

THE EDUCATION COOPERATIVE
INDEPENDENT AUDITOR'S REPORTS PURSUANT
TO GOVERNMENTAL AUDITING STANDARDS
AND OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2012

THE EDUCATION COOPERATIVE

INDEPENDENT AUDITOR'S REPORTS PURSUANT TO GOVERNMENTAL
AUDITING STANDARDS AND OMB CIRCULAR A-133

YEAR ENDED JUNE 30, 2012

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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

Board of Directors
The Education Cooperative
Dedham, Massachusetts

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Education Cooperative as of and for the year ended June 30, 2012, which collectively comprise The Education Cooperative's basic financial statements and have issued our report thereon dated September 14, 2012. 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 of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Education Cooperative's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Education Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Education Cooperative's internal control over financial reporting.

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 control 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Education Cooperative'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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Borgatti Harrison & Co.

Borgatti Harrison & Co.

Framingham, Massachusetts
September 14, 2012



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
The Education Cooperative
Dedham, Massachusetts

Compliance

We have audited The Education Cooperative's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 **Compliance Supplement** that could have a direct and material effect on each of The Education Cooperative's major federal programs for the year ended June 30, 2012. The Education Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of The Education Cooperative's management. Our responsibility is to express an opinion on The Education Cooperative's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "**Audits of State, Local Governments, and Non-Profit Organizations**". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Education Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Education Cooperative's compliance with those requirements.

In our opinion, The Education Cooperative complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of The Education Cooperative is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The Education Cooperative's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Education Cooperative's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Education Cooperative as of and for the year ended June 30, 2012, and have issued our report thereon dated September 14, 2012, which contained unqualified opinions on those financial statements as a whole. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended for the information and use of management, Board of Directors, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Borgatti Harrison & Co.

Borgatti Harrison & Co.

Framingham, Massachusetts
September 14, 2012

THE EDUCATION COOPERATIVE
 SCHEDULE OF FEDERAL EXPENDITURES
 YEAR ENDED JUNE 30, 2012

<u>Federal Grantor</u> <u>Pass-through Grantor</u> <u>Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Teaching American History	84.215	\$ <u>537,793</u>
Passed through the Commonwealth of Massachusetts - Department of Education	84.027	<u>1,944</u>
Total Federal Expenditures		\$ 539,737 =====

See accompanying note to schedule

THE EDUCATION COOPERATIVE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of The Education Cooperative.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of the financial statements.
3. No instances of noncompliance material to the financial statements of The Education Cooperative were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs is reported in the report on compliance with requirements applicable to each major program and internal control over compliance.
5. The auditor's report on compliance for the major award programs for The education Cooperative expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for The Education Cooperative.
7. The programs tested as major programs include:

	<u>CFDA Number</u>
* Teaching American History	84.215
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Education Cooperaative was determined to be a high-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs

None

D. Prior Year Audit Findings and Questioned Costs

None

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance of The Education Cooperative. The Cooperative reporting entity is defined in Note 1 to the Cooperative's financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Cooperative's financial statements.

3 - Relationship to Federal Financial Reports

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the financial statements.