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December 7, 2012

To the Board of Directors
Shore Educational Collaborative

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, and the major fund of Shore Educational Collaborative (the "Collaborative") for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 13, 2012. 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 the Collaborative are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal 2012. We noted no transactions entered into by the Collaborative 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Collaborative's financial statements were:

Management's estimate of the depreciable lives and estimated residual value of the capital assets is based on historical usage of the capital assets and an analysis of their remaining usability.

Management's estimate of the liability of postemployment benefits is based on an actuarial valuation of its obligation which included actuarial assumptions of a 5.5% rate on return on investments (net of investment expenses) and an inflationary rate of 8.5% for fiscal years 2012 through 2020 and 2.5% for fiscal years 2021 and beyond.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosure of the bonds payable in Note N to the financial statements due to materiality of the bonds payable, the disclosure of the other postemployment benefits in Note P to the financial statements due to materiality of the unfunded other postemployment benefit plan obligation, and the disclosure of the bond covenant violation which was waived by TD Bank with certain conditions, which is disclosed in Note S in the financial statements.

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 clearly trivial, and communicate them to the appropriate level of management. The attached schedule labeled "Passed Journal Entries Report" summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, the attached schedule labeled "Adjusting Journal Entries Report" shows all the material misstatements detected as a result of audit procedures and were corrected by management. The net effect of these misstatements on the statement of revenues, expenditures, and changes in fund balances - governmental funds is a reduction in fund balances of \$137,638. The net effect of these misstatements on the statement of activities is a reduction in net assets of \$137,638. Furthermore, the attached schedule labeled "Reclassifying Journal Entries Report" shows the material reclassifications that needed to be made to convert the government-wide financial statements to the fund financial statements. The net effect of these reclassifications totaled \$4,719.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 7, 2012.

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 Collaborative'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 Collaborative's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

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 accounting principles generally accepted in the United States of America, 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. 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.

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

Very truly yours,

Livingston & Haynes, P.C.
Livingston & Haynes, P.C.

Client: **SHO8002 - Shore Educational Collaborative**
 Engagement: **AUD2012 - Shore Educational Collaborative**
 Trial Balance: **1001.01 - TB**
 Workpaper: **130.04 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit	P&L Effect
Adjusting Journal Entries JE # 1					
CLIENT DO NOT MAKE - To reverse rental income & rental expense.					
3950-000637	RENTAL INCOME		611,500.00		
5000-000105	RENT			204,000.00	
5000-000110	RENT			120,000.00	
5000-000305	RENT			204,000.00	
5000-000510	RENT			12,000.00	
5000-000636	RENT			71,500.00	
Total			<u>611,500.00</u>	<u>611,500.00</u>	-
Adjusting Journal Entries JE # 2					
CLIENT DO NOT MAKE - To allocate interest to programs.					
6120-000105	INTEREST EXPENSE		176,910.00		
6120-000110	INTEREST EXPENSE		104,064.00		
6120-000305	INTEREST EXPENSE		176,910.00		
6120-000510	INTEREST EXPENSE		10,406.00		
6120-000636	INTEREST EXPENSE		62,005.00		
6120-000637	INTEREST EXPENSE			530,295.00	
Total			<u>630,295.00</u>	<u>530,295.00</u>	-
Adjusting Journal Entries JE # 3					
		4401.01			
To adjust audit fee for FY2012.					
2170-000000	ACCRUED LEGAL & ACCOUNTING		1,450.00		
4810-000636	ACCOUNTING/AUDITING			1,450.00	
Total			<u>1,450.00</u>	<u>1,450.00</u>	1,450.00
Adjusting Journal Entries JE # 4					
		2602.01			
To expense final month of rent for Wakefield (\$17,936.61).					
5000-000120	RENT		17,937.00		
1430-000000	PREPAID RENT			17,937.00	
Total			<u>17,937.00</u>	<u>17,937.00</u>	(17,937.00)
Adjusting Journal Entries JE # 5					
		2603.01			
To write-off electric deposits not returned.					
6060-000120	MISC. EXPENSES		1,956.00		
6060-000636	MISC. EXPENSES		750.00		
1301-000000	SECURITY DEPOSIT BOSTON GAS			400.00	
1302-000000	SECURITY DEPOSIT WAKEFIELD ELE			1,956.00	
1303-000000	SECURITY DEPOSIT WAKEFIELD VAN			350.00	
Total			<u>2,706.00</u>	<u>2,706.00</u>	(2,706.00)
Adjusting Journal Entries JE # 6					
		2600.01			
To write-off van security deposit					
6060-000110	MISC. EXPENSES		713.00		
1307-000000	SECURITY DEPOSIT BEVERLY VAN			713.00	
Total			<u>713.00</u>	<u>713.00</u>	(713.00)
Adjusting Journal Entries JE # 7					
		4408.01			
CLIENT DOES NOT NEED TO MAKE - To reclass Mass state W/H for June 2012.					
2100-000000	ACCRUED EXPENSES		35,512.00		
2150-000601	MASS STATE W/H			35,512.00	
Total			<u>35,512.00</u>	<u>35,512.00</u>	-

Client: SH06002 - Shore Educational Collaborative
 Engagement: AUD2012 - Shore Educational Collaborative
 Trial Balance: 1001.01 - TB
 Workpaper: 130.04 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit	P&L Effect
Adjusting Journal Entries JE # 8		6104.03			
CLIENT DO NOT MAKE - To reclass capital grant.					
3100-000110	DEPT OF MENTAL HEALTH		28,823.00		
3100-000120	DEPT OF MENTAL HEALTH		9,877.00		
3100-000140	DEPT OF MENTAL HEALTH		36,538.00		
3100-000636	DEPT OF MENTAL HEALTH		19,990.00		
3650-000120	GRANT INCOME - CAPITAL GRANT			95,228.00	
Total			<u>95,228.00</u>	<u>95,228.00</u>	-
Adjusting Journal Entries JE # 9		2604.01			
CLIENT DO NOT MAKE - To reclass amount to A/R.					
1102-000001	OTHER ACCOUNTS RECEIVABLE		95,228.00		
1102-000002	OTHER ACCOUNTS RECEIVABLE			95,228.00	
Total			<u>95,228.00</u>	<u>95,228.00</u>	-
Adjusting Journal Entries JE # 10		5002.01			
CLIENT DO NOT MAKE - To record current portion of note payable.					
2147-000002	CURRENT PORTION - NOTES PAYABLE		49,435.00		
2147-000001	CURRENT PORTION - NOTES PAYABLE			49,435.00	
Total			<u>49,435.00</u>	<u>49,435.00</u>	-
Adjusting Journal Entries JE # 11		2606.02			
To adjust medicaid billing receivable.					
3000-000450	CITY		313.00		
1103-000000	MEDICAID BILLING RECEIVABLE			313.00	
Total			<u>313.00</u>	<u>313.00</u>	(313.00)
Adjusting Journal Entries JE # 12		5008.01			
CLIENT DO NOT MAKE - To reclass current portion of bonds payable.					
2142-000002	CURRENT PORTION - BONDS PAYABLE		208,308.00		
2142-000001	CURRENT PORTION - BONDS PAYABLE			208,308.00	
Total			<u>208,308.00</u>	<u>208,308.00</u>	-
Adjusting Journal Entries JE # 14		4404.01			
To agree health insurance w/h to calculation.					
2154-000606	HEALTH INSURANCE W/H		3,000.00		
4600-000636	MEDICAL INSURANCE			3,000.00	
Total			<u>3,000.00</u>	<u>3,000.00</u>	3,000.00

Client: SH08002 - Shore Educational Collaborative
 Engagement: AUD2012 - Shore Educational Collaborative
 Trial Balance: 1001.01 - TB
 Workpaper: 130.04 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit	P&L Effect
Adjusting Journal Entries JE # 16		121.15			
To record on-behalf payments for the teacher's retirement.					
9900-000900	ON BEHALF PAYMENTS		211,942.00		
9900-000900	ON BEHALF PAYMENTS		380,208.00		
3900-000900	ON BEHALF PAYMENTS			211,942.00	
3900-000900	ON BEHALF PAYMENTS			380,208.00	
Total			<u>592,150.00</u>	<u>592,150.00</u>	-
Adjusting Journal Entries JE # 17		4406.01			
To reclass medical insurance.					
4650-000636	RETIREE INSURANCE EXPENSE		5,650.00		
4600-000636	MEDICAL INSURANCE			5,650.00	
Total			<u>5,650.00</u>	<u>5,650.00</u>	-
Adjusting Journal Entries JE # 18					
CLIENT DO NOT MAKE - To reverse other income recorded on fixed assets.					
3900-000636	OTHER INCOME		1,055.00		
3900-000636	OTHER INCOME		4,562.00		
3900-000636	OTHER INCOME		13,268.00		
3900-000636	OTHER INCOME		210,139.00		
4010-000636	DIRECT CARE SALARIES			167.00	
4010-000636	DIRECT CARE SALARIES			288.00	
4010-000636	DIRECT CARE SALARIES			289.00	
4010-000636	DIRECT CARE SALARIES			333.00	
4010-000636	DIRECT CARE SALARIES			1,000.00	
5511-000105	COMPUTER EQUIPMENT RENTAL			199.00	
5511-000105	COMPUTER EQUIPMENT RENTAL			16,913.00	
5511-000110	COMPUTER EQUIPMENT RENTAL			470.00	
5511-000110	COMPUTER EQUIPMENT RENTAL			28,823.00	
5511-000120	COMPUTER EQUIPMENT RENTAL			10,410.00	
5511-000120	COMPUTER EQUIPMENT RENTAL			58,882.00	
5511-000140	COMPUTER EQUIPMENT RENTAL			1,237.00	
5511-000140	COMPUTER EQUIPMENT RENTAL			42,625.00	
5511-000205	COMPUTER EQUIPMENT RENTAL			2,924.00	
5511-000305	COMPUTER EQUIPMENT RENTAL			198.00	
5511-000305	COMPUTER EQUIPMENT RENTAL			600.00	
5511-000305	COMPUTER EQUIPMENT RENTAL			19,178.00	
5511-000325	COMPUTER EQUIPMENT RENTAL			10,217.00	
5511-000405	COMPUTER EQUIPMENT RENTAL			1,445.00	
5511-000836	COMPUTER EQUIPMENT RENTAL			3,695.00	
5511-000836	COMPUTER EQUIPMENT RENTAL			29,131.00	
Total			<u>229,024.00</u>	<u>229,024.00</u>	-
Adjusting Journal Entries JE # 19		3203.01			
To record disposals of leasehold improvements - 194,655.80, 188,261.95, 6393.85.					
1521-000000	ACC. DEPREC. - LEASEHOLD IMPR.		188,262.00		
9502-000000	LOSS ON DISPOSAL OF FIXED ASSETS		6,394.00		
1520-000000	LEASEHOLD IMPROVEMENTS			194,656.00	
Total			<u>194,656.00</u>	<u>194,656.00</u>	(6,394.00)
Adjusting Journal Entries JE # 20		3203.01			
To adjust depreciation on leasehold improvements - \$1,082.20					
1521-000000	ACC. DEPREC. - LEASEHOLD IMPR.		1,082.00		
5611-000000	DEPRECIATION LEASE IMPROVEMENT			1,082.00	
Total			<u>1,082.00</u>	<u>1,082.00</u>	1,082.00
Adjusting Journal Entries JE # 21		3203.01			
To reclass exit ramp to leasehold improvements (\$25,877.95).					
1520-000000	LEASEHOLD IMPROVEMENTS		25,878.00		
1530-000000	FIXED ASSETS			25,878.00	

Client: **SH08002 - Shoro Educational Collaborative**
 Engagement: **AUD2012 - Shoro Educational Collaborative**
 Trial Balance: **1001.01 - TB**
 Workpaper: **130.04 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit	P&L Effect
Total			<u><u>25,878.00</u></u>	<u><u>25,878.00</u></u>	-
Adjusting Journal Entries JE # 22		3204.01			
	To record disposals of fixed assets (250,450.99, 250,449.80, 1.19)				
1531-000000	ACC. DEPR. ON FIXED ASSETS		250,450.00		
9502-000000	LOSS ON DISPOSAL OF FIXED ASSETS		1.00		
1530-000000	FIXED ASSETS			250,451.00	
Total			<u><u>250,451.00</u></u>	<u><u>250,451.00</u></u>	(1.00)
Adjusting Journal Entries JE # 23		3204.01			
	To correct depreciation on fixed assets - 2,587.79				
1531-000000	ACC. DEPR. ON FIXED ASSETS		2,588.00		
5810-000000	DEPRECIATION FIXED ASSETS			2,588.00	
Total			<u><u>2,588.00</u></u>	<u><u>2,588.00</u></u>	2,588.00
Adjusting Journal Entries JE # 24		3207.01			
	To expense water heater - 398.90.				
5050-000105	REPAIRS AND MAINTENANCE		198.00		
5050-000305	REPAIRS AND MAINTENANCE		199.00		
1610-000000	BUILDING IMPROVEMENTS			397.00	
Total			<u><u>397.00</u></u>	<u><u>397.00</u></u>	(397.00)
Adjusting Journal Entries JE # 25		3207.01			
	To reverse other income. - 398.90.				
3900-000636	OTHER INCOME		397.00		
5511-000105	COMPUTER EQUIPMENT RENTAL			198.00	
5511-000305	COMPUTER EQUIPMENT RENTAL			199.00	
Total			<u><u>397.00</u></u>	<u><u>397.00</u></u>	-
Adjusting Journal Entries JE # 26		3207.01			
	CLIENT DO NOT MAKE - To reverse other income.				
5511-000105	COMPUTER EQUIPMENT RENTAL		198.00		
5511-000305	COMPUTER EQUIPMENT RENTAL		199.00		
3900-000636	OTHER INCOME			397.00	
Total			<u><u>397.00</u></u>	<u><u>397.00</u></u>	-
Adjusting Journal Entries JE # 27		3207.01			
	To adjust depreciation on building improvements - 5.09				
1611-000000	ACC. DEPREC. - BUILDING IMPROV		5.00		
5615-000000	DEPRECIATION ON BUILD IMPROVEM			5.00	
Total			<u><u>5.00</u></u>	<u><u>5.00</u></u>	5.00

Client: **SH06002 - Shore Educational Collaborative**
 Engagement: **AUD2012 - Shore Educational Collaborative**
 Trial Balance: **1001.01 - TB**
 Workpaper: **130.04 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit	P&L Effect
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Adjusting Journal Entries JE # 43		121.06			
CLIENT DO NOT MAKE - To record encumbrances.					

2900-000000	GENERAL FUND BALANCE		291,486.00		
2900-000050	ENCUMBRANCES - ADULT DAY PROGRAM			59,086.00	
2900-000075	ENCUMBRANCES - FRINGE BENEFITS			191,642.00	
2900-000076	ENCUMBRANCES - OTHER PURPOSES			40,758.00	
Total			291,486.00	291,486.00	-

Adjusting Journal Entries JE # 44		6109.01			
To reclass technology grant.					

3000-000842	CITY		75,821.00		
3600-000842	GRANT INCOME			75,821.00	

Client: SH06002 - Shore Educational Collaborative
 Engagement: AUD2012 - Shore Educational Collaborative
 Trial Balance: 1001.01 - TB
 Workpaper: 130.04 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit	P&L Effect
Total			<u>75,821.00</u>	<u>75,821.00</u>	-
Adjusting Journal Entries JE # 45					
CLIENT DO NOT MAKE - To close out P&L.					
2999-999999	NET INCOME OFFSET		81,083.00		
2999-000000	P&L Summary			81,083.00	
Total			<u>81,083.00</u>	<u>81,083.00</u>	-
Adjusting Journal Entries JE # 46					
To adjust to actuary report.					
		4408.01			
4650-000105	RETIREE INSURANCE EXPENSE		18,173.00		
4650-000110	RETIREE INSURANCE EXPENSE		10,480.00		
4650-000120	RETIREE INSURANCE EXPENSE		18,499.00		
4650-000140	RETIREE INSURANCE EXPENSE		17,555.00		
4650-000150	RETIREE INSURANCE EXPENSE		529.00		
4650-000205	RETIREE INSURANCE EXPENSE		4,505.00		
4650-000243	RETIREE INSURANCE EXPENSE		1,857.00		
4650-000305	RETIREE INSURANCE EXPENSE		15,250.00		
4650-000308	RETIREE INSURANCE EXPENSE		1,133.00		
4650-000325	RETIREE INSURANCE EXPENSE		9,166.00		
4650-000405	RETIREE INSURANCE EXPENSE		2,406.00		
4650-000450	RETIREE INSURANCE EXPENSE		1,188.00		
4650-000510	RETIREE INSURANCE EXPENSE		2,685.00		
4650-000636	RETIREE INSURANCE EXPENSE		12,505.00		
4650-000738	RETIREE INSURANCE EXPENSE		42.00		
4650-000833	RETIREE INSURANCE EXPENSE		338.00		
4650-000834	RETIREE INSURANCE EXPENSE		525.00		
4650-000842	RETIREE INSURANCE EXPENSE		686.00		
2182-000649	RETIREE INSURANCE			117,302.00	
Total			<u>117,302.00</u>	<u>117,302.00</u>	(117,302.00) ^(A)
Adjusting Journal Entries JE # 47					
To reclass restricted cash to restricted fund balance.					
2900-000000	GENERAL FUND BALANCE		287,523.00		
2238-000000	RESERVE FOR RESTRICTED CASH			287,523.00	
Total			<u>287,523.00</u>	<u>287,523.00</u>	(137,638.00)

^(A) - These entries are considered material.

Client: **SHO6002 - Shore Educational Collaborative**
 Engagement: **AUD2012 - Shore Educational Collaborative**
 Trial Balance: **1001.01 - TB**
 Workpaper: **130.05 - Reclassifying Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit	P&L Effect
Reclassifying Journal Entries JE # 13					
To match prepaid expenses.		2600.01			
2601-000000	RESERVE FOR PREPAID EXP & OTH		36,388.00		
2900-000000	GENERAL FUND BALANCE			36,388.00	
Total			<u>36,388.00</u>	<u>36,388.00</u>	
Reclassifying Journal Entries JE # 28					
To record correct amount of LTD.		6000.01			
2900-000000	GENERAL FUND BALANCE		248,912.00		
1700-000000	AMOUNT PROVIDED FOR LTD			248,912.00	
Total			<u>248,912.00</u>	<u>248,912.00</u>	
Reclassifying Journal Entries JE # 29					
To record debt service through interest expense and payments on bonds payable.		6001.01			
9500-000000	DEBT SERVICE		795,863.00		
2900-000000	GENERAL FUND BALANCE			248,912.00	
6120-000105	INTEREST EXPENSE			176,910.00	
6120-000110	INTEREST EXPENSE			104,064.00	
6120-000140	INTEREST EXPENSE			6,146.00	
6120-000305	INTEREST EXPENSE			176,910.00	
6120-000510	INTEREST EXPENSE			10,406.00	
6120-000636	INTEREST EXPENSE			74,515.00	
Total			<u>795,863.00</u>	<u>795,863.00</u>	(248,912.00) (A)
Reclassifying Journal Entries JE # 30					
To reclass general fixed assets.		3201.01			
2600-000000	INVESTMENT IN GEN FIXED ASSETS		247,181.00		
2900-000000	GENERAL FUND BALANCE			247,181.00	
Total			<u>247,181.00</u>	<u>247,181.00</u>	
Reclassifying Journal Entries JE # 31					
		3201.01			

Client: SH08002 - Shore Educational Collaborative
 Engagement: AUD2012 - Shore Educational Collaborative
 Trial Balance: 1001.01 - TB
 Workpaper: 130.05 - Reclassifying Journal Entries Report

Account	Description	W/P Ref	Debit	Credit	P&L Effect
To eliminate depreciation per GASB.					
2900-000000	GENERAL FUND BALANCE		469,413.00		
5610-000000	DEPRECIATION FIXED ASSETS			151,537.00	
5611-000000	DEPRECIATION LEASE IMPROVEMENT			32,859.00	
5614-000000	DEPRECIATION ON BUILDING			150,152.00	
5615-000000	DEPRECIATION ON BUILD IMPROVEM			133,532.00	
5616-000000	AMORTIZATION-LOGO COSTS			1,333.00	
Total			<u>469,413.00</u>	<u>469,413.00</u>	469,413.00 (A)
Reclassifying Journal Entries JE # 32					
		3201.01			
To record capital additions.					
9600-000000	CAPITAL ADDITIONS		228,627.00		
2900-000000	GENERAL FUND BALANCE			228,627.00	
Total			<u>228,627.00</u>	<u>228,627.00</u>	(228,627.00) (A)
Reclassifying Journal Entries JE # 33					
		3201.01			
To eliminate loss on disposal of fixed assets.					
2900-000000	GENERAL FUND BALANCE		6,395.00		
9502-000000	LOSS ON DISPOSAL OF FIXED ASSETS			6,395.00	
Total			<u>6,395.00</u>	<u>6,395.00</u>	6,395.00
Reclassifying Journal Entries JE # 34					
		3400.01			
To eliminate bond issuance costs.					
1750-000000	AMOUNT PROVIDED FOR BOND ISSU		4,450.00		
2900-000000	GENERAL FUND BALANCE			4,450.00	
Total			<u>4,450.00</u>	<u>4,450.00</u>	-
Reclassifying Journal Entries JE # 35					
		3400.01			
To eliminate amortization.					
2900-000000	GENERAL FUND BALANCE		4,450.00		
5617-000000	BOND ISSUANCE DEPRECIATION			4,450.00	
Total			<u>4,450.00</u>	<u>4,450.00</u>	4,450.00
					4,719.00

(A) - These entries are considered material.

514.01

Client: **SH06002 - Shore Educational Collaborative**
 Engagement: **AUD2012 - Shore Educational Collaborative**
 Period Ending: **6/30/2012**
 Trial Balance: **1001.01 - TB**
 Workpaper: **130.03 - Passed Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit	P&L Effect
Passed Journal Entries JE # 15		4404.01			
To agree to L&H calculation of health insurance w/h.					
2154-000606	HEALTH INSURANCE W/H		1,202.00		
4600-000636	MEDICAL INSURANCE			1,202.00	(1,202.00)
Total			<u>1,202.00</u>	<u>1,202.00</u>	<u>(1,202.00)</u>
					M, pass

Conclusion: The P&L effect of the pass AJE's are immaterial. No adjustment required. Pass further testing.