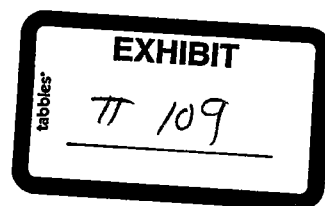


LNWS, LLC

Financial Statements

June 30, 2008 and 2007



LNWS, LLC

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Exhibit A - Balance sheets as of June 30, 2008 and 2007	2
Exhibit B - Statements of income and member's equity for the years ended June 30, 2008 and 2007	3
Exhibit C - Statements of cash flows for the years ended June 30, 2008 and 2007	4
Notes to financial statements	5

DAN CLASBY & COMPANY

Certified Public Accountants

-1-

INDEPENDENT AUDITORS' REPORT

To the Board of Managers
LNWS, LLC
Ipswich, Massachusetts

We have audited the accompanying balance sheets of LNWS, LLC as of June 30, 2008 and 2007, and the related statements of income and member's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LNWS, LLC as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



September 2, 2009

-2-

LNWS, LLC

Balance Sheets

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 4,860	\$ 13,423
Accounts receivable	<u>12,878</u>	<u>14,745</u>
Total current assets	<u>17,738</u>	<u>28,168</u>
Total Assets	\$ <u>17,738</u>	\$ <u>28,168</u>
<u>Liabilities and Member's Equity</u>		
Current liabilities:		
Accounts payable	\$ 7,910	\$ 14,273
Due to related party	<u>64,872</u>	<u>63,162</u>
Total current liabilities	<u>72,782</u>	<u>77,435</u>
Member's equity (deficit)	(<u>55,044</u>)	(<u>49,267</u>)
Total Liabilities and Member's Equity	\$ <u>17,738</u>	\$ <u>28,168</u>

See accompanying notes to financial statements.

LNWS, LLC

Statements of Income and Member's Equity

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Wastewater billings	\$ 135,046	\$ 120,167
Service charges	<u>3,442</u>	<u>4,518</u>
Total revenues	<u>138,488</u>	<u>124,685</u>
Operating expenses:		
Wastewater disposal fees	130,195	153,791
Contracted billing service fees	11,450	9,415
Office	120	1,329
Accounting fees	2,500	-
Utilities	-	6,097
Inspections	-	3,000
Other fees and expenses	<u>-</u>	<u>320</u>
Total operating expenses	<u>144,265</u>	<u>173,952</u>
Net income (loss)	(5,777)	(49,267)
Member's Equity, beginning of year	(<u>49,267</u>)	<u>-</u>
Member's Equity, end of year	\$(<u>55,044</u>)	\$(<u>49,267</u>)

See accompanying notes to the financial statements.

-4-

LNWS, LLC

Statements of Cash Flows

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (5,777)	\$ (49,267)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	1,867	(14,745)
Accounts payable	(6,363)	14,273
Due to related party	<u>1,710</u>	<u>63,162</u>
Net cash provided/(used) by operating activities	(<u>8,563</u>)	<u>13,423</u>
Cash flows from investing activities	-	-
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net change in cash	(8,563)	13,423
Cash and cash equivalents at beginning of year	<u>13,423</u>	<u>-</u>
Cash and cash equivalents at end of year	\$ <u>4,860</u>	\$ <u>13,423</u>

See accompanying notes to financial statements.

LNWS, LLC

Notes to Financial Statements

June 30, 2008 and 2007

(1) Organization

LNWS, LLC (the Company) was formed in 2006 by the Feoffees of the Grammar School in the Town of Ipswich to operate and maintain a common wastewater collection system for the land known as Little Neck, Ipswich, Massachusetts. The LLC is owned solely by the Feoffees of the Grammar School.

(2) Summary of significant accounting policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting principles conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

(a) Revenue recognition

The Company recognized revenue as amounts become collectible from its customers for wastewater disposal services provided.

(b) Cash and cash equivalents

The Company classifies cash and all highly liquid investments with a maturity of three months or less at the date of purchase, including short-term deposits and government agency and corporate obligations, as cash and cash equivalents.

(c) Accounts receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

(d) Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(e) Income Taxes

The Company is a Limited Liability Company. Income is not taxed at the Company level, but is passed through to the Member in accordance with the Agreement. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

(3) Related party transactions

During the years ended June 30, 2008 and 2007 certain operating expenses incurred by the Company were paid by the Single Member of the LLC.