.04%	4.50%	2.90%	7.00%
Monthly Payment	$7,381	$7,209	$22,070	$3,158

Future principle payments by fiscal year are as follows:

	Bank of America	Rockland Trust	Bank of America	Bank of West	TOTAL
2015	93,825	14,306	252,101	34,230	394,462
2016	-	-	259,873	33,555	293,428
2017	-	-	22,014	-	22,014
TOTAL	$ 93,825	14,306	533,988	67,785	$ 709,904

16. SUBSEQUENT EVENTS

The Collaborative did not have any recognized or non-recognized subsequent events after June 30, 2014, the date of the statement of net position. Subsequent events have been evaluated through November 12, 2014, the date the financial statements were available to be issued.

Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' 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
ACCEPT Education Collaborative

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 ACCEPT Education Collaborative, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Collaborative'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 the Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Collaborative'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Collaborative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Collaborative in a separate letter dated November 12, 2014.

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.

Bruce D. Norling, CPA, P.C

November 12, 2014

ACCEPT EDUCATION COLLABORATIVE
STATEMENT OF REVENUE AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Administration	$ 52,000	$ 52,000	$ -
Regular, Therapy, and Other Programs	3,465,205	4,070,764	605,559
Transportation	4,782,813	5,415,925	633,112
Home-based Services and Consultation	700,000	770,615	70,615
Summer Programs	365,000	463,807	98,807
Technology Initiative	-	167,835	167,835
Professional Development Programs	341,000	221,886	(119,114)
Medicaid Reimbursement Services	164,500	100,841	(63,659)
Grant Revenues	204,487	205,326	839
Total Operating Revenues	10,075,005	11,468,999	1,393,994
Investment Income	-	2,646	2,646
Total Revenues	10,075,005	11,471,645	1,396,640
EXPENSES			
Administration	59,387	86,212	(26,825)
Regular, Therapy, and Other Programs	3,461,853	3,701,869	(240,016)
Transportation	4,776,095	5,716,367	(940,272)
Home-based Services and Consultation	699,812	621,141	78,671
Summer Programs	364,862	336,151	28,711
Technology Initiative	-	144,403	(144,403)
Professional Development Programs	340,562	293,805	46,757
Medicaid Reimbursement Services	164,389	125,036	39,353
Grant Expenses	202,626	205,326	(2,700)
Total Expenses	10,069,586	11,230,310	(1,160,724)
SURPLUS (LOSS) FROM OPERATIONS BEFORE GIFTS AND OTHER	$ 5,419	$ 241,335	$ 235,916
Gifts and Other (Net)	-	(482)	(482)
Reserve for Members	-	(160,000)	(160,000)
Excess (Deficit) of Revenues Over Expenses	$ 5,419	$ 80,853	$ 75,434

See independent auditors' report on supplementary information.

ACCEPT EDUCATION COLLABORATIVE
RETIREE HEALTH PLAN FUNDING PROGRESS
AS OF JUNE 30, 2014

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
6/30/2011	$0	$84,188	$84,188	0%
6/30/2012	$0	$245,751	$245,751	0%
6/30/2013	$0	$378,308	$378,308	0%
6/30/2014	$0	$499,146	$499,146	0%

See independent auditors' report on supplementary information.

ACCEPT Education Collaborative
Supplemental Schedule - Information Required by MGL Chapter 40 Section 4E
June 30, 2014

The following information is provided to conform with Massachusetts General Law, Chapter 40, Section 4E which establishes the requirements for the formation and administration of Educational Collaboratives in Massachusetts.

1) Transactions between the education collaborative and any related for-profit or non-profit organization: None.

2) Transactions or contracts related to the purchase, sale, rental or lease of real property: The Collaborative rents office space as described in Footnote #12.

3) The names, duties and total compensation of the 5 most highly compensated employees:

Name	Position	Salary	Benefits	Total Salary & Benefits
Susan Rees	Executive Director	$27,716	-	$27,716
Steven Hirsche	Interim Exec Dir	108,000	-	108,000
Michael Palladino	Interim Exec Dir	33,000	-	33,000
Marcia Berkowitz	Program Director	117,300	11,448	128,748
Peg Murphy	Transportation Manager	92,056	9,547	101,603
Maureen Burns	Teacher	85,830	4,644	90,474
Ann D'Agostino	Teacher	84,699	-	84,699
	Total	$548,601	25,639	$574,240

4) The amounts expended on administration and overhead:

The total amount expended on administration and overhead for fiscal year 2014 was $588,125. Of this amount, $86,212 is reported as administration expense on the Statement of Revenue, Expenses and Changes in Net Position, and $501,913 is allocated to program and transportation expenses.

5) Any accounts held by the collaborative that may be spent at the discretion of another person or entity: None.

6) The amounts expended on services for individuals age 22 and older: None.