

Massachusetts Office of the Attorney General
Division of Public Charities

FORM PC

To be filed annually by all non-profit charitable organizations conducting business in the Commonwealth

Report for the Fiscal Period: Beginning 07 / 01 / 06 Ending 06 / 30 / 07

Check all items attached: Form PC ☒ Schedule A1 ☐ Schedule A2 ☐ Schedule RO ☐ AG Schedule B ☐
Probate Account ☐ Copy of IRS Return ☒ Audited Financial Statements/Review ☒ Filing Fee ☒ Amended Articles/Bylaws ☐

Attorney General's Acct. No. _____ Federal ID Number: 04-6001191
When did the organization first engage in charitable work in Massachusetts? 11 / 14 / 1650
Has the organization applied for or been granted IRS tax exempt status? Yes ☐ No ☒
If yes, Date of Application: / / OR Date of Determination Letter: / /
IRS Exemption under 501(c): Check box if No IRS Exemption ☒
If exempt under 501(c), are contributions to the organization tax deductible as charitable contributions? Yes ☐ No ☐ N/A

ORGANIZATION DATA			
Name: FEOFFEEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH			
Mailing Address: P.O. BOX 709, 2 DEPOT SQUARE			
City: IPSWICH		State: MA	zip: 01938
Phone: (978) 356-1040		Fax: (978) 356-1042	
E-Mail: N/A		Web Site (URL): http://www.	

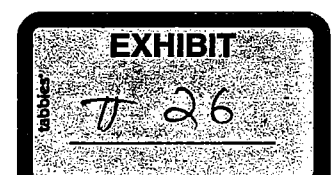
In the section below, please enter the appropriate codes from the corresponding tables found on pages 12 and 13:

Category	Code	Enter <u>up to 2</u> codes from Table 3 for your organization's main purpose(s)	Code
County (Table 1)	5	Organization Purpose Code 1	8
Type of Organization (Table 2)	2	Organization Purpose Code 2	

Please check box if final return
Prior to dissolution

☐

Payment Received
Office Use Only



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All questions must be completed in their entirety whether or not similar questions are answered in an attached federal form. See instructions and definition section for guidance.

1. On what date was the organization created?	2. Where was the organization created?
NOVEMBER 14, 1650	IPSWICH, MASSACHUSETTS

3. What is the form of the organization?	
Corporation	Testamentary trust
Unincorporated association	Inter Vivos trust
Other (please describe): VOTE OF TOWN MEETING ON 11/14/1650	

4. Was your organization related to any other organization(s) during the reporting year (see definition of "Related Organization")?
Yes _____ No X If yes, please complete the Schedule RO on pages 10 and 11.

5. Summary of Financial Data		Amounts
A	Contributions, gifts, grants, and similar amounts received	\$ -
B	Gross Support and Revenue	\$ 120,520
C	Program services and similar amounts paid out	\$ -
D	Fundraising expenses	\$ -
E	Management and general expenses	\$ 336,816
F	Payments to affiliates	\$ -
G	Total Expenses	\$ 336,816
H	Net assets or fund balances at the end of the year	\$ 717,633

6. List the total compensation you provided to your five highest paid employees.

	Name	Title	Hours Per Week	Salary & Other Income	Benefit Plans	Other Compensation
1	DONALD F. WHISTON	MANAGER	AS NEEDED	1,440	0	0
2	ALEXANDER MULHOLLAND	CHAIRMAN	AS NEEDED	5,060	0	0
3	JAMES FOLEY	CLERK	AS NEEDED	53,000	0	0
4	PETER FOOTE	TREASURER	AS NEEDED	13,505	0	0
5						

7. Was any compensation provided to any other individuals listed in 6 above which was not quantified in your response to 6?
Yes _____ No X If yes, please provide explanation _____

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8. List the name, amount of compensation paid, and the nature of services rendered by each of the organization's FIVE highest paid consultants providing professional services (e.g., attorneys, architects, accountants, management companies, investment advisors professional solicitors, professional fundraising counsel.)

	Name	Amount of Compensation	Type of Service(s)
1	RJV CONSTRUCTION	256,257	SEWER UPGRADE
2	LOMBARDO ASSOCIATES	200,000	SEWER UPGRADE
3	MACLEAN, HOLLOWAY DOHERTY ET AL	136,675	LEGAL SERVICES
4	WATERLINE INDUSTRIES	77,419	SEWER UPGRADE
5	WESTON & SAMPSON	32,312	ENGINEERING

9. Bank(s) in which the organization's funds are deposited (include bank address and phone number):

Bank	Address	Phone Number
FIRST NATIONAL BANK OF IPSWICH	31 MARKET ST, IPSWICH, MA	(800) 834-0046

10. What is the organization's accounting method: Cash ☒ Accrual _____ Other (specify) _____

11. If organization's mailing address is a P.O. Box Number, list the organization's full street address: N/A

Street Address	City, State	Zip
2 DEPOT SQUARE	IPSWICH, MA	01938

12. Name address and telephone number of Contact Person:

Name	Street Address	City, State, Zip	Telephone Number
PETER FOOTE	401 COLONIAL DR	IPSWICH, MA 01938	(978) 356-1040

13. During the fiscal year reported here, did your organization solicit contributions or have funds solicited on its behalf? Yes _____ No ☒

14. At any time during the fiscal year following the year reported here, will your organization, or others acting on its behalf, have solicited contributions? Yes _____ No ☒

IF YOU ANSWERED "YES" IN RESPONSE TO QUESTION 13 OR 14, YOU MUST COMPLETE SCHEDULES A-1 AND/OR A-2 UNLESS YOU ARE EXEMPT FROM THE SOLICITATION CERTIFICATE REQUIREMENT.

15. If you are claiming an exemption from the solicitation certificate requirement, please indicate by placing an "X" in the box to the right to identify which exemption applies to your organization.

a religious organization	
an organization which (a) does not raise more than \$5,000 during a calendar year OR does not receive contributions from more than ten persons during a calendar year: AND (b) carries out all of its activities, including fundraising, through unpaid volunteers. (The conditions at both (a) and (b) must be met for your organization to qualify for this exemption)	

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16. Names, addresses (street & P.O.) and telephone numbers of other offices/chapters/branches/affiliates (attach list). **N/A**

17. List the names, titles and addresses (street & P.O.) of officers, directors, trustees, and the principal salaried executives of organization (attach separate sheet). **SEE ATTACHED**

18. Attach separate sheet listing names and addresses (street & P.O.) for all below: **SEE ATTACHED**

Individual(s) responsible for custody of funds
Individual(s) responsible for distribution of funds
Individual(s) responsible for fund raising
Individual(s) responsible for custody of financial records
Individual(s) authorized to sign checks

19. Has this organization or any of its officers, directors, employees or fund raisers solicited funds in any other state? Yes _____ No X

If yes, attach list of states where solicitation was conducted, including registering agency, dates of registration, registration numbers, any other names under which the organization was/is registered, and the dates and type (mail, telephone, door to door, special events, etc) of the solicitation conducted.

20. Has this organization or any of its officers, directors, employees:
If yes, please attach an explanation

(a) Been enjoined or otherwise prohibited by a government agency/court from operating or soliciting contributions? Yes _____ No X

(b) Ever been refused registration or had its registration or tax exemption denied, suspended, modified or revoked by a governmental agency? Yes _____ No X

(c) Been the subject of a proceeding regarding any solicitation or registration? Yes _____ No X

(d) Entered into a voluntary agreement of compliance or consent judgment with any government agency or in a case before a court or administrative agency? Yes _____ No X

21. Have any restrictions been removed during the year from donor-restricted funds? Yes _____ No X
If yes! please attach an explanation

22. Have donor-restricted funds been loaned to unrestricted funds? Yes _____ No X
If yes, please attach an explanation

23. This question involves "Termination of Employment or Change of Control Compensatory Arrangements" with certain 'Related Parties' (see instructions and definition sections). Report only if payments made or promised to any individual are in excess of four months salary or \$100,000, whichever dollar amount is less.

a) Did you make actual payments or otherwise transfer value under such an arrangement to any individual described in Related Party definition, sections (a) or (b) which payments are not reported in Question 6 or 7 above? Yes _____ No X

(b) Do you have an agreement with any individual described in Related Party definition, section (a) or (b), containing such an arrangement? Yes _____ No X

If you answered "yes" for Question 23(a) or 23(b) above, please attach an explanation identifying the individual(s) involved, stating the amount of any payments made or value transferred, and describing the terms of each agreement

24. This question applies to related party transactions, which include transactions with officers, directors, trustees, certain employees, relative, and organizations they own or control. Please consult the instructions and definition sections for the definition of a "Related Party" and "Indebtedness" before answering. Note that transactions involving related parties must be reported even when there is no accounting recognition (e.g., in-kind gifts, waiver of interest not otherwise reported).

If the answer to any part of Question 24 is "Yes", attach a schedule stating the name and address of the related party, the nature of the transaction, the value or the amounts involved in the transaction, and the procedure followed in authorizing the transaction

During the year, has your organization:		Yes	No
(a)	Sold or transferred assets to or purchased assets from or exchanged assets with a related party?		X
(b)	Leased assets to or leased assets from a related party?	X	
(c)	Been indebted to a related party?	X	
(d)	Allowed a related party to be indebted to it?		X
(e)	Made or held an investment in a related party?		X
(f)	Furnished goods, services, or facilities to a related party?		X
(g)	Acquired goods, services, or facilities from a related party who received compensation or other value in return?		X
(h)	Paid or became obligated to pay wages, salary or other compensation to a related party?		X
(i)	Transferred income or assets to or for use by a related party?		X
(j)	Was the organization a party to any transaction in which any of its officers, directors or trustees has a material financial interest, or did any officer, director or trustee receive anything of value not reported as compensation?		X
(k)	Has the organization invested in any corporate stock in which any officer, director, or trustee owns more than 10% of the outstanding shares?		X
(l)	Is any property of the organization held in the name of or commingled with the property of any other person or organization?		X
(m)	Did the organization make a grant award or contribution to any organization in which any of its officers, directors or trustees has a relationship?		X

Under penalty of perjury, I declare that the information furnished in this report, including all attachments, is true and correct to the best of my Knowledge.

Signature of president or other authorized officer or trustee

Title

Date

DAN CLASBY & COMPANY

Name of Preparer

100 CUMMINGS CENTER #238C, BEVERLY, MA 01915

Address

(978) 922-9900

Phone Number

**FEOFFEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH
FORM PC ATTACHMENTS**

FED ID# 04-6001191

FYE 6/30/07

Q 17 & 18

Alexander B C Mulholland Jr
PO Box 587
Ipswich, MA 01938

Chairman

James Foley
39 River Road
Ipswich, Ma 01938

Clerk

Donald F. Whiston
31 Market Street
Ipswich, MA 01938

Manager

Peter Foote
401 Colonial Drive
Ipswich, MA 01938

Treasurer
signs checks
custody of funds & financial records
distribution of funds

no fundraising

FEOFFEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH

FORM PC ATTACHMENTS

FED ID# 04-6001191

FYE 6/30/07

Schedule 24(b)

One of the 167 lots of land at Little Neck, Ipswich, is rented to the Foley Family Trust, of which James Foley, a Feoffee, is a beneficial owner. The annual rent for the lot is the same as all 143 lots which are limited to seasonal occupancy.

Schedule 24(c)

The Organization was indebted to the Chairman of its Board of Managers, Alexander Mulholland, Jr. in the amount of \$964,638 at June 30, 2005. His address is P.O. Box 587, Ipswich, MA 01938. A Board of Managers vote approved this transaction.

The Organization paid off this debt during September 2005.

Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)
The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0047
2006
Open to Public Inspection

For the 2006 calendar year, or tax year beginning **7/01/06**, and ending **6/30/07**

Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization FEOFFEES OF THE GRAMMER SCHOOL IN THE TOWN OF IPSWICH <hr/> Number and street (or P.O. box if mail is not delivered to street address) 25 GREEN STREET <hr/> City or town, state or country, and ZIP + 4 IPSWICH MA 01938	D Employer identification number 04-6001191 <hr/> E Telephone number 978-356-1040 <hr/> F Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)
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• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Website: ▶ **N/A**

J Organization type
(check only one) ▶ ☒ 501(c) (**3**) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

K Check here ▶ ☐ if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **1,583,934**

H and are not applicable to section 527 organizations. I
 H(a) Is this a group return for affiliates? ☐ Yes ☒ No
 H(b) If "Yes," enter number of affiliates ▶ ☐ Yes ☐ No
 H(c) Are all affiliates included? ☐ Yes ☐ No
 (If "No," attach a list. See instructions.)
 H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☐ No
I Group Exemption Number ▶ ☐
M Check ▶ ☒ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

	1 Contributions, gifts, grants, and similar amounts received: a Contributions to donor advised funds b Direct public support (not included on line 1a) c Indirect public support (not included on line 1a) d Government contributions (grants) (not included on line 1a) e Total (add lines 1a through 1d) (cash \$ noncash \$)				
		1a			
		1b			
		1c			
		1d			
			1e		0
	2 Program service revenue including government fees and contracts (from Part VII, line 93)		2		
	3 Membership dues and assessments		3		
	4 Interest on savings and temporary cash investments		4		11,817
	5 Dividends and interest from securities		5		
	6a Gross rents	6a		1,572,117	
	b Less: rental expenses See Statement 1	6b		1,463,414	
	c Net rental income or (loss). Subtract line 6b from line 6a		6c		108,703
	7 Other investment income (describe)		7		
	8a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
	b Less: cost or other basis and sales expenses	8a			
	c Gain or (loss) (attach schedule)	8b			
	d Net gain or (loss). Combine line 8c, columns (A) and (B)	8c			
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>		8d		
	a Gross revenue (not including \$ of contributions reported on line 1b)	9a			
	b Less: direct expenses other than fundraising expenses	9b			
	c Net income or (loss) from special events. Subtract line 9b from line 9a		9c		
	10a Gross sales of inventory, less returns and allowances	10a			
	b Less: cost of goods sold	10b			
	c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a		10c		
	11 Other revenue (from Part VII, line 103)		11		
	12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11		12		120,520
	13 Program services (from line 44, column (B))		13		
	14 Management and general (from line 44, column (C))		14		336,816
	15 Fundraising (from line 44, column (D))		15		
	16 Payments to affiliates (attach schedule)		16		
	17 Total expenses. Add lines 16 and 44, column (A)		17		336,816
	18 Excess or (deficit) for the year. Subtract line 17 from line 12		18		-216,296
	19 Net assets or fund balances at beginning of year (from line 73, column (A))		19		933,929
	20 Other changes in net assets or fund balances (attach explanation) See Statement 2		20		0
	21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20		21		717,633

Part II **Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b Other grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule) See Statement 3	25a			
b Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)	25b			
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c			
26 Salaries and wages of employees not included on lines 25a, b, and c	26			
27 Pension plan contributions not included on lines 25a, b, and c	27			
28 Employee benefits not included on lines 25a - 27	28			
Payroll taxes	29			
30 Professional fundraising fees	30			
31 Accounting fees	31	8,000	8,000	
32 Legal fees	32	251,714	251,714	
33 Supplies	33			
34 Telephone	34			
35 Postage and shipping	35			
36 Occupancy	36			
37 Equipment rental and maintenance	37			
38 Printing and publications	38			
39 Travel	39			
40 Conferences, conventions, and meetings	40			
41 Interest	41			
42 Depreciation, depletion, etc. (attach schedule)	42			
43 Other expenses not covered above (itemize):				
a See Statement 4	43a	77,102	77,102	
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g	43g			
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	336,816	0	336,816

nt Costs. Check ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☐ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____;

(iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part II Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented in its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose?

► **TO GRANT CASH GIFTS TO THE TOWN OF IPSWICH PUBLIC SCHOOLS**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)

a N/A

(Grants and allocations \$) If this amount includes foreign grants, check here ► ☐

b

(Grants and allocations \$) If this amount includes foreign grants, check here ► ☐

c

(Grants and allocations \$) If this amount includes foreign grants, check here ► ☐

d

(Grants and allocations \$) If this amount includes foreign grants, check here ► ☐

e Other program services (attach schedule)

(Grants and allocations \$) If this amount includes foreign grants, check here ► ☐

f Total of Program Service Expenses (should equal line 44, column (B), Program services)

0

Form 990 (2006)

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
45	Cash-non-interest-bearing	270,343	45	420,798
46	Savings and temporary cash investments		46	
47a	Accounts receivable	112,907		
b	Less: allowance for doubtful accounts		47c	112,907
47b		72,434		
48a	Pledges receivable		48c	
b	Less: allowance for doubtful accounts			
48b			49	
49	Grants receivable		50a	
50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50b	
b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (att. schedule)			
51a	Other notes and loans receivable (attach schedule)		51c	
b	Less: allowance for doubtful accounts		52	
51b			53	
52	Inventories for sale or use		54a	
53	Prepaid expenses and deferred charges		54b	
54a	Investments—publicly-traded securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV			
b	Investments—other securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV			
55a	Investments—land, buildings, and equipment: basis		55c	
b	Less: accumulated depreciation (attach schedule)		56	
55b		502,177		
56	Investments—other (attach schedule)			
57a	Land, buildings, and equipment: basis	7,177,599		
b	Less: accumulated depreciation (attach schedule) See Statement 5	237,374	57c	6,940,225
58	Other assets, including program-related investments (describe <input type="checkbox"/>)		58	
59	Total assets (must equal line 74). Add lines 45 through 58	7,390,219	59	7,473,930
60	Accounts payable and accrued expenses	8,214	60	366,579
61	Grants payable		61	
62	Deferred revenue See Statement 6		62	57,210
63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
64a	Tax-exempt bond liabilities (attach schedule)		64a	
b	Mortgages and other notes payable (attach schedule)		64b	
65	Other liabilities (describe <input type="checkbox"/> See Statement 7)	6,448,076	65	6,332,508
66	Total liabilities. Add lines 60 through 65	6,456,290	66	6,756,297
67	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
68	Unrestricted	883,929	67	667,633
69	Temporarily restricted	50,000	68	50,000
70	Permanently restricted		69	
71	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
72	Capital stock, trust principal, or current funds		70	
73	Paid-in or capital surplus, or land, building, and equipment fund		71	
74	Retained earnings, endowment, accumulated income, or other funds		72	
75	Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	933,929	73	717,633
76	Total liabilities and net assets/fund balances. Add lines 66 and 73	7,390,219	74	7,473,930

Part VI Other Information (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82a	X
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b	
c	Dues, assessments, and similar amounts from members	85c	
d	Section 162(e) lobbying and political expenditures	85d	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12	86a	
b	Gross receipts, included on line 12, for public use of club facilities	86b	
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders	87a	
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a	X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b	X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4956 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	0	
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization	0	
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g	X
90a	List the states with which a copy of this return is filed ▶ MA		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions.)	90b	
91a	The books are in care of ▶ PETER FOOTE 401 COLONIAL DR. Located at ▶ IPSWICH, MA	Telephone no. ▶ 978-356-1040 ZIP + 4 ▶ 01938	
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country ▶ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X

Yes	No
-----	----

91c	X
-----	---

and enter the amount of tax-exempt interest received or accrued during the tax year

92

Form 990 (2006)

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
	Totals			

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a				
c				
	Totals			

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please
Sign
Here

Signature of officer

PETER FOOTE

Type or print name and title

Date

TREASURER

Paid
Preparer's
Use Only

Preparer's
signature

Daniel E. Clasby

Date

Check if
self-
employed

X

Preparer's SSN or PTIN
(See Gen. Instr. X)

029-36-4753

Firm's name (or yours
if self-employed),
address, and ZIP + 4

Dan Clasby & Company
100 Cummings Center Suite 238C
Beverly, MA 01915

EIN

04-3395132

Phone

no. 978-922-9900

SCHEDULE A
(Form 990 or 990-EZ)
Organization Exempt Under Section 501(c)(3)

 (Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
 or 4947(a)(1) Nonexempt Charitable Trust

OMB No. 1545-0047

2006

 Department of the Treasury
 Internal Revenue Service

Supplementary Information-(See separate instructions.)
▶ MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

Name of the organization

FEOFFICES OF THE GRAMMER SCHOOL

IN THE TOWN OF IPSWICH

Employer identification number

04-6001191

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
 (See page 2 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Comp.	(d) Contrib. to empl. ben. plans & deferred comp.	(e) Expense account & other allowances
NONE				
Total number of other employees paid over \$50,000 ▶				

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
 (See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services ▶		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
 (List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services ▶		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2006

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities **►** \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)

1 X

Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.

- 2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)

a Sale, exchange, or leasing of property?

2a X

b Lending of money or other extension of credit?

2b X

c Furnishing of goods, services, or facilities?

2c X

d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V-A, Form 990

2d X

e Transfer of any part of its income or assets?

2e X

- 3a Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)

3a X

b Did the organization have a section 403(b) annuity plan for its employees?

3b X

c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement

3c X

d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?

3d X

- 4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g

4a X

b Did the organization make any taxable distributions under section 4966?

4b

c Did the organization make a distribution to a donor, donor advisor, or related person?

4c

d Enter the total number of donor advised funds owned at the end of the tax year **►** _____

e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year **►** _____

f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts **►** _____

0

g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year **►** _____

0

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					

Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 **26a**

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts **26b**

c Total support for section 509(a)(1) test: Enter line 24, column (e) **26c**

d Add: Amounts from column (e) for lines: 18 _____ 19 _____
22 _____ 26b _____ **26d**

e Public support (line 26c minus line 26d total) **26e**

f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) **26f** %

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: **N/A**

(2005) _____ (2004) _____ (2003) _____ (2002) _____

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: **N/A**

(2005) _____ (2004) _____ (2003) _____ (2002) _____

c Add: Amounts from column (e) for lines: 15 _____ 16 _____
17 _____ 20 _____ 21 _____ **27c**

d Add: Line 27a total _____ and line 27b total _____ **27d**

e Public support (line 27c total minus line 27d total) **27e**

f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) **27f**

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) **27g** %

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) **27h** %

Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See page 9 of the instructions.)

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)	31		
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement.			
	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768) **N/A**

<input type="checkbox"/> a if the organization belongs to an affiliated group.		<input type="checkbox"/> b if you checked "a" and "limited control" provisions apply.	
Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for all electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table-		
If the amount on line 40 is- The lobbying nontaxable amount is- Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000		41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.)

See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots nontaxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

Part VI-B Lobbying Activity by Nonelecting Public Charities(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.) **N/A**

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers
- b Paid staff or management (Include compensation in expenses reported on lines c through h.)
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications, or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i Total lobbying expenditures (Add lines c through h.)

Yes	No	Amount

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Federal Statements

Statement 1 - Form 990, Part I, Line 6b - Rental Expenses

Description	Deduction
COTTAGES	
Interest	521,842
REAL ESTATE	530,300
Depreciation	237,374
BEACH SAMPLING	728
DOCK REMOVAL & STORAGE	2,040
ENGINEERING CONSULTING	19,249
INSPECTIONS	5,040
INSURANCE	8,519
POLICE DETAIL	7,289
REPAIRS & UPKEEP	113,252
UTILITIES	17,781
Total	<u>1,463,414</u>

Statement 2 - Form 990, Line 20 - Other Changes in Net Assets or Fund Balances

Description	Amount
Book / Tax Deprec Difference	\$ 237,374
DEPRECIATION INCLUDED IN EXPENSES	<u>-237,374</u>
Total	<u>\$ 0</u>

04-6001191

Federal Statements

FYE: 6/30/2007

Form 990, Part II, Line 22b - Other Grants and Allocations

Name Address	Relationship to Org	Class of Activity					
Date of Gift	Description of Property	Cash Contrib	NonCash Contrib	Book Value	BV Explantn	FMV Explantn	
TOWN OF IPSWICH	NONE		EDUCATIONAL				
		\$	\$	\$			
Total		\$ 0	\$ 0	\$ 0			

Statement 3 - Form 990, Part II, Line 25a - Compensation of Current Officers

Name	Program Services	Management & General	Fundraising
Expenses	\$	\$	\$
Total	\$ 0	\$ 0	\$ 0

Federal Statements**Statement 4 - Form 990, Part II, Line 43 - Other Functional Expenses**

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
Expenses				
COMM OF MASS FILING FEES	250		250	
MANAGEMENT FEES	73,005		73,005	
MEDIATION SERVICES	2,225		2,225	
OFFICE EXPS	1,622		1,622	
Total	\$ 77,102	\$ 0	\$ 77,102	\$ 0

Federal Statements

Statement 5 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Deprec	End of Year	Accum Deprec
SEWER CONSTRUCTION COSTS	\$ 5,608,268	\$	\$ 6,238,709	\$ 237,374
SEWER SOFT COSTS	438,413		438,413	
ELECTRIC BETTERMENTS	498,584		498,584	
FURNITURE & FIXTURES			1,893	
Total	\$ 6,545,265	\$ 0	\$ 7,177,599	\$ 237,374

Statement 6 - Form 990, Part IV, Line 62 - Deferred Revenue

Description	Beginning of Year	End of Year
DEFERRED RENT	\$	\$ 57,210
Total	\$ 0	\$ 57,210

Statement 7 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
NOTES PAYABLE	\$ 6,448,076	\$ 6,303,193
ACCRUED INTEREST		29,315
Total	\$ 6,448,076	\$ 6,332,508

Federal Statements**Statement 8 - Form 990, Part IV-A - Other Revenue Included on Financial Statements**

Description	Amount
RENTAL EXPENSES NETTED AGAINST RENTAL REVENUE	\$
Total	\$ 0

Statement 9 - Form 990, Part IV-B - Other Expenses included on Financial Statements

Description	Amount
RENTAL EXPENSES NETTED AGAINST RENTAL REVENUE	\$
Total	\$ 0

Statement 10 - Form 990, Part IV-B - Other Expenses included on Return

Description	Amount
Book / Tax Deprec Difference	\$ 237,374
Total	\$ 237,374

FEOFFEES OF THE GRAMMAR SCHOOL

Financial Statements

June 30, 2007

FEOFFEES OF THE GRAMMAR SCHOOL

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Exhibit B - Statement of activities for the year ended June 30, 2007	3
Exhibit C - Statement of cash flows for the year ended June 30, 2007	4
Notes to financial statements	5 - 7

DAN CLASBY & COMPANY
Certified Public Accountants

-1-

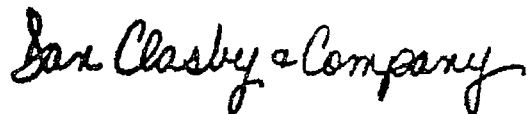
INDEPENDENT AUDITORS' REPORT

To the Board of Managers
Feoffees of the Grammar School
Ipswich, Massachusetts

We have audited the accompanying statement of financial position of the Feoffees of the Grammar School (a non-profit organization) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Trust's managers. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides 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 the Feoffees of the Grammar School as of June 30, 2007, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Dan Clasby & Company". The signature is written in a cursive, flowing style.

March 4, 2008

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FEOFFEEES OF THE GRAMMAR SCHOOL

Statement of Financial Position

As of June 30, 2007

Assets

Current assets:

Cash	\$ 420,798
Accounts receivable	<u>112,907</u>
Total current assets	<u>533,705</u>

Property, betterments and equipment:

Sewer betterments	6,677,122
Electric betterments	498,584
Furniture and fixtures	<u>1,893</u>
	<u>7,177,599</u>
Less accumulated amortization and depreciation	<u>237,374</u>

Net property and betterments 6,940,225

Land and buildings, Note 1 -

Total Assets \$ 7,473,930

Liabilities and Net Assets

Current liabilities:

Note payable - current portion	\$ 160,500
Accounts payable	366,579
Accrued interest	29,315
Deferred rent collections	<u>57,210</u>
Total current liabilities	613,604

Long term debt, net of current portion 6,142,693

Total liabilities 6,756,297

Contingencies

Net assets:

Unrestricted - undesignated	667,633
Unrestricted - board designated	<u>50,000</u>
Total net assets	<u>717,633</u>

Total Liabilities and Net Assets \$ 7,473,930

See Independent Auditors' Report and notes to the financial statements.

FEOFFEEES OF THE GRAMMAR SCHOOL

Statement of Activities

For the Year Ended June 30, 2007

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total</u>
Support and Revenue:			
Rents	\$ 1,001,600	\$ -	\$ 1,001,600
Real estate tax collections	507,637	-	507,637
Wastewater overhead and maintenance fees	62,880	-	62,880
Interest income and late charges	<u>11,817</u>	<u>-</u>	<u>11,817</u>
Total support and revenue	<u>1,583,934</u>	<u>-</u>	<u>1,583,934</u>
Expenses:			
Real estate taxes	530,300	-	530,300
Legal	251,714	-	251,714
Repairs and upkeep	113,252	-	113,252
Management fees	73,005	-	73,005
Engineering consulting	19,249	-	19,249
Utilities	17,781	-	17,781
Insurance	8,519	-	8,519
Accounting	8,000	-	8,000
Police details	7,289	-	7,289
Inspections	5,040	-	5,040
Mediation services	2,225	-	2,225
Dock removal and storage	2,040	-	2,040
Office expense	1,622	-	1,622
Beach sampling	728	-	728
State fees	<u>250</u>	<u>-</u>	<u>250</u>
Total expenses	<u>1,041,014</u>	<u>-</u>	<u>1,041,014</u>
Change in net assets before interest, amortization and depreciation and gift to Town of Ipswich Public Schools	<u>542,920</u>	<u>-</u>	<u>542,920</u>
Interest expense	521,842	-	521,842
Amortization and depreciation	<u>237,374</u>	<u>-</u>	<u>237,374</u>
	<u>759,216</u>	<u>-</u>	<u>759,216</u>
Change in net assets before gift to Town of Ipswich Public Schools	(216,296)	-	(216,296)
Gift to Town of Ipswich Public Schools	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(216,296)	-	(216,296)
Net assets, beginning of year	<u>883,929</u>	<u>50,000</u>	<u>933,929</u>
Net assets, end of year	\$ <u>667,633</u>	\$ <u>50,000</u>	\$ <u>717,633</u>

See Independent Auditors' Report and notes to the financial statements.

FEOFFEEES OF THE GRAMMAR SCHOOL

Statement of Cash Flows

For the Year Ended June 30, 2007

Cash flows from operating activities:	
Change in net assets	\$(216,296)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Amortization and depreciation	237,374
Changes in operating assets and liabilities:	
Increase in accounts receivable	(40,473)
Increase in accounts payable	358,365
Increase in accrued expenses	29,315
Increase in deferred rent collections	<u>57,210</u>
Net cash provided by operating activities	<u>425,495</u>
Cash flows from investing activities:	
Betterments made	(630,441)
Equipment purchased	<u>(1,893)</u>
Net cash used in investing activities	<u>(632,334)</u>
Cash flows from financing activities:	
Debt repayment	<u>(144,883)</u>
Net cash used in financing activities	<u>(144,883)</u>
Net change in cash	(351,722)
Cash, beginning of year	<u>772,520</u>
Cash, end of year	\$ <u><u>420,798</u></u>
Supplemental cash flow information:	
Interest paid	\$ <u><u>492,527</u></u>

See Independent Auditors' Report and notes to the financial statements.

FEOFFEES OF THE GRAMMAR SCHOOL

Notes to Financial Statements

(1) Summary of significant accounting policies

(a) Nature of organization

Feoffees of the Grammar School (the "Trust") was established by the Town of Ipswich (the "Town") by a vote of Town Meeting on November 14, 1650. The vote established a four-member committee to hold land granted by the Town for the support of a "grammar school". The Trust came into possession of the real property currently held in 1660 through the bequest of William Paine, an original member of the 1650 committee.

The real property consists of a parcel of land of approximately thirty five (35) acres known as Little Neck in Ipswich, Massachusetts. On this land are situated one hundred sixty seven (167) cottages, of which one hundred forty three (143) are seasonal and twenty four (24) are year round. The seasonal cottages may only be occupied between April 1 and November 30 each year. The Trust is assessed and pays to the Town the real estate taxes on the land and on such structures owned by the Trust (a community center and a wharf); in addition they collect for the Town and remit to the Town the real estate taxes assessed on the cottages.

Because the Trust designates its net earnings to be for the benefit of the children of the Ipswich Public Schools, with no benefits accruing to its trustees, it has considered itself to be a tax-exempt organization. However until 1997 no federal or state tax returns were filed by the Trust, as it was the position of the Trust that it was a "quasi-public trust" and therefore was not technically required to file the tax returns.

The Trust is supported primarily through rent collections.

(b) Financial statement presentation

The Trust has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Trust is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(c) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FEOFFEES OF THE GRAMMAR SCHOOL

Notes to Financial Statements

(1) Continued

(d) Property, betterments and equipment

Sewer, electrical betterments and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred. Betterments and equipment that extend the useful lives of assets are capitalized. Betterments are being amortized using the straight-line method over estimated useful lives ranging from 25 to 50 years. Equipment is being depreciated over estimated useful lives ranging from 5 to 10 years.

The land on which the Feoffees operates was acquired in 1650. The land has no determinable value and has not been recorded by the Trust. The community house used by the tenants of the Trust also has no determinable value and has not been recorded by the Trust.

(2) Related party receivables

The Trust formed a limited liability company to operate and maintain the common wastewater collection system for the real property described in Note 1. Included in accounts receivable at June 30, 2007 is a receivable of \$83,382 from that entity.

(3) Long-term debt

Long-term debt as of June 30, consists of the following:

On June 7, 2005 the Trust entered into a construction/permanent term loan with the Ipswich Cooperative Bank (which has since merged with the Institution for Savings Bank) to provide financing for the construction of sewer lines and a centralized holding tank, pump-out facility and related infrastructure work. The maximum amount of the loan was set at \$6,483,000. \$2,000,000 was advanced on June 7, 2005 for work performed prior to the loan closing. During the construction period (nine months maximum) interest was charged at the Wall Street Journal Prime Rate plus 1% on a floating basis. On March 7, 2006 the construction loan converted into a permanent loan with a maturity date of March 7, 2026. The loan is a five (5) year adjustable rate loan with fixed interest based on the Federal Home Loan Bank of Boston Classic Advance Rate plus 2.75%, with a floor of 6.75%. The initial rate on this loan is 7.61%. The note is collateralized by all leases and rents and betterment fees on the Trust property. The current portion of this note at June 30, 2007 is \$160,500.

Maturities of long-term debt at June 30, 2007 is as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 160,500
2009	170,000
2010	183,000
2011	197,000
2012	212,000
Thereafter	<u>5,380,693</u>
Total	\$ <u>6,303,193</u>

FEOFFEEES OF THE GRAMMAR SCHOOL

Notes to Financial Statements

(4) Contingencies and litigation

There is pending litigation regarding alleged right of occupancy of certain tenants located at Little Neck in Ipswich, Massachusetts.

There is a bank account owned jointly by the Trust and an association known as the Little Neck Legal Action Committee. The account was established after June 30, 2007 under a Stipulation Agreement entered into by the parties on March 6, 2007. Trustees of this account are legal counsel for each of the parties. This account is not reflected on the financial statements.