

READS COLLABORATIVE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

(With Independent Auditors' Report Thereon)

READS COLLABORATIVE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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CBIZ CPAs P.C.

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Independent Auditors' Report

To the Board of Directors
READS Collaborative

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the READS Collaborative ("Collaborative"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Collaborative, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States ("*Government Auditing Standards")*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial Statements section of our report. We are required to be independent of the Collaborative and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 14 to the financial statements, in 2025, the Collaborative adopted new accounting guidance, GASB Statement 101 *Compensated Absences.* Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collaborative's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Collaborative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collaborative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in this report. The other information comprises the required disclosures by the Massachusetts Department of Elementary and Secondary Education for Massachusetts Educational Collaboratives but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, on our consideration of the Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Collaborative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Collaborative's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
November 20, 2025

Management's Discussion and Analysis

READS Collaborative

Management's Discussion and Analysis

Year Ended June 30, 2025

As management of the READS Collaborative ("Collaborative"), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2025. The Collaborative complies with financial reporting requirements issued by the Government Accounting Standards Board ("GASB"). Management's discussion and analysis are part of these requirements. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources (net position) for the year by $1.3 million.
- At June 30, 2025, the Collaborative reported a net other postemployment benefit liability (OPEB) of $5.7 million, as well as deferred outflows and deferred inflows of resources related to OPEB totaling $1.1 million and $2.1 million, respectively.
- The Collaborative recognized on-behalf revenue and expenditures totaling $758,000 and $1.3 million in 2025 related to the Massachusetts State Employees' Retirement System and the Massachusetts Teachers' Retirement System, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Collaborative's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Collaborative's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected revenues and earned but unused sick leave).

The government-wide financial statements report all functions that are principally supported by tuition, charges for services, and intergovernmental revenues (*governmental activities).* The governmental activities include salaries and contracted services, payroll taxes and benefits, legal, conferences, conventions and meetings, supplies and postage, intergovernmental on-behalf payments, travel and transportation, insurance, advertising, subscriptions, and other, repairs and maintenance, telephone, rent, equipment and technology, utilities, recreational services, recruitment, tuition, interest, and unallocated depreciation.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. The focus of the Collaborative's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Collaborative's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Collaborative's own programs.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Collaborative's budgetary comparisons and its pension and other postemployment obligations, as well as *other information* as required by Massachusetts General Law (M.G.L) Chapter 43 of the Acts of 2012.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $1.3 million at the close of 2025.

Net position of $1.1 million reflects the Collaborative's net investment in capital assets (e.g., land, furniture and fixtures, buildings, vehicles and equipment, right to use buildings, right to use vehicles and equipment, leasehold improvements, and other improvements); less any related debt used to acquire those assets that is still outstanding. The Collaborative uses these capital assets to provide services to pupils; consequently, these assets are *not* available for future spending. The remaining balance of unrestricted net position resulted in a $2.5 million deficit, mainly relating to the effect of recording other postemployment benefit liabilities through June 30, 2025.

Key components of the Collaborative's governmental financial position are summarized below:

	2025	2024
Assets:		
Current assets	$ 7,524,823	$ 6,800,728
Capital assets, non depreciable	436,922	144,029
Capital assets, net of accumulated depreciation	10,231,002	9,987,837
Total assets	**18,192,747**	**16,932,594**
Deferred outflows of resources	**1,139,527**	**1,557,057**
Liabilities:		
Current liabilities (excluding debt)	2,873,599	1,679,144
Noncurrent liabilities (excluding debt)	6,138,237	6,964,437
Current debt	1,334,489	1,036,555
Noncurrent debt	8,196,785	8,224,069
Total liabilities	**18,543,110**	**17,904,205**
Deferred inflows of resources	**2,104,520**	**2,533,931**
Net position:		
Net investment in capital assets	1,136,650	871,242
Restricted	83,573	145,285
Unrestricted	(2,535,579)	(2,965,012)
Total net position	$ **(1,315,356)**	$ **(1,948,485)**

READS Collaborative

Management's Discussion and Analysis

Year Ended June 30, 2025

The Collaborative's net position increased by $633,000 in 2025 as compared to a decrease of $973,000 in 2024. This increase was the result of an increase related to budgetary operations, as well as capital grant revenue totaling $52,000, and an increase related to the decrease in the net other postemployment benefit liability, net of related deferred outflows/(inflows) of resources totaling $183,000.

Key components of the Collaborative's governmental activities are summarized below:

	2025	2024
Program Revenues:		
Charges for services	$ 4,126,329	$ 3,358,728
Operating grants and contributions	2,528,765	2,837,365
Capital grants and contributions	51,848	-
General Revenues:		
Tuition	12,014,673	10,398,826
Unrestricted investment income	216,152	141,608
Miscellaneous	1,678	1,510
Total revenues	**18,939,445**	**16,738,037**
Expenses:		
Salaries and contract services	11,582,700	10,868,830
Payroll taxes and benefits	1,333,730	1,519,497
Legal	6,506	2,702
Conferences, conventions and meetings	79,739	48,241
Supplies and postage	122,429	171,472
Intergovernmental on-behalf payments	2,012,978	2,397,977
Travel and transportation	41,740	46,708
Insurance	112,851	105,050
Advertising, subscriptions and other	137,172	109,413
Telephone	51,961	51,091
Repairs and maintenance	118,458	3,576
Rent	124,375	124,476
Equipment and technology	330,867	19,873
Utilities	96,580	83,258
Recreational services	14,189	8,075
Recruitment	10,669	4,253
Tuition	102,148	89,068
Interest expense	571,421	635,945
Unallocated depreciation	1,455,803	1,421,881
Total expenses	**18,306,316**	**17,711,386**
Change in net position	**633,129**	**(973,349)**
Net position, beginning of year	(1,948,485)	367,539
Implementation of GASB 101	-	(1,342,675)
Net position, beginning of year, as restated	**(1,948,485)**	**(975,136)**
Net position, end of year	$ **(1,315,356)**	$ **(1,948,485)**

Financial Analysis of the Governmental Funds

As noted earlier, the Collaborative uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Collaborative's net resources available for spending at the end of the year.

At the end of the current year, governmental funds reported combined ending fund balances of $5.7 million. This includes $3.0 million, $2.6 million, and $84,000 in the Collaborative's general fund, building project major fund, and nonmajor funds, respectively.

The general fund is the Collaborative's chief operating fund. At year end, unassigned fund balance totaled $2.7 million, assigned fund balance totaled $189,000, and nonspendable fund balance totaled $125,000. Fund balance in the general fund increased by $274,000 in the current year, which was related to budgetary operations.

The building project major fund's fund balance increased by $382,000, which was related to investment earnings, as well as funding transferred from the general fund totaling $250,000.

General Fund Budgetary Highlights

The Collaborative adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The original 2025 approved budget for the general fund authorized $15.5 million in appropriations. During the year, the original budget increased by $1.3 million, which was funded through the additional use of surplus reserves, as well as an increase in estimated receipts.

Capital Asset and Debt Administration

The Collaborative's capital assets, net of accumulated depreciation, totaled $9.5 million as of June 30, 2025. In 2025, the Collaborative spent $800,000 in capital asset additions, for the purchase of a new building, vehicles, equipment, and building improvements.

The Collaborative also has entered into various lease agreements for buildings and equipment. The cost of these leases totaled $1.6 million in 2025, and is reported as debt service on leases in the general fund.

The lease payable liability is reported at the present value of the future minimum lease payments, which at June 30, 2025, totaled $8.2 million.

On June 3, 2025, the Collaborative obtained long-term financing through a mortgage loan of $1,192,000 at an interest rate of 6.75% to facilitate the acquisition of the property located at 399 Old Colony Road, which will be used to support the Collaborative's instructional programs. The total purchase price of the property was $1,490,000, with the remaining balance funded from the Collaborative's available cash resources.

In 2025, the Collaborative entered into a lease agreement to purchase a 14-passenger school bus. This agreement qualifies as a capital purchase financing agreement, and is reported as long-term debt in the financial statements for the present value of the future minimum lease payments, which at June 30, 2025 totaled $115,000.

The Collaborative did not have any short-term outstanding as of June 30, 2025.

Please refer to the Notes 4, 7 and 8 of the basic financial statements for further discussion of the capital assets, leases, and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Collaborative's finances for all those with an interest in the Collaborative's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Collaborative's Business Manager,105 East Grove Street, Middleborough, Massachusetts.

Basic Financial Statements

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READS Collaborative

Statement of Net Position

June 30, 2025

	Governmental Activities
ASSETS	
CURRENT:	
Cash and cash equivalents	$ 6,789,542
Receivables, net of allowance for uncollectibles:	
Tuition	610,281
Prepaid expenses and deposits	125,000
Total current assets	7,524,823
NONCURRENT:	
Capital assets, nondepreciable	436,922
Capital assets, net of accumulated depreciation	10,231,002
Total noncurrent assets	10,667,924
TOTAL ASSETS	18,192,747
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to other postemployment benefits	1,139,527
LIABILITIES	
CURRENT:	
Warrants payable	250,386
Accrued payroll and related withholdings	971,114
Unearned revenue	587,537
Lease payable	1,104,429
Compensated absences	1,064,562
Long-term debt	230,060
Total current liabilities	4,208,088
NONCURRENT:	
Lease payable	7,119,640
Compensated absences	429,139
Net other postemployment benefits liability	5,709,098
Long-term debt	1,077,145
Total noncurrent liabilities	14,335,022
TOTAL LIABILITIES	18,543,110
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to other postemployment benefits	2,104,520
NET POSITION	
Net investment in capital assets	1,136,650
Restricted for:	
Grants and other purposes	83,573
Unrestricted	(2,535,579)
TOTAL NET POSITION	$ (1,315,356)

See notes to basic financial statements.

READS Collaborative

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental Activities:					
Salaries and contracted services	$ 11,582,700	$ 4,124,444	$ 377,635	$ -	$ (7,080,621)
Payroll taxes and benefits	1,333,730	-	-	-	(1,333,730)
Legal	6,506	-	-	-	(6,506)
Conferences, conventions and meetings	79,739	-	-	-	(79,739)
Supplies and postage	122,429	-	-	-	(122,429)
Intergovernmental on-behalf payments	2,012,978	-	2,012,978	-	-
Travel and transportation	41,740	-	-	-	(41,740)
Insurance	112,851	-	-	-	(112,851)
Advertising, subscriptions, and other	137,172	1,885	-	-	(135,287)
Repairs and maintenance	118,458	-	-	-	(118,458)
Telephone	51,961	-	-	-	(51,961)
Rent	124,375	-	-	-	(124,375)
Equipment and technology	330,867	-	138,152	51,848	(140,867)
Utilities	96,580	-	-	-	(96,580)
Recreational services	14,189	-	-	-	(14,189)
Recruitment	10,669	-	-	-	(10,669)
Tuition	102,148	-	-	-	(102,148)
Interest	571,421	-	-	-	(571,421)
Unallocated depreciation	1,455,803	-	-	-	(1,455,803)
Total Governmental Activities	$ 18,306,316	$ 4,126,329	$ 2,528,765	$ 51,848	$ **(11,599,374)**

See notes to basic financial statements.

READS Collaborative

Statement of Activities (Continued)

Year Ended June 30, 2025

		Primary Governmen
		Governmental Activities
Changes in net position:		
Net (expense) revenue from previous page	$	**(11,599,374)**
General revenues:		
Tuition		12,014,673
Unrestricted investment income		216,152
Miscellaneous revenue		1,678
Total general revenues		12,232,503
Change in net position		633,129
Net position:		
Beginning of year, as previously reported		(605,810)
Implementation of GASB 101		(1,342,675)
Beginning of year, as restated		(1,948,485)
End of year	$	(1,315,356)

See notes to basic financial statements.

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Governmental Funds
Balance Sheet

June 30, 2025

	General	Building Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,091,899	$ 2,617,689	$ 79,954	$ 6,789,542
Receivables, net of uncollectibles:				
Tuition	606,550	-	3,731	610,281
Prepaid expenses and deposits	125,000	-	-	125,000
TOTAL ASSETS	$ 4,823,449	$ 2,617,689	$ 83,685	$ 7,524,823
LIABILITIES				
Warrants payable	$ 250,274	$ -	$ 112	$ 250,386
Accrued payroll and related withholdings	971,114	-	-	971,114
Unearned revenue	587,537	-	-	587,537
TOTAL LIABILITIES	1,808,925	-	112	1,809,037
FUND BALANCES				
Nonspendable	125,000	-	-	125,000
Restricted	-	-	83,573	83,573
Committed	-	2,617,689	-	2,617,689
Assigned	189,933	-	-	189,933
Unassigned	2,699,591	-	-	2,699,591
TOTAL FUND BALANCES	3,014,524	2,617,689	83,573	5,715,786
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,823,449	$ 2,617,689	$ 83,685	$ 7,524,823

See notes to basic financial statements.

READS Collaborative

Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position

June 30, 2025

Total governmental fund balances		$ 5,715,786
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		10,667,924
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported		(964,993)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long-term debt	(1,307,205)	
Net other postemployment benefits liability	(5,709,098)	
Lease payable	(8,224,069)	
Compensated absences	(1,493,701)	
Net effect of reporting long-term liabilities		(16,734,073)
Net position of governmental activities		$ (1,315,356)

See notes to basic financial statements.

READS Collaborative

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General	Building Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Tuition	$ 12,014,673	$ -	$ -	$ 12,014,673
District contracted services and other	4,317,838	-	1,885	4,319,723
Intergovernmental	-	-	374,241	374,241
Intergovernmental for on-behalf payments	2,012,978	-	-	2,012,978
Miscellaneous	-	-	1,678	1,678
Investment income	83,960	132,192	-	216,152
TOTAL REVENUES	18,429,449	132,192	377,804	18,939,445
EXPENDITURES:				
Current:				
Salaries and contracted services	11,405,992	-	60,844	11,466,836
Payroll taxes and benefits	1,150,522	-	193	1,150,715
Legal	6,506	-	-	6,506
Conferences, conventions and meetings	106,362	-	54,453	160,815
Supplies and postage	130,462	-	45,195	175,657
Intergovernmental on-behalf payments	2,012,978	-	-	2,012,978
Travel and transportation	25,324	-	-	25,324
Insurance	112,851	-	-	112,851
Advertising, subscriptions, and other	143,676	-	-	143,676
Telephone	51,961	-	-	51,961
Repairs and maintenance	191,841	-	78,472	270,313
Rent	124,375	-	-	124,375
Equipment and technology	235,643	-	200,359	436,002
Utilities	96,580	-	-	96,580
Capital outlay	1,688,883	-	-	1,688,883
Recreational services	8,183	-	-	8,183
Recruitment	10,669	-	-	10,669
Tuition	102,148	-	-	102,148
Debt service:				
Principal payments on leases	1,036,555	-	-	1,036,555
Interest payments on leases	571,421	-	-	571,421
TOTAL EXPENDITURES	19,212,932	-	439,516	19,652,448
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(783,483)	132,192	(61,712)	(713,003)
OTHER FINANCING SOURCES (USES):				
Issuance of loans payable	1,192,000	-	-	1,192,000
Capital purchase financing	115,205	-	-	115,205
Transfers in	-	250,000	-	250,000
Transfers out	(250,000)	-	-	(250,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,057,205	250,000	-	1,307,205
NET CHANGE IN FUND BALANCES	273,722	382,192	(61,712)	594,202
FUND BALANCES AT BEGINNING OF YEAR	2,740,802	2,235,497	145,285	5,121,584
FUND BALANCES AT END OF YEAR	$ 3,014,524	$ 2,617,689	$ 83,573	$ 5,715,786

See notes to basic financial statements.

READS Collaborative

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2025

Net change in fund balances - total governmental funds		$	594,202
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	1,991,861		
Depreciation expense	(1,455,803)		
Net effect of reporting capital assets			536,058
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.			
Principal payments on leases	1,036,555		
Issuance of loans payable	(1,192,000)		
Capital purchase financing	(115,205)		
Net effect of reporting long-term debt			(270,650)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			
Net change in compensated absences accrual	(43,466)		
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits	11,881		
Net change in net other postemployment benefits liability	(194,896)		
Net effect of recording long-term liabilities			(226,481)
Change in net position of governmental activities		$	633,129

See notes to basic financial statements.

READS Collaborative

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2025

	Other Postemployment Benefit Trust Fund
ASSETS	
Cash and cash equivalents	$ 37,424
Investments:	
Equity mutual funds	903,859
Fixed income mutual funds	715,591
TOTAL ASSETS	1,656,874
NET POSITION	
Restricted for other postemployment benefits	$ 1,656,874

See notes to basic financial statements.

READS Collaborative

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Other Postemployment Benefit Trust Fund
ADDITIONS:	
Contributions:	
Employer contributions for other postemployment benefit payments.....	$ 238,869
Net investment income:	
Investment income.....	133,551
Less: investment expense.....	(4,097)
Net investment income.....	129,454
TOTAL ADDITIONS.....	368,323
DEDUCTIONS:	
Other postemployment benefit payments.....	238,869
NET INCREASE IN NET POSITION.....	129,454
NET POSITION AT BEGINNING OF YEAR.....	1,527,420
NET POSITION AT END OF YEAR.....	$ 1,656,874

See notes to basic financial statements.

READS Collaborative

Notes to Basic Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The READS Collaborative ("Collaborative") is a public educational collaborative formed under Chapter 40 Section 4E and Chapter 797 of the General Laws of the Commonwealth of Massachusetts, by member school districts from the Towns of Abington, Acushnet, Berkley, Carver, East Bridgewater, Marion, Mattapoisett, Middleborough, Norton, Rochester, Somerset, Taunton, West Bridgewater as well as the Bristol-Plymouth Vocational Technical School, Freetown-Lakeville Regional School District, Dighton-Rehoboth Regional School District, Somerset-Berkley Regional School District and the Bridgewater-Raynham Regional School District. The primary purpose of the Collaborative is to expand the quality of special educational services that can be provided more effectively and efficiently by pooling the resources and students of several school districts.

The Collaborative's programs and services are primarily intended for its members; however, nonmembers may also participate.

The Collaborative is governed by a Board of Directors (the "Board") comprised of the school superintendent from each of the member districts. The Board appoints an Executive Director who is the chief operating official for the Collaborative and who reports directly to the Board.

The accompanying basic financial statements of the Collaborative have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Collaborative accounting policies are described herein.

A. Reporting Entity

For financial reporting purposes, the Collaborative has included all funds, organizations, agencies, boards, commissions, and institutions. The Collaborative has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Collaborative are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Collaborative (the primary government) and its component units. The Collaborative has no component units that require inclusion in these basic financial statements.

The primary government consists of all funds and departments which provide various services including a program for Deaf and Hard-of-Hearing Children (DHH) and the READS Academy which provides various programs supporting the Special Educational needs of the member communities. The Collaborative Board of Directors and Executive Director are directly responsible for these activities.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities* are primarily supported by service contracts, tuition, state, and other intergovernmental revenue.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Other items not identifiable as program revenues are reported as general revenues.

The effect of interfund activity has been removed from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Investment income is susceptible to accrual. Other receipts and revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *Building Project Fund* is used to support costs associated with the acquisition, maintenance, and improvement of capital assets, including real property, to benefit the Collaborative.

The nonmajor governmental funds consist of other special revenue funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The general use of these fund types consist of the following:

The *special revenue fund* is used to account for a report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than permanent funds or capital projects. The special revenue funds are reported in the nonmajor funds column of the governmental fund financial statements.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future OPEB liabilities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The Collaborative reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value.

Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. See Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements is reported under the modified accrual basis of accounting.

Tuition

Tuition receivables consist of tuition payments due to the Collaborative from various member communities and non-member communities.

These receivables are considered 100% collectible and therefore the Collaborative does not report an allowance for uncollectibles.

G. Inventories

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets

Government-Wide Financial Statements

Capital assets, which include land, furniture and fixtures, buildings, vehicles and equipment, right to use – buildings, right to use – vehicles and equipment, leasehold improvements, and other improvements, are reported in the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, when actual historical cost could not be determined. Donated capital assets are recorded at acquisition value.

All purchases and construction costs in excess of $5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (except land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Furniture and fixtures	7-10
Buildings	40
Vehicles and equipment	5-10
Right to use - buildings	10
Right to use - vehicles and equipment	5
Leasehold improvements	10
Improvements	10

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/(Inflows) of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Collaborative reported deferred outflows related to other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Collaborative reported deferred inflows related to other postemployment benefits in this category.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers within governmental funds are eliminated from the governmental activities in the statement of activities.

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Sometimes the Collaborative will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Collaborative's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

"Nonspendable" fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

"Restricted" fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. "Assigned" fund balance includes amounts that are constrained by the Collaborative's intent to be used for specific purposes, but are neither restricted nor committed.

"Unassigned" fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Collaborative's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-Term Debt

Government-Wide Financial Statements

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as administrative expenditures.

N. Right to Use Lease Liability

Government-Wide Financial Statements

Right to use lease liabilities are reported at the present value of their future minimum lease payments. Lease payments are reported as reductions of the lease liability and as interest expense during the lease term.

Governmental Fund Financial Statements

The present value of the future minimum lease payments are reported within the governmental funds as other financing sources and a capital expenditure. Lease payments are reported as debt service expenditures.

O. Investment Income

Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. For the Collaborative, twenty percent of the employees' pay is considered vested after twenty years of service for a maximum of $12,500. Employees are granted 15-18 sick days on an annual basis, and can accrue and carry over a maximum of 210 days.

Government-Wide Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed when the benefits are incurred by the employee.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. Total Column

Government-Wide Financial Statements

The total column, whenever presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents." The deposits and investments of trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust ("MMDT"), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Collaborative's deposits may not be returned to it. The Collaborative does not have a formal deposit policy for custodial credit risk.

At year-end, the carrying amount of deposits totaled $6,780,411 and the bank balance totaled $6,869,142. Of the bank balance, $500,000 was covered by Federal Depository Insurance, $4,010,206 was collateralized, and $2,358,936 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Collaborative holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Collaborative mission, the Collaborative determines that the disclosures related to these investments only need to be disaggregated by major type. The Collaborative chooses a narrative format for disclosing the levels within the fair value hierarchy.

The Collaborative categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2025, the Collaborative had $46,555 invested in money market mutual funds, $903,859 invested in equity mutual funds, and $715,951 invested in fixed income mutual funds. These investments are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the entity will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

The Collaborative does not have an investment policy for the custodial credit risk of investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Collaborative does not have an investment policy for interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfil its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Collaborative does not have an investment policy for credit risk. The Collaborative’s investments in fixed income and money market mutual funds were unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Collaborative's investment in a single issuer. The Collaborative does not have an investment policy for the concentration of credit risk. At June 30, 2025, no more than 5% of the Collaborative's investments were invested in any one corporate issuer.

NOTE 3 – RECEIVABLES

At June 30, 2025, receivables for the general fund totaled $610,281, which was mainly related to tuition receivables. There was no allowance for uncollectible reported at June 30, 2025.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 144,029	$ 292,893	$ -	$ 436,922
Capital assets being depreciated:				
Furniture and fixtures	1,344,643	-	-	1,344,643
Buildings	952,407	1,223,201	-	2,175,608
Vehicles and equipment	430,178	195,378	-	625,556
Right to use - buildings	11,919,270	-	-	11,919,270
Right to use - vehicles and equipment	89,586	-	-	89,586
Leasehold Improvements	193,148	-	-	193,148
Improvements	484,300	280,389	(6,500)	758,189
Total capital assets being depreciated	15,413,532	1,698,968	(6,500)	17,106,000
Less accumulated depreciation for:				
Furniture and fixtures	(942,213)	(103,706)	-	(1,045,919)
Buildings	(562,475)	(31,912)	-	(594,387)
Vehicles and equipment	(89,576)	(52,806)	-	(142,382)
Right to use - buildings	(3,575,781)	(1,191,927)	-	(4,767,708)
Right to use - vehicles and equipment	(9,600)	(3,200)	-	(12,800)
Leasehold Improvements	(55,184)	(19,314)	-	(74,498)
Improvements	(190,866)	(52,938)	6,500	(237,304)
Total accumulated depreciation	(5,425,695)	(1,455,803)	6,500	(6,874,998)
Total capital assets being depreciated, net	9,987,837	243,165	-	10,231,002
Total governmental activities capital assets, net	$ 10,131,866	$ 536,058	$ -	$ 10,667,924

Unallocated depreciation expense totaled $1,455,803 for the year ended June 30, 2025.

NOTE 5 – PREPAID TUITION

Member communities are allowed to prepay a portion of the next year's tuition. At June 30, 2025, the Collaborative had received $587,537 of prepaid tuition from member communities.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During 2025, the Collaborative transferred $250,000 from the general fund to the building project major fund, for the purpose of accumulating resources to be used as a down payment toward the future purchase of the building currently being leased by the Collaborative

NOTE 7 – LEASES

The Collaborative has entered into various lease agreements for classroom facilities and equipment. The agreement for the Collaborative's most significant facilities lease extends through 2031. The cost of the Collaborative's leases for 2025, totaled $1.6 million, and is reported as debt service on leases in the general fund.

The cost of the assets acquired through the lease totaled $12.0 million, and the accumulated depreciation on those assets totaled $4.8 million.

The future lease payments under this agreement are as follows:

	Governmental Activities		
Years ending June 30th:	Principal	Interest	Total
2026	$ 1,104,429	$ 502,047	$ 1,606,476
2027	1,201,194	427,410	1,628,604
2028	1,304,897	346,279	1,651,176
2029	1,416,004	258,188	1,674,192
2030	1,535,031	162,645	1,697,676
2031	1,662,514	59,115	1,721,629
Total	$ 8,224,069	$ 1,755,684	$ 9,979,753

NOTE 8 – SHORT-TERM AND LONG-TERM DEBT

Short-Term Financing

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest on short-term borrowings is accounted for in the general fund.

As of June 30, 2025, the Collaborative had no short-term financing.

Long-Term Debt

On June 3, 2025, the Collaborative obtained long-term financing through a mortgage loan of $1,192,000 at an interest rate of 6.75% to facilitate the acquisition of the property located at 399 Old Colony Road, which will be used to support the Collaborative's instructional programs. The total purchase price of the property was $1,490,000, with the remaining balance funded from the Collaborative's available cash resources.

During the fiscal year, the Collaborative entered into a five-year financing agreement for the acquisition of a 15-passenger van, with the present value of the financed amount totaling $115,205.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2025
Loan Payable:				
Mortgage	2030	$ 1,192,000	6.75	$ 1,192,000
Direct Borrowing Payable:				
Capital purchase financing	2030	$ 115,205	4.20	115,205
Total Long-term debt				$ 1,307,205

Debt service requirements for principal and interest for long-term debt in future years payments are as follows:

	Governmental Activities				
	Loan Payable		Direct Borrowing Payable		
Years ending June 30th:	Principal	Interest	Principal	Interest	Total
2026	$ 207,019	$ 75,164	$ 23,041	$ 391	$ 305,615
2027	221,640	60,543	23,041	3,734	308,958
2028	237,293	44,890	23,041	2,861	308,085
2029	254,052	28,131	23,041	1,949	307,173
2030	271,996	10,187	23,041	998	306,222
Total	$ 1,192,000	$ 218,915	$ 115,205	$ 9,933	$ 1,536,053

Changes in Long-term Liabilities

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	(As Restated) Beginning Balance	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Right to use leases	$ 9,260,624	$ -	$ (1,036,555)	$ 8,224,069	$ 1,104,429
Long-term debt	-	1,307,205	-	1,307,205	230,060
Compensated absences	1,450,235	1,076,091	(1,032,625)	1,493,701	1,064,562
Net other postemployment benefits	5,514,202	421,884	(226,988)	5,709,098	-
Total governmental activity long-term liabilities	$ 16,225,061	$ 2,805,180	$ (2,296,168)	$ 16,734,073	$ 2,399,051

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Collaborative has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Collaborative's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this

classification are prepaid items, inventories, and principal (corpus) of an endowment fund. In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose. In other governmental funds, the unassigned classification is used to only report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The Collaborative applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned and then unassigned amounts, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

As of June 30, 2025, the governmental fund balances consisted of the following:

	General	Building Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid expenses and deposits	$ 125,000	$ -	$ -	$ 125,000
Restricted for:				
Gifts and donations	-	-	2,225	2,225
Other special revenue	-	-	574	574
Capital maintenance	-	-	65,690	65,690
Revolving	-	-	15,084	15,084
Committed to:				
Building project fund	-	2,617,689	-	2,617,689
Assigned to:				
Salaries and contract services	24,340	-	-	24,340
Equipment and technology	17,125	-	-	17,125
Capital outlay	148,468	-	-	148,468
Unassigned	2,699,591	-	-	2,699,591
Total Fund Balances	$ 3,014,524	$ 2,617,689	$ 83,573	$ 5,715,786

NOTE 10 – RISK FINANCING

The Collaborative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Collaborative carries commercial insurance. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The Collaborative participates in premium-based health care plans for its employees and retirees.

NOTE 11 – PENSION PLAN

*Plan Description*s

The Collaborative is a member of the Massachusetts State Employees' Retirement System (MSERS), a public employee retirement system that administers a cost-sharing multi-employer defined benefit plan covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. The MSERS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting https://mtrs.state.ma.us/service/financial-reports/.

The Collaborative is also a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting https://mtrs.state.ma.us/service/financial-reports/.

Special Funding Situations

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Collaborative's teachers and retired teachers to the MTRS. Therefore, the Collaborative is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Collaborative does not contribute directly to MTRS, the Collaborative does not have a net pension liability. The total of the Commonwealth-provided contributions has been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2024. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of

$1,255,142 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is $15,206,168 as of the measurement date.

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% 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. Therefore, the Collaborative does not have a net pension liability. The Collaborative's required contribution to MSERS equaled its actual contribution for the year ended December 31, 2024, which was $214,607 and 6.1% of covered payroll.

The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the non-teaching employees of the Collaboratives and therefore has a 100% special funding situation. The total of the Commonwealth provided contributions are allocated based on each employer's covered payroll to the total covered payroll of employers in MSERS as of the measurement date of June 30, 2024. The Collaborative's portion of the collective pension expense, contributed by the Commonwealth, of $757,836 is reported as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Collaborative is $7,341,509 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Collaborative administers a single-employer defined benefit healthcare plan (the "Plan"). The Plan provides healthcare insurance for eligible retirees and their spouses through the Collaborative's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The Plan does not issue a publicly available financial report.

Funding Policy

The required contribution is based on a pay-as-you-go financing requirement. The Collaborative contributes 50 percent of the cost of medical insurance premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining portion of their premium costs. For 2025, the Collaborative contributed approximately $238,869 towards these benefits, which consisted of the pay-as-you-go financing requirement for plan benefits as well as the additional contribution as described below.

The Commonwealth of Massachusetts passed special legislation that has allowed the Collaborative to establish a postemployment benefit trust fund and to enable the Collaborative to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2025, the Collaborative did not contribute additional funds to the OPEB trust fund in excess of the pay-as-you-go required contributions. As of June 30, 2025, the balance of this fund totaled $1.7 million.

Plan Membership

The following table represents the Plan's membership at July 1, 2023:

Active members	128
Inactive members currently receiving benefits	12
Total	140

Components of OPEB liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2025:

Total OPEB liability	$ 7,365,972
Less: OPEB plan's fiduciary net position	(1,656,874)
Net OPEB liability	$ 5,709,098
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	22.49%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2023, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2025:

Valuation date	Actuarially Determined Contribution was calculated as of July 1, 2023.
Actuarial cost method	Individual Entry Age Normal.
Asset valuation method	Market Value of Assets as of the measurement date, June 30, 2025
Investment rate of return	5.89%, net of OPEB plan investment expense, including inflation.
Discount rate	5.31%, net of OPEB plan investment expense, including inflation.
Inflation rate	2.50% as of June 30, 2025 and for future periods.
Salary increases	3.00% annually as of June 30, 2025, and for future periods.
Municipal bond rate	4.81% as of June 30, 2025 (S&P Municipal Bond 20-Year High Grade Index - SAPIHG.

Mortality rates:	
Pre-Retirement mortality……	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement mortality……	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled mortality……	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 8.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return of 3.64% is added to the expected inflation of 2.5% to produce the long-term expected nominal rate of return of 6.14%.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2025, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity-Large Cap……	36.25%	4.52%
Domestic Equity-Small/Mid Cap……	3.75%	5.06%
International Equity-Developed Market……	6.50%	5.08%
International Equity-Emerging Market……	2.00%	5.80%
Domestic Fixed Income……	39.75%	2.44%
International Fixed Income……	3.50%	2.13%
Alternative……	4.00%	6.09%
Real Estate……	2.00%	3.73%
Cash……	2.25%	0.00%
Total……..……	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.31% as of June 30, 2025, and 5.07% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Collaborative's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.81% as of June 30, 2025. The S&P Municipal Bond 20 – Year High Grade Index is the index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2024	$ 7,041,622	$ 1,527,420	$ 5,514,202
Changes for the year:			
Service cost	402,234	-	402,234
Interest	371,423	-	371,423
Changes in assumptions	(210,438)	-	(210,438)
Investment income	-	129,454	(129,454)
Contributions for benefit payments	-	238,869	(238,869)
Benefit payments	(238,869)	(238,869)	-
Net change	324,350	129,454	194,896
Balance at June 30, 2025	$ 7,365,972	$ 1,656,874	$ 5,709,098

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The table on the following page represents the net other postemployment benefit liability, calculated using the discount rate of 5.31%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.31%) or 1-percentage-point higher (6.31%) than the current rate.

	1% Decrease (4.31%)	Current Discount Rate (5.31%)	1% Increase (6.31%)
Net OPEB liability.....	$ 7,026,152	$ 5,709,098	$ 4,681,777

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	$ 4,529,767	$ 5,709,098	$ 7,220,428

OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the year ended June 30, 2025, the Collaborative recognized OPEB expense of $421,884. At June 30, 2025, the Collaborative reported deferred outflows of resources and deferred inflows of resources related to OPEB of $1,139,527 and $2,104,520 respectively, from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	$ 243,700	$ (434,426)	$ (190,726)
Difference between projected and actual earnings, net.....	-	(55,281)	(55,281)
Changes in assumptions.....	895,827	(1,614,813)	(718,986)
Total deferred outflows/(inflows) of resources.....	$ 1,139,527	$ (2,104,520)	$ (964,993)

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	$ (215,240)
2027	(545)
2028	(13,567)
2029	(351,649)
2030	(353,926)
Thereafter	(30,066)
Total	$ (964,993)

Changes of Assumption

The discount rate increased from 5.07% to 5.31%.

Changes in Plan Provisions

None.

NOTE 13 – CONTINGENCIES

Various legal actions and claims are pending against the Collaborative. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2025 cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2025.

NOTE 14 – RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED

In 2025, GASB Statement #101 Compensated Absences was required to be implemented by the Collaborative. This standard establishes new recognition and measurement requirements for compensated absences, such as unused vacation, sick leave, and other paid time off benefits. GASB 101 requires that liabilities for compensated absences be recognized when earned by employees, rather than when paid or taken. The implementation of GASB 101 resulted in a material change to the reported amount of the compensated absences liability in the financial statements.

As a result, the Collaborative's prior year net position was restated as follows:

	Reporting Units Affected By Adjustment to Beginning Net Position
	Governmental Activities
June 30, 2024, as previously reported… $	(605,810)
Adjustment:	
Implementation of GASB 101….....	(1,342,675)
June 30, 2024, as restated….....	(1,948,485)

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 20, 2025, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2025, the following GASB pronouncements were implemented:

- GASB Statement #101, *Compensated Absences*. The Collaborative implemented GASB 101 in 2025. As more fully described in Note 14, the implementation of this pronouncement required a restatement of beginning net position.

- GASB Statement #102, *Certain Risk Disclosures*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #103, *Financial Reporting Model Improvements,* which is required to be implemented for fiscal years beginning after June 15, 2025.

- The GASB issued Statement #104, *Disclosure of Certain Capital Assets*, which is required to be implemented for fiscal years beginning after June 15, 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

General Fund
Budgetary Comparison Schedule

The General Fund is the general operating fund of the Collaborative. It is used to account for all the financial resources, except those required to be accounted for in another fund.

READS Collaborative

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Year Ended June 30, 2025

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Tuition	$ 10,620,780	$ 11,762,963	$ 12,014,673	$ -	$ 251,710
District contracted services and other	4,227,334	4,227,334	4,317,838	-	90,504
Investment income	30,000	70,000	83,960	-	13,960
TOTAL REVENUES	14,878,114	16,060,297	16,416,471	-	356,174
EXPENDITURES:					
Current:					
Salaries and contract services	11,300,856	11,420,601	11,405,992	24,340	(9,731)
Payroll taxes and benefits	1,163,282	1,170,674	1,150,522	-	20,152
Legal	8,000	8,000	6,506	-	1,494
Conferences, conventions and meetings	109,225	130,904	106,362	-	24,542
Supplies and postage	219,650	199,745	130,462	-	69,283
Travel and transportation	29,800	28,697	25,324	-	3,373
Insurance	109,128	113,406	112,851	-	555
Advertising, subscriptions and other	119,457	154,777	143,676	-	11,101
Telephone	53,830	51,932	51,961	-	(29)
Repairs and maintenance	89,903	192,593	191,841	-	752
Rent	1,740,486	1,733,370	1,732,351	-	1,019
Equipment and technology	66,200	72,990	120,438	17,125	(64,573)
Utilities	86,540	88,320	96,580	-	(8,260)
Capital outlay	1,750	1,072,554	1,688,883	148,468	(764,797) (a)
Recreational services	13,400	12,450	8,183	-	4,267
Recruitment	4,065	10,365	10,669	-	(304)
Reserve for contingency	61,000	2,575	-	-	2,575
Tuition	117,863	102,148	102,148	-	-
TOTAL EXPENDITURES	15,294,435	16,566,101	17,084,749	189,933	(708,581)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(416,321)	(505,804)	(668,278)	(189,933)	(352,407)
OTHER FINANCING SOURCES (USES):					
Issuance of loan payable	-	-	1,192,000	-	1,192,000
Use of cumulative surplus	599,085	755,804	-	-	(755,804)
Transfers in	67,236	-	-	-	-
Transfers out	(250,000)	(250,000)	(250,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	416,321	505,804	942,000	-	436,196
NET CHANGE IN FUND BALANCE	-	-	273,722	(189,933)	83,789
FUND BALANCES AT BEGINNING OF YEAR	2,740,802	2,740,802	2,740,802	-	-
FUND BALANCES AT END OF YEAR	$ 2,740,802	$ 2,740,802	$ 3,014,524	$ (189,933)	$ 83,789

(a) includes the purchase of 399 Old Colony Road totaling $1,192,000.

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Collaborative's Contributions presents multi-year trend information on the Collaborative's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts State Employees' Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Collaborative along with related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Collaborative along with related ratios.

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Schedule of the Collaborative's Contributions

Massachusetts State Employees' Retirement System

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by PERAC, currently 6.1% 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. The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the collaboratives and therefore has a 100% special funding situation. Since the collaborative does not contribute directly to MSERS for the past service cost, there is no net pension liability to recognize. This schedule discloses the collaborative's required and actual contribution for the normal cost; covered payroll; and contributions recognized by the pension plan in relation to the covered payroll.

Year	Collaborative's Statutory Required and Actual Contribution for Normal Cost	Collaborative's Covered Payroll	Amount of Contributions Recognized by the Pension Plan in Relation to Covered Payroll
2025	$ 214,607	$ 3,518,148	6.10%
2024	183,236	3,003,869	6.10%
2023	151,260	2,479,672	6.10%
2022	159,172	2,609,377	6.10%
2021	156,738	2,569,475	6.10%
2020	153,452	2,515,607	6.10%
2019	186,016	3,049,443	6.10%
2018	140,895	2,515,982	5.60%
2017	138,177	2,467,446	5.60%
2016	126,311	2,255,554	5.60%

See notes to required supplementary information.

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Schedule of the Special Funding Amounts of the Net Pension Liability

Massachusetts State Employees' Retirement System

The Collaborative's teachers and retired teachers pensions are covered under the Massachusetts Teachers Retirement System while all other employees and retirees are covered under the Massachusetts State Employees Retirement System. This schedule only reports on the nonteacher employees and retirees covered under the Massachusetts State Employees Retirement System.

A special funding situation was created by Massachusetts General Laws for all educational collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of employees' benefits at a rate established by PERAC, currently 6.1% 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. The Commonwealth as a nonemployer is legally responsible for the entire past service cost related to the collaboratives and therefore has a 100% special funding situation. Since the collaborative does not contribute directly to MSERS for the past service cost, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the collaborative; the portion of the collective pension expense as both a revenue and pension expense recognized by the collaborative; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2025	$ 7,341,509	$ 757,836	72.90%
2024	7,714,739	915,978	70.71%
2023	5,851,174	459,918	71.05%
2022	4,399,366	268,687	77.54%
2021	6,906,340	1,031,006	62.48%
2020	6,441,263	1,069,990	66.28%
2019	5,791,659	763,010	67.91%
2018	5,656,065	731,855	67.21%
2017	6,108,396	848,323	63.48%
2016	4,689,479	523,785	67.87%

See notes to required supplementary information.

READS Collaborative

Schedule of the Special Funding Amounts of the Net Pension Liability

Massachusetts Teachers' Retirement System

The Collaborative's teachers and retired teachers pensions are covered under the Massachusetts Teachers Retirement System while all other employees and retirees are covered under the Massachusetts State Employees Retirement System. This schedule only reports on the teacher and retired teachers covered under the Massachusetts Teachers' Retirement System.

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2025	$ 15,206,168	$ 1,255,142	61.45%
2024	15,782,306	1,481,999	58.48%
2023	14,899,981	1,225,669	57.75%
2022	13,236,494	1,062,173	62.03%
2021	16,084,520	1,986,669	50.67%
2020	13,430,500	1,628,681	53.95%
2019	12,897,729	1,306,998	54.84%
2018	11,999,785	1,252,453	54.25%
2017	11,433,698	1,166,312	52.73%
2016	10,009,302	811,843	55.38%

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Collaborative's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the Collaborative's Contributions presents multi-year trend information on the Collaborative's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

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Schedule of Changes in the Collaborative's Net OPEB Liability and Related Ratios

Other Postemployment Benefit Plan

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Total OPEB Liability									
Service Cost	$ 364,656	$ 365,765	$ 421,332	$ 253,172	$ 234,192	$ 231,164	$ 478,528	$ 523,338	$ 402,234
Interest	197,997	205,998	217,403	242,488	291,197	309,881	382,922	414,068	371,423
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(337,331)	-	(180,117)	-	568,632	-	(572,171)	-
Changes of assumptions	(182,488)	304,969	235,019	(1,566,926)	151,302	1,902,857	64,900	(1,694,829)	(210,438)
Benefit payments	-	-	(46,328)	(111,270)	(155,365)	(181,173)	(197,831)	(211,452)	(238,869)
Net change in total OPEB liability	380,165	539,401	827,426	(1,362,653)	521,326	2,831,361	728,519	(1,541,046)	324,350
Total OPEB liability - beginning	4,117,123	4,497,288	5,036,689	5,864,115	4,501,462	5,022,788	7,854,149	8,582,668	7,041,622
Total OPEB liability - ending (a)	$ 4,497,288	$ 5,036,689	$ 5,864,115	$ 4,501,462	$ 5,022,788	$ 7,854,149	$ 8,582,668	$ 7,041,622	$ 7,365,972
Plan fiduciary net position									
Employer contributions	$ 92,386	$ 50,500	$ 53,100	$ 56,500	$ 60,974	$ 63,710	$ 63,500	$ 70,669	$ -
Employer contributions for OPEB payments	-	-	46,328	111,270	155,365	181,173	197,831	211,452	238,869
Net investment income (loss)	(20,570)	41,106	46,297	28,506	193,281	(103,460)	107,779	147,065	129,454
Benefit payments	-	-	(46,328)	(111,270)	(155,365)	(181,173)	(197,831)	(211,452)	(238,869)
Net change in plan fiduciary net position	71,816	91,606	99,397	85,006	254,255	(39,750)	171,279	217,734	129,454
Plan fiduciary net position - beginning of year	576,077	647,893	739,499	838,896	923,902	1,178,157	1,138,407	1,309,686	1,527,420
Plan fiduciary net position - end of year (b)	$ 647,893	$ 739,499	$ 838,896	$ 923,902	$ 1,178,157	$ 1,138,407	$ 1,309,686	$ 1,527,420	$ 1,656,874
Net OPEB liability - ending (a)-(b)	$ 3,849,395	$ 4,297,190	$ 5,025,219	$ 3,577,560	$ 3,844,631	$ 6,715,742	$ 7,272,982	$ 5,514,202	$ 5,709,098
Plan fiduciary net position as a percentage of the total OPEB liability	14.41%	14.68%	14.31%	20.52%	23.46%	14.49%	15.26%	21.69%	22.49%
Covered-employee payroll	$ 6,301,400	$ 6,490,442	$ 6,685,155	$ 6,698,428	$ 6,899,381	$ 7,213,426	$ 7,429,829	$ 8,361,445	$ 8,612,288
Net OPEB liability as a percentage of covered-employee payroll	61.09%	66.21%	75.17%	53.41%	55.72%	93.10%	97.89%	65.95%	66.29%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

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Schedule of the Collaborative's Contributions

Other Postemployment Benefit Plan

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2025.....	$ 659,951	$ (238,869)	$ 421,082	$ 8,612,288	2.77%
June 30, 2024.....	765,018	(282,121)	482,897	8,361,445	3.37%
June 30, 2023.....	778,999	(261,331)	517,668	7,429,829	3.52%
June 30, 2022.....	510,387	(244,883)	265,504	7,213,426	3.39%
June 30, 2021.....	422,644	(216,339)	206,305	6,899,381	3.14%
June 30, 2020.....	504,368	(167,770)	336,598	6,038,644	2.78%
June 30, 2019.....	700,764	(99,428)	601,336	6,898,675	1.44%
June 30, 2018.....	611,429	(82,862)	528,567	6,697,743	1.24%
June 30, 2017.....	584,720	(92,386)	492,334	6,502,663	1.42%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

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Schedule of Investment Returns

Other Postemployment Benefit Plan

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2025……	8.48%
June 30, 2024……	10.85%
June 30, 2023……	9.18%
June 30, 2022……	-8.44%
June 30, 2021……	20.28%
June 30, 2020……	3.31%
June 30, 2019……	6.05%
June 30, 2018……	3.41%
June 30, 2017……	-3.30%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

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Notes to Required Supplementary Information

Year Ended June 30, 2025

NOTE A – BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Information

The Collaborative adopts a balanced budget that is approved by the District's Board of Directors. The Director presents an annual budget to the Board, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Board, which has the full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases to the budget subsequent to the approval of the annual budget require majority Board approval.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

The original 2025 approved budget for the general fund authorized $15.5 million in appropriations. During the year, the original budget increased by $1.3 million, which was related to an increase in estimated revenues totaling $1.1million, and a supplemental voted use of cumulated surplus totaling $157,000.

Actual revenues were more than the budgeted revenues by $356,000, and actual expenditures and encumbered funds were less than expenditures by $483,000, exclusive of the purchase of 399 Old Colony road, which was funded from mortgage proceeds.

The Business Manager has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, a budgetary basis of accounting is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2025, is presented on the next page:

Net change in fund balance - budgetary basis	$	273,722
Basis of accounting differences:		
Recognition of capital purchase financing		115,205
Recognition of capital purchase payment		(115,205)
Recognition of revenue for on-behalf payments - MTRS		1,255,142
Recognition of expenditures for on-behalf payments - MTRS		(1,255,142)
Recognition of revenue for on-behalf payments - MSERS		757,836
Recognition of expenditures for on-behalf payments - MSERS		(757,836)
Net change in fund balance - GAAP basis	$	273,722

NOTE B – PENSION PLAN

Pension Plan Schedules

A. Schedule of the Collaborative's Contributions

A special funding situation was created by Massachusetts General Laws for all Educational Collaboratives in the Commonwealth. Collaboratives contribute amounts equal to the normal cost of non-teaching employees' benefits at a rate established by the Public Employees' Retirement Administration Commission (PERAC), currently 6.1% 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.

B. Schedules of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the Collaborative which create two special funding situations.

- The MSERS schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Collaborative; the portion of the collective pension expense as both revenue and pension expense recognized by the Collaborative; and the Plan's fiduciary net position as a percentage of the total liability.

- The MTRS schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Collaborative; the portion of the collective pension expense as both revenue and pension expense recognized by the Collaborative; and the Plan's fiduciary net position as a percentage of the total liability.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Collaborative administers a single-employer defined benefit healthcare plan (the "Other Postemployment Benefit Plan"). The plan provides lifetime healthcare for eligible retirees and their spouses through the Collaborative's health insurance plan, which covers both active and retired members.

The Other Postemployment Benefit Plan

The Schedule of Changes in the Collaborative's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Collaborative's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the Collaborative's Contributions

The Schedule of the Collaborative's Contributions includes the Collaborative's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Collaborative is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered employee payroll.

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Notes to Required Supplementary Information

Year Ended June 30, 2025

Valuation date	Actuarially Determined Contribution was calculated as of July 1, 2023.
Actuarial cost method	Individual Entry Age Normal.
Asset valuation method	Market Value of Assets as of the measurement date, June 30, 2025
Investment rate of return	5.89%, net of OPEB plan investment expense, including inflation.
Discount rate	5.31%, net of OPEB plan investment expense, including inflation.
Inflation rate	2.50% as of June 30, 2025 and for future periods.
Salary increases	3.00% annually as of June 30, 2025, and for future periods.
Municipal bond rate	4.81% as of June 30, 2025 (S&P Municipal Bond 20-Year High Grade Index - SAPIHG.
Mortality rates:	
Pre-Retirement mortality	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.

Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment benefits assets, net of investment expense.

Changes of Assumptions

The discount rate increased from 5.07% to 5.31%.

Changes in Provisions

None.

Other Information

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Other Information

Year Ended June 30, 2025

REQUIRED DISCLOSURES FOR MASSACHUSETTS EDUCATIONAL COLLABORATIVES

The following information is provided to conform to the requirements of the Massachusetts Session Law, Chapter 43 of the Acts of 2012: An Act Relative to Improving Accountability and Oversight of Education Collaboratives. This law was adopted in March of 2012 and constitutes a comprehensive amendment to Massachusetts General Law, Chapter 40, Section 4E which establishes the requirements for the formation and administration of Educational Collaboratives in Massachusetts.

NOTE 1 – TRANSACTIONS BETWEEN THE EDUCATIONAL COLLABORATIVE AND ANY RELATED FOR-PROFIT OR NON-PROFIT ORGANIZATION

There are no related organizations that the Collaborative is associated with and therefore no transactions to report.

NOTE 2 – TRANSACTIONS OR CONTRACTS RELATED TO THE PURCHASE, SALE, RENTAL, OR LEASE OF REAL PROPERTY

The Collaborative has entered into various lease agreements for facilities and equipment. The cost of this lease for 2025 totaled $1.6 million, and is reported as debt service on leases in the general fund. The cost of the assets acquired through the lease totaled $12.0 million, and the accumulated depreciation on those assets totaled $4.8 million.

The future lease payments under this agreement are as follows:

	Governmental Activities		
Years ending June 30th:	Principal	Interest	Total
2026	$ 1,104,429	$ 502,047	$ 1,606,476
2027	1,201,194	427,410	1,628,604
2028	1,304,897	346,279	1,651,176
2029	1,416,004	258,188	1,674,192
2030	1,535,031	162,645	1,697,676
2031	1,662,514	59,115	1,721,629
Total	$ 8,224,069	$ 1,755,684	$ 9,979,753

READS Collaborative

Other Information

Year Ended June 30, 2025

On June 3, 2025, the Collaborative obtained long-term financing through a mortgage loan of $1,192,000 at an interest rate of 6.75% to facilitate the acquisition of the property located at 399 Old Colony Road, which will be used to support the Collaborative's instructional programs. The total purchase price of the property was $1,490,000, with the remaining balance funded from the Collaborative's available cash resources. During the fiscal year, the Collaborative also entered into a five-year financing agreement for the acquisition of a 15-passenger van, with the present value of the financed amount totaling $115,205.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2025
Loan Payable:				
Mortgage	2030	$ 1,192,000	6.75	$ 1,192,000
Direct Borrowing Payable:				
Capital purchase financing	2030	$ 115,205	4.20	115,205
Total Long-term debt				$ 1,307,205

Debt service requirements for principal and interest for long-term debt in future years payments are as follows:

	Governmental Activities				
	Loan Payable		Direct Borrowing Payable		
Years ending June 30th:	Principal	Interest	Principal	Interest	Total
2026	$ 207,019	$ 75,164	$ 23,041	$ 391	$ 305,615
2027	221,640	60,543	23,041	3,734	308,958
2028	237,293	44,890	23,041	2,861	308,085
2029	254,052	28,131	23,041	1,949	307,173
2030	271,996	10,187	23,041	998	306,222
Total	$ 1,192,000	$ 218,915	$ 115,205	$ 9,933	$ 1,536,053

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Other Information

Year Ended June 30, 2025

NOTE 3 – NAMES, DUTIES, AND TOTAL COMPENSATION OF THE FIVE MOST HIGHLY COMPENSATED EMPLOYEES

The following table presents the total compensation for the Collaborative's five most highlight compensated employees for the year ended December 31, 2024, as reported on IRS form W-2, Wage and Tax Statement:

Name	Employee Position	Total Compensation
John Dorn	Psychologist	$ 212,248
Dina Medeiros	Executive Director	179,750
Bethany Estrella	Program Director - District Services	147,762
Erinn Fauteux	Program Director - READS Academy	146,466
Lindsey Albernaz	Business Manager	138,323

NOTE 4 – AMOUNTS EXPENDED ON ADMINISTRATION AND OVERHEAD

For the year ended June 30, 2025, the Collaborative expended approximately $814,000 and $264,000 related to administration and overhead, respectively.

NOTE 5 – ACCOUNTS HELD BY THE COLLABORATIVE THAT MAY BE SPENT AT THE DISCRETION OF ANOTHER PERSON OR ENTITY

At June 30, 2025, there are no accounts held by the Collaborative that may be spent at the discretion of another person or entity. The Collaborative did establish an OPEB Trust Fund that is under the direction of the OPEB Board of Trustees.

NOTE 6 – AMOUNTS EXPENDED ON SERVICES FOR INDIVIDUALS WITH DISABILITIES, 22 YEARS OF AGE OR OLDER

For the year ended June 30, 2025, the Collaborative did not have any expenditures related to services for individuals with disabilities, 22 years of age or older.

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Other Information

Year Ended June 30, 2025

NOTE 7 – ANNUAL DETERMINATION AND DISCLOSURE OF CUMULATIVE SURPLUS

Certified Cumulative Surplus is defined as the amount of general fund surplus in the collaborative accounts, as certified through an independent audit. Cumulative surplus is derived from a collaborative's unexpended general funds over a number of fiscal years. General funds are, for the most part, the funds that a collaborative receives from school districts for tuitions, dues, fees for service, surcharges, and related interest, as well as indirect costs allowed under certain grant awards not earmarked under the conditions of the funding for a specific purpose.

The Board of Directors voted to approve and retain $2,699,591 as the amount designated as Cumulative Surplus from general funds remaining in the Collaborative's accounts as of June 30, 2025. This amount does not exceed the limit of 25% of general fund expenditures for the year. The following is the Collaborative's calculation of cumulative surplus:

READS Collaborative

	Surplus Calculation Fiscal Year 2025	**Enter values below**	**Calculated Column**		**Page in FY25 FS**
(A)	**Surplus as of June 30, 2024**	$ 2,740,802		(A)	**p. 18**
	Nonspendable Deposit	$ 125,000			
(B)	**Board voted uses of surplus funds during FY25**		$ (60,067)	(B)	**p. 18**
	(Uses of FY24 surplus used during FY25)				
	B(1) used to support the FY25 budget	$ -			
	B(2) issued as credits to member districts	$ -			
	B(3) issued as a check(s) to member district(s)	$ -			
	B(4) deposited to a restricted account(s)	$ (250,000)			**p. 18**
	B(5) reserved for encumbrance(s)	$ 189,933			
(C)	**FY25 Total General Fund Expenditures***	$ 15,892,749		(C)	**p. 18**
(D)	**FY25 Unexpended General Funds ** **	$ 23,722		(D)	**p. 18**
(E)	Cumulative Surplus as of June 30, 2025	(A) - (B) + (C) = (D)	$ 2,699,591		**p. 16**
(F)	Cumulative Surplus Percentage	(D) ÷ (E)	**16.99%**		
		Allowable Cumulative Surplus based upon Expenditures	$ 3,973,187		

CUMULATIVE SURPLUS REDUCTION *(if necessary)*
Allowable uses of surplus to reduce excess to or below the 25% limit

(E)	Cumulative surplus as of June 30, 2025 before Reductions	$	2,699,591
	Cumulative Surplus Percentage before Reductions		16.99%
	25% limit (allowed)	$	3,973,187
(G)	Cumulative Surplus **REDUCTIONS**		
	(G)1 Credited to member districts for tuition, services, etc.	$ -	
	(G)2 Deposited to an established trust and/or reserve fund	$ -	
	(G)3 Returned (check) to school districts/towns	$ -	
	Total Reductions	$	-
	Cumulative Surplus after Reductions	**$**	**2,699,591**
	FY25 Cumulative Surplus Percentage after Reductions		**16.99%**

* Net of intergovernmental on-behalf payments, capital purchase payment, and building/land acquired through loan proceeds
** Net of capital purchase financing and loan proceeds

Report on Internal Control Over Financial Reporting and on Compliance

CBIZ CPAs P.C.

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Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
READS Collaborative

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the READS Collaborative (the "Collaborative"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, and have issued our report thereon dated November 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Collaborative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Collaborative's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.*

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 Collaborative'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 Collaborative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Merrimack, NH
November 20, 2025