Valley Collaborative

Financial Statements

June 30, 2015

Valley Collaborative
Contents
June 30, 2015

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Valley Collaborative
Billerica, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the retirees' health insurance trust fund (fiduciary fund) of Valley Collaborative (a collaborative organized under the Laws of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Valley Collaborative's basic financial statements as listed in the table of contents.

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 respective financial position of the business-type activities and the retirees' health insurance trust fund of Valley Collaborative, as of June 30, 2015, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not 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 for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audits 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 an opinion on the financial statements that collectively comprise Valley Collaborative's basic financial statements. The accompanying budgetary comparison information on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2015, on our consideration of Valley 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 Valley Collaborative's internal control over financial reporting and compliance.

Fritz DeGuglielmo LLC

Certified Public Accountants

Newburyport, Massachusetts
October 14, 2015

Valley Collaborative
Management's Discussion and Analysis
(unaudited)
June 30, 2015

Our discussion and analysis of Valley Collaborative's ("The Collaborative") financial performance provides an overview of the Collaborative's financial activities for the fiscal year ended June 30, 2015 with comparative information from the fiscal years ended June 30, 2014 and 2013. Please read it in conjunction with the financial statements that begin on page 7.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Collaborative's financial statements. The Collaborative's financial statements comprise three components: 1) business-type activities financial statements; 2) fiduciary fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Business-Type Activities Financial Statements:

Statement of Net Position – The Statement of Net Position provides a presentation of the Collaborative's assets and liabilities, as well as remaining net position, as of the date of the financial statements. The purpose of the Statement of Net Position is to present a fiscal snapshot of the Collaborative to the readers of the financial statements and includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities, and net position and deferred inflows and outflows, if any.

Statement of Revenues, Expenses and Changes in Net Position – The Statement of Revenues, Expenses and Changes in Net Position presents the results of the operations of the Collaborative, providing information of the revenue sources and related expenses during the year. This statement helps users to determine whether the Collaborative had sufficient revenues to cover expenses during the year presented and its net increase or decrease in net position based on operations.

Statements of Functional Expenses – The Statements of Functional Expenses identify expenses incurred during the years presented by functional classification and provide additional detail of expenses. These statements help users to determine what the Consortium is spending its resources on.

Statement of Cash Flows – The Statement of Cash Flows provides information on the cash receipts and cash disbursements during the year presented and the changes in working capital components. These statements are an important tool in assisting users in assessing the Collaborative's cash flow sources and uses. This statement also assists users in assessing the Collaborative's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Fiduciary Fund Financial Statements:

Statement of Fiduciary Net Position – The Statement of Fiduciary Net Position provides a presentation of the retirees' health insurance trust assets, liabilities and net position as of the date of the financial statements.

Statement of Changes in Fiduciary Net Position – The Statement of Changes in Fiduciary Net Position presents the increases and decreases in the retirees' health insurance trust net position during the year.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial and fund financial statements.

Valley Collaborative
Management's Discussion and Analysis
(unaudited)
June 30, 2015

FINANCIAL HIGHLIGHTS

ASSETS

	2015	2014	2013
Current Assets	$ 6,245,285	$ 7,300,106	$14,571,474
Pre-funded OPEB obligation	1,750,000	-	-
Property & Equipment, net	8,275,238	7,817,084	278,170
	$16,270,523	$15,117,190	$14,849,644

LIABILITIES AND NET POSITION

	2015	2014	2013
Liabilities			
Current Liabilities	$ 1,276,586	$ 1,580,264	$ 3,029,002
Long Term Liabilities	-	-	5,950
Total Liabilities	$ 1,276,586	$ 1,580,264	$ 3,034,952
Net Position			
Unrestricted	$ 4,700,489	$ 5,394,776	$11,545,406
Restricted – grants and contributions	18,210	-	-
Restricted – OPEB obligations	1,750,000	-	-
Restricted – renovation project/capital budget	250,000	464,507	-
Invested in capital assets, net of related debt	8,275,238	7,677,643	269,286
	$14,993,937	$13,536,926	$11,814,692

During the fiscal year ended June 30, 2015, the Collaborative's overall net position increased by approximately $1,457,000, primarily due to operations. The decrease in unrestricted net position of approximately $694,000 was primarily due to the Collaborative's contribution of funds to a post-retirement benefit trust and a capital budget account, net of operating funds received. As a result of incurring additional renovations on a building, purchasing additional capital assets, and funding the post-retirement benefit trust, the Collaborative had a significant decrease in its cash balance in the fiscal year ended June 30, 2015. Current liabilities decreased by approximately $304,000, primarily due to member district credits applied to current year tuition and services invoices.

During the fiscal year ended June 30, 2014, the increase in net position was approximately $1,722,000, primarily due to operations. As a result of purchasing and renovating a building, and purchasing several vans for use in programs, the Collaborative had a significantly lower cash balance as of June 30, 2014 than as of June 30, 2013. Current liabilities decreased by approximately $1,449,000, primarily due to settlement proceeds designated for member districts being distributed to the member districts or applied to current year tuition and services invoices.

SUMMARY OF ACTIVITIES

	2015	2014	2013
Revenues/Gains*	$17,964,974	$21,519,169	$21,986,575
Program Expenses/Losses*	14,477,492	17,842,571	19,265,545
Administrative Expenses/Losses*	2,030,471	1,954,364	2,282,223
Total Expense	16,507,963	19,796,935	21,547,768
Change in net position, before distributions issued to member municipalities	$ 1,457,011	$ 1,722,234	$ 438,807

* Excludes Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, settlement income and credits to members.

Revenues

In the fiscal year ended June 30, 2015, revenues, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments and settlement income, decreased by approximately $3,554,000 (17%) and in the fiscal year ended June 30, 2014, decreased by approximately $467,000 (2%). The changes within fiscal years are due primarily to consolidation of the Collaborative's programs and changes in student enrollment in the respective years. The Collaborative did not increase tuition rates during the fiscal year ended June 30, 2015, as other collaboratives were required to do to fund increasing costs.

Operating Expenses

In the fiscal year ended June 30, 2015, operating expenses, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, decreased by approximately $3,289,000, or 17%, compared to the fiscal year ended June 30, 2014. The decrease was due primarily to significant reductions in personnel, facilities and transportation costs. Personnel costs decreased by approximately $1,661,000 in the fiscal year ended June 30, 2015 as a result of an internal evaluation and staffing plan implemented for the fiscal year ended June 30, 2015 year. Transportation, rent and maintenance costs, decreased by approximately $1,267,000 in the fiscal year ended June 30, 2015, net of increases in depreciation expense, due to the Collaborative purchasing its own van fleet and building.

In the fiscal year ended June 30, 2014, operating expenses, excluding Massachusetts Teachers' and State Employees' Retirement Systems "on-behalf" payments, decreased by approximately $1,751,000, or 8%, compared to fiscal 2013. The decrease was due primarily to significant reductions in personnel costs, and in professional and consulting fees. Personnel costs decreased by approximately $661,000 in the fiscal year ended June 30, 2014 as a result of an internal evaluation and staffing plan implemented for the the fiscal year ended June 30, 2014 year. Professional and consulting fees decreased by approximately $651,000 in the fiscal year ended June 30, 2014 due primarily to fees paid in fiscal 2013 in connection with the potential purchase and renovation of new program locations, which were determined to be unfeasible and therefore expensed. Transportation, rent and maintenance costs, decreased by approximately $333,000 in the fiscal year ended June 30, 2014, net of increases in depreciation expense, due to the Collaborative purchasing its own van fleet and building.

CAPITAL ASSETS AND OTHER OBLIGATIONS

During the fiscal year ended June 30, 2015, the Collaborative incurred and capitalized $278,556 of renovation costs related to the building purchased in the fiscal year ended June 30, 2014 described below. The Collaborative also purchased and capitalized several vehicles, leasehold improvements and other equipment for use in its programs with a total cost of $788,657. In addition, the Collaborative paid invoices for capital assets of $139,441 incurred and capitalized in the fiscal year ended June 30, 2014.

During the fiscal year ended June 30, 2014, the Collaborative purchased a building at 40 Linnell Circle in Billerica, Massachusetts to use as its primary facility for administration and various Collaborative programs for $3,260,000. The Collaborative also incurred and capitalized $3,563,912 of closing and renovation costs related to the building. The Collaborative had unpaid invoices of $139,441 related to the renovations and expects to incur additional renovation costs of $464,507 in the fiscal year ended June 30, 2015 to finish renovating the property. The Collaborative also purchased and capitalized several vehicles, leasehold improvements and other equipment for use in its programs with a total cost of $997,376.

During the fiscal year ended June 30, 2015, the Collaborative's Board of Directors approved a $250,000 capital budget plan in accordance with state regulations. Also during the fiscal year ended June 30, 2015, the Collaborative established a post-retirement benefit plan, taking effect in fiscal 2016, and set aside initial funding for the plan of $1,750,000 into an irrevocable trust. Both of these amounts are considered restricted funds until utilized for their intended purpose.

BUDGETARY HIGHLIGHTS

The Collaborative's annual budget for the fiscal year ended June 30, 2015 was approved by its Board of Directors. For the fiscal year ended June 30, 2015, the Collaborative received operating revenues, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems, of approximately $17,965,000 compared to budgeted revenues of approximately $17,772,000. The difference between actual revenues received and budgeted revenues is primarily due to higher than expected student enrollment.

For the fiscal year ended June 30, 2015, the Collaborative incurred actual expenses, excluding on-behalf payments by the Massachusetts Teachers' and State Employees' Retirement Systems and bad debt expense, of approximately $16,422,000 compared to budgeted expenses of approximately $16,464,000. The difference between actual expenses incurred and budgeted expenses is primarily due to lower than expected personnel costs.

The Collaborative's original budget, which was approved by the Board of Directors before the full scope of the Collaborative's consolidation measures were implemented, presented budgeted revenues of approximately $20,322,000 and budgeted expenses of approximately $18,579,000. As soon as the Collaborative had implemented its consolidation measures, a revised budget, as described above, was approved by the Board of Directors to better approximate actual Collaborative financial activities.

CONTACTING THE COLLABORATIVE

This financial report is designed to provide readers of the financial statement an overview of the Collaborative's financial activities. If you have questions in regard to this report, contact Chris A. Scott, Ph.D., 40 Linnell Circle, Billerica, MA 01821, or at 978-528-7800.

Valley Collaborative
Statement of Net Position
Business-Type Activities
June 30, 2015

Assets

Current Assets	
Cash and cash equivalents	$ 3,725,989
Accounts receivable, net	2,343,854
Prepaid expenses and other assets	19,567
Cash held for municipalities	155,875
Total Current Assets	6,245,285
Non-current Assets	
Pre-funded OPEB obligations	1,750,000
Furniture, equipment, vehicles and leasehold improvements, net	8,275,238
Total Non-current Assets	10,025,238
Total Assets	$ 16,270,523

Liabilities and Net Position

Current Liabilities	
Accounts payable and accrued liabilities	$ 1,120,711
Deferred revenue - member districts	155,875
Total Current Liabilities	1,276,586
Total Liabilities	1,276,586
Net Position	
Unrestricted	4,700,489
Restricted - contributions and other	18,210
Restricted - OPEB obligations	1,750,000
Restricted - capital budget	250,000
Invested in capital assets, net of related debt	8,275,238
Total Net Position	14,993,937
Total Liabilities and Net Position	$ 16,270,523

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Revenues, Expenses and Changes in Net Position
Business-Type Activities
For the year ended June 30, 2015

	Unrestricted	**Restricted**			
		Contributions and Other	**OPEB Obligations**	**Capital Budget**	**Total**
Operating Revenues					
Services and other program revenues	$ 15,730,582	$ -	$ -	$ -	$ 15,730,582
State contracts	1,771,885	-	-	-	1,771,885
On-behalf retirement payment revenue	1,616,920	-	-	-	1,616,920
Other	422,402	21,452	-	-	443,854
Total Operating Revenues	19,541,789	21,452	-	-	19,563,241
Operating Expenses					
Program	16,050,096	3,242	-	-	16,053,338
Administrative	2,071,545	-	-	-	2,071,545
Total Operating Expenses	18,121,641	3,242	-	-	18,124,883
Change in Operating Net Position	1,420,148	18,210	-	-	1,438,358
Non-Operating Revenues (Expenses)					
Mediation settlement	-	150,000	-	-	150,000
Interest and investment gain	5,476	-	-	-	5,476
Gain on disposal of assets	13,177	-	-	-	13,177
Change in Non-Operating Net Position	18,653	150,000	-	-	168,653
Credit to member districts and other transfers	(2,000,000)	(150,000)	1,750,000	250,000	(150,000)
Change in Net Position	(561,199)	18,210	1,750,000	250,000	1,457,011
Net Position – Beginning of Year	13,536,926	-	-	-	13,536,926
Net Position – End of Year	$ 12,975,727	$ 18,210	$ 1,750,000	$ 250,000	$ 14,993,937

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Functional Expenses
Business-Type Activities
For the year ended June 30, 2015

Program Expenses	
Payroll	$ 9,780,567
Fringe benefits and payroll taxes	3,826,666
Professional and consulting fees	20,275
Transportation and travel	177,816
Rent	588,144
Maintenance and custodial	41,573
Telephone, communications and utilities	198,444
Materials, supplies and equipment	417,494
Small business expenses	173,899
Field trips	57,614
Training programs	84,052
Other	34,550
	15,401,094
Bad debt expense	85,506
Depreciation	566,738
Total Program Expenses	$ 16,053,338
Administrative Expenses	
Payroll and related expenses	$ 1,243,118
Professional and consulting fees	341,538
Maintenance and custodial	4,409
Insurance	208,224
Materials, supplies and equipment	128,299
Telephone, communications and utilities	21,847
Training programs	11,533
Office expense and miscellaneous	70,255
	2,029,223
Depreciation	42,322
Total Administrative Expenses	$ 2,071,545
Total Expenses	$ 18,124,883

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Cash Flows
Business-Type Activities
For the year ended June 30, 2015

Cash flows from operating activities:	
Receipts from members and others	$ 16,994,751
Payments to suppliers and others	(7,123,775)
Payments to employees	(10,379,035)
Net cash used in operating activities	(508,059)
Cash flows from investing activities:	
Interest and investment gain (loss)	5,476
Proceeds from sale of equipment	13,177
Purchases of capital assets	(1,206,654)
Net cash used in investing activities	(1,188,001)
Cash flows from non-capital financing activities	
Mediation settlement	150,000
Credits to members	(150,000)
Net cash used in financing activities	-
Net decrease in cash and cash equivalents	(1,696,060)
Cash and cash equivalents at beginning of year	5,422,049
Cash and cash equivalents at end of year	$ 3,725,989
Reconciliation of change in net position to net cash used in operating activities:	
Operating activities	
Change in operating net position	$ 1,438,358
Adjustments to reconcile change in net position to net cash used in operating activities:	
Depreciation	609,060
Bad debt expense	85,506
Change in working capital	
Accounts receivable and other	(946,566)
Pre-funded contributions to OPEB trust	(1,750,000)
Accounts payable and other	55,583
Cash used in operating activities	$ (508,059)
Supplemental Data:	
Interest paid	$ -
Taxes paid	$ -

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Fiduciary Net Position
Retirees' Health Insurance Trust Fund
June 30, 2015

Assets

Investments	$ 1,734,606
Total Assets	$ 1,734,606

Liabilities and Net Position

Liabilities	
Pre-funded OPEB obligations	$ 1,750,000
Total Liabilities	1,750,000
Net Position	
Net position held in trust for retirees' health insurance	(15,394)
Total Net Position	(15,394)
Total Liabilities and Net Position	$ 1,734,606

See accompanying notes to financial statements and independent auditor's report.

Valley Collaborative
Statement of Changes in Fiduciary Net Position
Retirees' Health Insurance Trust Fund
For the year ended June 30, 2015

Additions:	
Contributions	$ -
Total Additions	-
Deductions:	
Investment loss	(15,394)
Total Deductions	(15,394)
Change in Net Position	(15,394)
Net Position – Beginning of Year	-
Net Position – End of Year	$ (15,394)

See accompanying notes to financial statements and independent auditor's report.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Collaborative

Valley Collaborative (The "Collaborative") is an educational collaborative of the school districts of Billerica, Chelmsford, Dracut, Groton-Dunstable Regional, Nashoba Valley Technical, North Middlesex Regional, Tewksbury, Tyngsborough, and Westford. The Collaborative is a public entity under the jurisdiction of its member school committees, whose appointees comprise its board of directors. The Collaborative provides high quality academic, therapeutic and vocational services to individuals referred by local school districts and social service agencies.

Measurement Focus and Basis of Accounting

The Collaborative's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments and governmental entities through its pronouncements (Statements and Interpretations). Governments and governmental entities are also required to follow pronouncements of the Financial Accounting Standards Board (FASB), when applicable, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Collaborative are discussed below.

The Collaborative, in accordance with GASB Statement No. 34, is considered a special purpose governmental entity engaged only in business type activities and is not a component unit of another governmental entity. As such, the basic financial statements of the Collaborative are reported on the same basis as an enterprise fund, which is a proprietary fund in fund financial statements. The Collaborative is not a proprietary fund that is part of a government wide financial statement. As such, the notations "enterprise fund" and "proprietary fund" do not appear.The Collaborative does maintain a fiduciary fund, which is presented as a separate fund. Therefore, the funds of the Collaborative are presented in separate financial statements using the notations "business-type activities" and "fiduciary fund" and are described as follows:

Business-Type Activities

Business-type activities of the Collaborative represent the operating and non-operating activities of the Collaborative to provide educational services to its members and non-members. Operating activities include revenues from charges for services and expenses related to providing educational services, including personnel costs, contract services, occupancy, etc. Other revenues and expenses not meeting this definition are considered non-operating revenues and expenses.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Collaborative programs. The reporting focus is on net position and changes in net position presented in fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (retiree health insurance participants) and cannot be used to address activities or obligations of the Collaborative, these funds are reported separately from that of the Collaborative's business-type activities.

These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

The Collaborative considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Collaborative maintains its uncollateralized cash balances in three financial institutions. The balances in two of the financial institutions are insured by the Federal Deposit Insurance Company up to $250,000. From time to time, the Collaborative maintains bank account balances in excess of the federally insured limits. The Collaborative also maintains cash and cash equivalents at the Massachusetts Municipal Depository Trust which is collateralized by its underlying assets. At June 30, 2015, the Collaborative's uninsured cash balances totaled $3,522,053. The Collaborative monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

NOTE A – (continued)

Fair Value Measurements and Investments
During fiscal year 2015, the Collaborative's contributed $1,750,000 to a public employee retirement trust account with U.S Bank National Association as trustee, on behalf of its retirees' health insurance trust fund. The trustee invests the funds in Vanguard mutual funds. As of June 30, 2015, the balance in these investments consisted of the following:

	Cost	Fair Value	Unrealized Loss
Mutual Funds	$1,750,000	$1,734,606	($15,394)

All investments in the trust are measured at fair value, generally based on quoted market prices. Net decrease in the fair value on investments for the year ended June 30, 2015 was $15,394. There were no realized gains or losses during the year ended June 30, 2015.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Collaborative will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Collaborative's investments are uninsured, not registered in the name of the Collaborative, and held by the counterparty's trust department or agent but not in the Collaborative's name.

Operating Revenues and Expenses
Operating revenues consist primarily of billings to member municipalities or other cities and towns for providing programs and services. The Collaborative also receives approximately 9% of its revenues under social service contracts issued by agencies of the Commonwealth of Massachusetts. Operating expenses include educational costs, administrative expenses and depreciation on capital assets.

Accounts Receivable
Accounts receivable consist of all revenues earned at year end and not yet collected. Major receivable balances include tuitions and certain related charges. The Collaborative records its bad debts using the allowance method. As of June 30, 2015 there was an allowance for doubtful accounts of $45,000.

Deferred Revenue – Member Districts
"Deferred revenue – member districts" represent member funds held by the Collaborative for use as directed by the individual member municipalities for use in the Collaborative's various programs and services. The funds are considered deferred revenue as they are to be applied against future Collaborative invoices and are not considered an agency fund of the Collaborative. "Cash held for municipalities" represents amounts to be distributed to the member municipalities. See Note L for more information on funds held on behalf of member municipalities.

Property and Equipment
Property and equipment are capitalized at historical cost. Depreciation is computed on the straight-line method using estimated useful lives of two to five years for websites, computer equipment, furniture, fixtures, vehicles and program equipment and five to ten years for leasehold improvements. As described in Note B, the Collaborative purchased and started renovating a building. The building and renovations are depreciated using estimated useful lives of 40 and 20 years, respectively.

Net Position
Net position is 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. The Collaborative has established a reserve for expected investments in capital assets in the amount of $250,000, which is recorded as "Restricted for capital budget" in these financial statements. See Note B for additional information.

NOTE A – (continued)

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. Restrictions are presented in these financial statements for contributions and other, capital budget, and OPEB obligations.

3) Unrestricted – This account consists of 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

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates used.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through October 14, 2015, which is the date the financial statements were available to be issued.

NOTE B – PROPERTY AND EQUIPMENT

During the year ended June 30, 2015, the Collaborative incurred and capitalized $278,556 of renovation costs related to the Collaborative's building purchased in fiscal year 2014. The Collaborative also purchased and capitalized several vehicles, leasehold improvements, software and other equipment with a total cost of $788,657. Property and equipment at June 30, 2015 consists of the following:

Building and land	$7,139,563
Office furniture and equipment	511,362
Leasehold improvements	168,125
Vehicles	1,217,713
Software	195,498
Accumulated depreciation	(957,023)
Property and equipment, net	$8,275,238

Depreciation expense for the year ended June 30, 2015 was $609,060.

NOTE C –LEASE OBLIGATIONS

The Collaborative leases various classroom and office spaces and office equipment under operating leases that expire at various times through June 2018. Classroom and office lease expense was $588,144 and equipment lease expense was $41,410 for the year ended June 30, 2015.

The future minimum lease obligations under these lease agreements are as follows:

2016	$440,718
2017	171,933
2018	4,254
2019	660
	$617,565

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2015:

Tuition and services to districts	$2,194,425
State contracts	194,429
	2,388,854
Allowance for doubtful accounts	(45,000)
	$2,343,854

The Collaborative has established an allowance for doubtful accounts in the amount of $45,000. The allowance is based on specific identification of probable losses and an estimate of additional losses based on historical experience. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. For the year ended June 30, 2015, bad debt expense in the amount of $85,506 was recorded for uncollectible accounts.

NOTE E – MASSACHUSETTS TEACHERS’ AND STATE EMPLOYEES’ RETIREE SYSTEMS

Plan Descriptions:
The Collaborative’s employees participate in the Massachusetts Teachers’ (MTRS) or State Employee’ Retirement System (MSERS), statewide cost-sharing multi-employer defined benefit plans public employee retirement systems (PERS) covering all employees of local school districts within the Commonwealth of Massachusetts. The retirement systems issue publicly available annual reports that includes financial statements and required supplementary information, which may be obtained by writing to Public Employee Retirement Administration Commission (PERAC), 5 Middlesex Avenue, Suite 304, Somerville, Massachusetts, 02145.

Benefits Provided:
MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS’ funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

NOTE E – (continued)

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

<u>Contributions:</u>

Member contributions for MSERS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975…………...	5% of regular compensation
1975 - 1983…………….	7% of regular compensation
1984 to 6/30/1996……...	8% of regular compensation
7/1/1996 to present….…	9% of regular compensation
1979 to present…………	An additional 2% of regular compensation in excess of $30,000

Educational collaboratives contribute amounts equal to the normal cost of employees' benefits participating in MSERS at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 5.6% of covered payroll. Legally, the collaboratives are only responsible for contributing the annual normal cost of their employees' benefits (i.e., the present value of the benefits earned by those employees in any given year) and are not legally responsible for the past service cost attributable to those employees or previously retired employees of the collaboratives. During fiscal year 2015, the Collaborative's contributions on behalf of employees totaled $240,012.

Member contributions for MTRS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975…………...	5% of regular compensation
1975 - 1983…………….	7% of regular compensation
1984 to 6/30/1996……...	8% of regular compensation
7/1/1996 to present….…	9% of regular compensation
7/1/2001 to present……	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present…………	An additional 2% of regular compensation in excess of $30,000

The Commonwealth is a nonemployer contributor in MTRS and is required by statute to make all actuarially determined employer contributions on behalf of the member employers participating in MTRS. Therefore, the Collaborative is considered to be in a 100% special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in under both MSERS and MTRS. Since the employers do not contribute directly to each system beyond the MSERS annual normal cost, there is no net pension liability to recognize. However, the notes to the financial statements must disclose the portion of the nonemployer contributing entities' share of the collective net pension liability that is associated with the employer. In addition, the Collaborative must recognize its portion of the collective pension expense as both a revenue and pension expense.

NOTE E – (continued)

The nonemployer contributing entities' share of the collective net pension liability that is associated with the Collaborative was measured as of June 30, 2014 and was $6,398,012 and $16,724,835 under MSERS and MTRS, respectively. In fiscal 2015, the Collaborative recognized revenue and related expense of $454,965 (under GASB Statement No. 68) for its portion of the collective pension expense under MSERS. In fiscal 2015, the Collaborative recognized revenue and related expense of $1,161,955 (under GASB Statement No. 68), for its portion of the collective pension expense under MTRS.

The Collaborative implemented the requirements of GASB Statement No. 68 in fiscal 2015. Prior year financial statements were not adjusted for revenues or expenses applicable to those years as calculated under GASB Statement No. 68 since the information was not available. However, the overall net position of the Collaborative would not have been adjusted in prior years had an adjustment been made.

NOTE F – COMPENSATED ABSENCES

The Collaborative allows eligible employees to carryover unused vacation time up to 10 days per year and to accrue a maximum of 25 days total. At the end of the fiscal year, any unused vacation time in excess of the above amounts is forfeited. The Collaborative's vacation accrual for the year ended June 30, 2015 was $88,175.

NOTE G – RISK MANAGEMENT

The Collaborative is exposed to various risks of loss relating to torts, theft or damage of, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Collaborative has obtained a variety of commercial liability insurance policies that pass the risk of loss listed above to independent third parties. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Collaborative. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

The Collaborative offers eligible participants access to various health and life insurance. Payment, in the form of premiums, is generally made monthly. The payments are funded in part from the Collaborative and payroll withholdings from active employee participants or direct payments from certain other eligible participants. In general, the Collaborative pays 80% of the cost of health insurance and 100% of the cost of life insurance for those participants that qualify.

NOTE H – COMMITMENTS AND CONTINGENCIES

The Collaborative participates in state and federal contracts, which are governed by various rules and regulations of the agencies. Costs charged to the respective programs are subject to audit and adjustment by agencies; therefore, to the extent that the Collaborative has not complied with the rules and regulations governing the refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the Collaborative, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective contracts; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

In October 2011, a Memorandum of Understanding was signed with the Department of Elementary and Secondary Education ("DESE") to assist the Collaborative in improving financial management and governance structures of the Collaborative to ensure the quality and effectiveness of education to its students. The Memorandum of Understanding had been extended through June 30, 2014 and the Collborative is currently going through a Coordinated Program Review by the Department of Elementary and Secondary Education.

During the fiscal year 2015, the Collaborative's board members voted to enter into a line of credit agreement with a local bank. The agreement with the bank was not finalized until July 2015, subsequent to the fiscal year end.

NOTE I – POSTEMPLOYMENT HEALTHCARE PLAN

At the board meeting on June 18, 2015, the Collaborative's board members implemented a post-retirement health care plan and voted to create a trust fund for related retiree health benefits. The plan is to take effect July 1, 2015 and as a result, there is no post-retirement benefit obligation recorded in fiscal year 2015. The trust fund is held for the benefit of a third party (retiree health insurance participants) and cannot be used to address activities or obligations of the Collaborative, therefore these funds are not incorporated into the business-type activities statements. The trust is irrevocable and is exempt from federal and state income taxes under Internal Revenue Code Section 115. The sole purpose of the trust is to provide funds to pay postemployment benefits to qualified retirees.

As a result of establishing the trust, the Collaborative's board members voted to transfer $1,750,000 to pre-fund the trust. Since this contribution was in excess of the current fiscal year's required contribution ($0), the contribution is presented as a non-current asset in the Statement of Net Position – business-type activities, and a liability in the Statement of Fiduciary Net Position until required obligations are incurred.

NOTE J – TAX POSITION

The primary tax positions made by the Collaborative are the existence of Unrelated Business Income Tax and the Collaborative's status as an exempt organization under the Internal Revenue Code. The Collaborative currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the years presented, and as a result of adoption, the Collaborative has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations. The Collaborative is not currently under examination by any taxing jurisdiction. As a Chapter 40 governmental entity, the Collaborative is exempt from filing certain non-profit filings and, accordingly, there are no returns currently open for examination.

NOTE K – COMMONWEALTH OF MASSACHUSETTS SURPLUS REVENUE RETENTION (OSD)

The cumulative excess of revenue received from the Commonwealth of Massachusetts is the amount in accordance with the Commonwealth of Massachusetts Not-for-profit Provider Surplus Revenue Retention Policy, pursuant to 808CMR 1.19(3) of the Pricing, Reporting and Auditing for Social Programs, which allows a provider to retain, for future use, a portion of annual net surplus. Net surplus, from the revenues and expenses with services provided to purchasing agencies, which are subject to 808CMR 1.00, may not exceed 5% of said provider's revenue annually. Furthermore, the cumulative amount of the provider's net surplus may not exceed 20% of the provider's prior year's revenues from purchasing agencies. Surplus revenue retention decreased $310,355 in fiscal year 2015. The Collaborative's accumulated surplus as of June 30, 2015 was $1,613,459.

NOTE L – DISCLOSURES REQUIRED UNDER MASSACHUSETTS GENERAL LAW C.40 § 4E

Highest Compensated Employees
The five highest compensated employees of the Collaborative during fiscal year 2015 were as follows:

Name	Title	Total Compensation
Chris A. Scott, PhD	Executive Director	$179,853
Camelia Rosca, PhD	Systems Director	$122,763
Curt Malonson	Business Manager	$111,609
Timothy Callahan	High School Principal	$105,060
Antoinette Willis	Elementary School Principal	$88,840

NOTE L – (continued)

Executive Director:
Responsible for the proper fiscal management of Collaborative Programs. Administer and coordinate all programs and services offered by the Collaborative. Develop and propose an annual budget to the Board of Directors. Ensure Collaborative is operating within and in compliance with federal and state laws.

Systems Director:
Responsible for all data systems and the maintenance and growth of our teacher/administrator/staff evaluation system to ensure compliance with the DESE regulations. Other responsibilities include, manage data warehouse.

Business Manager:
Responsible for the Finance & Payroll Department. Responsibilities include financial reporting and preparing annual financial audit. Other responsibilities include, cash management and payroll.

Principals:
Responsible to ensure program curriculum is aligned with the Massachusetts Curriculum Frameworks. Other responsibilities include, ensure safety and structure of program, coordination and review all IEPs, schedule and participate in IEP meetings, communicate with parents, LEAs and outside agencies, and interview student referrals.

Costs of Providing Services in Over 21 Programs
Total direct costs incurred by the Collaborative in its over 21 programs, funded in part by contracts with agencies of the Commonwealth of Massachusetts, totaled $1,680,466 for the year ended June 30, 2015.

Administrative Costs
Administrative expenses of $2,071,545 for the year ended June 30, 2015, include all costs that cannot be directly or reasonably applied to a program of the Collaborative. Administrative expenses include salaries, related benefits and payroll taxes, associated with the Collaborative's administrative office (i.e., Executive Director, finance staff, human resources, etc.), as well as other costs associated with maintaining that office (i.e. occupancy, supplies, etc.). The Collaborative directly applies salaries, where appropriate, to its programs and allocates related employee benefits and taxes to those programs. Occupancy, supplies, maintenance and any other cost that can be directly applied, or reasonably allocated, are reported under program expense. See Note A for a description of the functional allocation of expenses.

Accounts Held on Behalf of Others
As disclosed in Note A to the financial statements, the Collaborative holds funds on behalf of certain member districts, for use in Collaborative program activities or services as directed by the member district. During fiscal year 2013, the Collaborative approved distribution of $1,999,998 back to its member districts either as cash or as tuition credits. During fiscal year 2015, the Collaborative received a settlement from mediation resolution of $150,000 and the Collaborative's members voted to receive that back as an additional credit to members. As of June 30, 2015, $155,795 remains to be credited to members. Since the amounts held are to be applied against future Collaborative invoices, the funds held are considered deferred revenue and not an agency fund. Therefore, the remaining amount is presented on the Statement of Net Position as an asset, "Cash held for municipalities" and a liability, "Deferred revenue – member districts."

Related Party Transactions
Cash held for municipalities (member districts) is disclosed above. The Collaborative leases classroom and other program space within member districts. For the year ended June 30, 2015, rent expense under these leases was $588,144.

Real Property Transactions
Transactions or contracts related to the purchase, sale, rental, or lease of real property are described in Notes B and C to the financial statements.

NOTE M – SURPLUS NET POSITION

Surplus Net Position

In accordance with state regulations, 25% of the Collaborative's audited expenses, including disbursements to restricted funds and excluding retirement system on behalf payments described in Note E were calculated as follows:

Operating expenses	$18,124,883
Contribution to OPEB trust fund	1,750,000
Contribution to capital budget	250,000
On-behalf payments	(1,616,920)
	$18,507,963
	25%
	$ 4,626,991

As of June 30, 2015, the Collaborative's unrestricted net position was $4,700,489, which exceeds the amount calculated above by $73,498. Cumulative surplus funds in excess of the collaborative agreement limit must be returned or credited to member districts consistent with the process outlined in the agreement. The final amount to be returned or credited must be determined by a Collaborative board vote in accordance with the collaborative agreement.

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Valley Collaborative
Billerica, Massachusetts

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, accompanying financial statements of the business-type activities and the retirees' health insurance trust fund (fiduciary fund) of Valley Collaborative (a collaborative organized under the Laws of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which comprise Valley Collaborative's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 14, 2015.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

We noted certain other matters that we reported to management of Valley Collaborative in a separate letter dated October 14, 2015.

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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.

Fritz DeGuglielmo LLC

Certified Public Accountants

Newburyport, Massachusetts
October 14, 2015

Valley Collaborative
Schedule of Findings
June 30, 2015

Current Year Findings: **None**

Valley Collaborative
Schedule of Prior Year Findings
June 30, 2015

Prior Year Findings: **None**

Valley Collaborative
Statement of Revenues and Expenses
Budget to Actual
For the year ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Services	$ 18,723,725	$ 15,663,725	$ 15,730,582	$ 66,857
State contracts	1,307,500	1,725,000	1,771,885	46,885
Other	283,500	376,000	457,031	81,031
Interest income	7,500	7,500	5,476	(2,024)
On-behalf retirement payment revenue	-	-	1,616,920	1,616,920
Total revenue and other support	20,322,225	17,772,225	19,581,894	1,809,669
Expenses:				
Salaries	11,867,268	10,652,267	10,750,714	(98,447)
Employee benefits	3,061,602	2,514,913	2,482,718	32,195
Operating expenses	2,612,283	2,199,172	2,077,328	121,844
Leases and rentals	529,765	589,565	588,144	1,421
Depreciation	508,047	508,047	609,059	(101,012)
On-behalf retirement payment expense	-	-	1,616,920	(1,616,920)
Total expenses	18,578,965	16,463,964	18,124,883	(1,660,919)
Excess of revenues over expenses	$ 1,743,260	$ 1,308,261	$ 1,457,011	$ 148,750
Other Budget Items:				
Capital Budget Items	$ 1,514,000	$ 800,000	$ 737,022	$ 62,978

Note: The schedule above is presented on the same basis used by the Collaborative to present its internal budget to actual comparison and account groupings are not necessarily consistent with the Statement of Revenue, Expenses and Changes in Net Position presented on page 7 or the Statement of Functional Expenses on page 8. Also, capital budget items presented above are shown in relation to budgeted items and do not include all capital expenses incurred during the fiscal year.

Valley
COLLABORATIVE

Central Administration Office

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ACCEPTANCE OF THE BOARD OF DIRECTORS

We, the Board of Directors of the Valley Collaborative, have voted to accept the representations of management and the expression of the opinions made by Fritz DeGuglielmo LLC as embodied in the financial statements, supplemental schedules and independent auditor's reports for the year ended June 30, 2015.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and under Commonwealth of Massachusetts laws for the year ended June 30, 2015.

____

Board Chair

10/22/2015

Date