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Monday, October 31, 2011

32585FR

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Witness: Daniel Clasby, pp 1-76

Case: Mulholland vs. Attorney General of MA

Venue:

Case #:

Date: 10/25/2011

Start Time: 10:00 AM

End Time: 12:16 PM

Reporter: *Lauren Mitchell

Claim #:

File #:

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CASNER & EDWARDS, LLP

REBILLABLE CLIENT EXPENDITURES

Client/Matter No. 7428 - 0	Client Name <u>Ipswich</u>		
Requesting Person's Initials SMP	Expense Code <u>60</u>		
Amount \$278.00	Cash ☐ Check ☐ Invoice ⊠		
Payable To: Jones Reporting Company, Inc.			
Billing Description (REQUIRED): deposition transcript of Daniel Clasby taken on 10/25/11			
* * * Please check expense category and enter expense code number above * * *			
Codes	Codes		
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Reporting

October 31, 2011

William H. Sheehan, III, Esq. MacLean Holloway, et al 8 Essex Center Drive Peabody, MA 01960

Re:

Mulholland vs. A.G. of Massachusetts

Deposition of Daniel E. Clasby

Dear Attorney Sheehan,

Enclosed please find your copy of the deposition of Daniel E. Clasby taken October 25, 2011 in the above-reference matter. Kindly have the witness read the transcript, noting any corrections on the errata/signature sheet enclosed herewith. No corrections should be made on the transcript itself.

Once this has been completed, please return the executed signature pages to Stephen M. Perry, Esq. at the address noted on the appearance page of the transcript.

If you have any questions regarding this matter, please do not hesitate to contact our office at 617-451-8900.

Sincerely,

Jones Reporting Company

cc: Stephen M. Perry, Esq.

Daniel E. Clasby

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1	VOL. 1
2	PAGES 1 - 76
3	EXHIBITS 1 - 7
4	COMMONWEALTH OF MASSACHUSETTS
5	Essex, ss. Probate & Family Court
6	Docket No. ES09E0094QC
7	
8	ALEXANDER B.C. MULHOLLAND, JR., et)
9	al.,
10	Plaintiffs)
11	v.)
12	ATTORNEY GENERAL OF THE COMMONWEALTH)
13	OF MASSACHUSETTS, et al.,
14	Defendants)
15	
16	DEPOSITION OF DANIEL E. CLASBY
17	Tuesday, October 25, 2011
18	10:08 a.m 12:16 p.m.
19	MacLean Holloway Doherty Ardiff & Morse, P.C.
20	8 Essex Center Drive
21	Peabody, Massachusetts 01960
22	
23	*****
24	Reporter: Lauren M. Mitchell, CSR, RPR, CRR

Daniel E. Clasby

	2
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18	Superintendent
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Daniel E. Clasby

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1	

PROCEEDINGS

2

DANIEL E. CLASBY

This witness does not at present have

The parties in this action, therefore,

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appears before us today for his deposition and has been sworn by this Notary Public.

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adequate documentation attesting to his identity that satisfies the standards required by the State

8

of Massachusetts for Notaries Public in

9

administering oaths.

10

agree to hold harmless this Notary Public if this

11

witness is later discovered to have falsified his

13 identity.

14

EXAMINATION BY MR. PERRY:

- 15
- Q. State your name, please.
- 16
- A. Daniel E. Clasby.
- 17
- Q. What's your residential address?
- 18
- A. 4 Mill Road, Ipswich, Mass.
- 19 20
- Ipswich?

Q.

- 21
- A. 55 years.
- 22
- Q. What's your date of birth?
- 23
- A. 11/5/55.
- 24
- Q. Sounds like you spent a couple of years

How long have you been a resident of

1 somewhere else.

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- A. Well college, I mean. I'll be 56. I live in the same house I was born in.
 - Q. Which part of Ipswich is 4 Mill Road in?
- A. It's about, I'd say it's about one and a half miles from the railroad tracks in the center of town, out toward Topsfield. And Mill Road is a road that goes to Hamilton and Wenham.
- Q. Did you go to Ipswich High School?
- 10 A. Yes, I did.
- Q. And what year did you graduate?
- 12 A. 1973.
- Q. Were you in high school with any of the Feoffees?
- 15 A. No.
- Q. How does Jim Foley compare to you in his age?
- 18 A. Offhand, I don't know his age.
- Q. What kind of schooling did you have after you graduated from high school?
- A. Four years of undergraduate school at Boston
 College, and a master's degree in taxation at
 Bentley University.
- Q. What year did you graduate from BC?

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- 1 A. 1977.
 - Q. What was your degree?
 - A. Bachelor of science in accounting.
 - Q. When did you get your master's at Bentley?
 - A. I can't remember what year it was, to be honest. I don't recall the year. 19 -- I'm not sure of the exact year. It was in the early '80s, '81, '82, somewhere in there.
 - Q. Could you summarize your occupational history after graduating from BC?
 - A. Sure. I was hired by the firm Weyland, Coughlin & Company in 1977.
 - Q. What firm?
 - A. Weyland, W-e-y-l-a-n-d, Coughlin,
- 15 C-o-u-g-h-l-i-n, & Company.
 - Q. Where are they?
- A. At that time, they were in Lynn,
- 18 Massachusetts.
- Q. What year did you say?
- 20 A. 1977.
- Q. Okay. Go on.
- A. I worked for them. In 1987, Mr. Weyland retired. I took over his practice. And the firm's name was called Coughlin & Clasby.

1 Q. Okay. You can go on. 2 A. 1998, Mr. Coughlin passed away. And I became a sole proprietor, the name of the company 3 4 now, Dan Clasby & Company. 5 Q. So you've really been, in a sense, at the 6 same place your entire career? 7 That's correct. Α. 8 Q. When you joined Weyland, Coughlin & Company, 9 how many accountants were there? 10 Α. It varied. At the time, there could have 11 been five accountants. I don't recall offhand, 12 approximately. 13 Q. Approximately five? 14 Α. Approximately five, besides the partners. 15 **Q.** How many partners were there? There were two, Weyland and Coughlin. 16 A. 17 0. They were CPAs? 18 Α. That's correct. Weyland was an attorney as 19 well. 20 Q. Did you sit for your CPA exam? 21 A. Yes. 22 Q. When did you do that?

In the early 1980s.

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- A. Same time, the early 1980s.
- Q. Did you take it once or more than once?
- A. I took it more than once. You're allowed to -- the parts carry over.
 - Q. Do you know how many times you took it?
 - A. I don't recall.
- Q. What type of practice have you had working first for Weyland, Coughlin & Company, then for Coughlin & Clasby, and now for Daniel Clasby?
 - A. I'm not sure I understand.
- Q. Will you describe what kind of accounting practice you've carried out?

What kind of work do you do as an accountant?

- A. We handle taxes for closely-held corporations and their shareholders. And we perform audit engagements and other attestation engagements.
 - Q. I just didn't catch your words there.

You say, "And other"...?

- A. Attestations, such as compilation and review engagements.
- Q. How many people work for Daniel Clasby & Company?
 - A. We have, at the present time, we have two

9 1 We have two support staff. And during tax 2 season, we usually hire one to two per diem. 3 Are you one of the two CPAs? Q. A. 4 No. 5 So you have two CPAs in addition to Q. 6 yourself? 7 Α. That's correct. Q. Are they full-time? 9 30 hours to 37 hours a week, depending on Α. 10 the time of year. What percentage of your revenues would you 11 estimate are derived from audit engagements? 12 13 I'd say 15 to 20 percent. Α. 14 How many audits do you do in a typical year? Q. In a typical year, I'd say about, between 10 15 Α. 16 and 12 would be fair. 17 Are you a member of any professional Q. 18 associations? 19 Presently, at the Mass. Society of Certified Α. 20 Public Accountants. Have you ever been a member of any other 21 professional associations? 22

23

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Α.

Q.

Yes.

Which ones?

- A. The American Institute of Certified Public Accountants.
- Q. During what period of time were you a member of the American Institute of Certified Public Accountants?
- A. From the time I passed the CPA exam and had met the experience requirements through 2007, I believe. I'm not sure of the exact time.
- Q. And what led to your no longer being a member of the AICPA?
- A. My membership was terminated for a period of one year.
 - Q. And you chose not to rejoin?
 - A. Correct. At the present time.
- Q. And what was the event that caused your membership to be terminated?
- A. I had performed an audit of a small public company in the early 2000s. I issued an opinion on the June 30, 2004 statements of this company. And I had not registered on a timely basis with the PCAOB.
 - Q. Public Accounting --
 - A. Public Company Accounting Oversight Board.
 - Q. Which is a requirement of the SEC?
 - A. That is correct.

1 Are you currently registered with the PCAOB? 2 Α. I am not. 3 Have you ever been registered with the Q. 4 PCAOB? 5 A. I have not. What does it require to become registered 6 Q. 7 with the PCAOB? 8 You would go through their normal peer Α. 9 review procedures. 10 What does that mean? 11 That means that you would -- they would review your firm and review certain workpapers. 12 It's a process. 13 14 Have you ever applied to be approved by the Q. 15 PCAOB? 16 Α. I have not. 17 When you did your public company audit in Q. 2004, were you aware of the requirement that you 18 19 register with the PCAOB? 20 A. I was aware of the requirement as of a certain date. And the date was incorrect. 21 If you could just explain that, because I 22 Q. didn't understand what you meant by that. 23 24 A. To issue --

- Q. If you could be a little more concrete about it.
- A. Yes. I mean, at the time, we issued an opinion on statements, financial statements as of June 30, 2004.
 - Q. Right.
- A. And it was my understanding that because they were an unlisted company, that the effective date of Sarbanes-Oxley and the registration process was for audits performed for December 31, 2004, not June 30.
- Q. All right. So you were aware that there was a requirement, but you didn't think it applied to you under the circumstances of the case?
 - A. That is correct.
- Q. Was there any problem found with the audit itself?
 - A. Not that I'm aware of.
 - Q. There was no restatement of the financials?
- A. There was not.
- Q. Was the company required to have their books audited by a second accountant?
 - A. They decided not to pursue that.
 - Q. "They" being?

1 A. The company. When did you first become engaged by the 2 0. 3 Feoffees? 4 My recollection is in the area of 1998. 5 As of 1998, did you know any of the Q. so-called life Feoffees? 6 7 Do you know what I mean by the --I don't understand -- I understand what a 8 Α. life Feoffee is, but I don't understand what you 9 10 mean by, did you know them. 11 Were you personally acquainted with Don Whiston before you became engaged by the Feoffees in 12 13 1998? 14 Α. I knew who he was. 15 Had you had any dealings with him? Q. 16 A. No. 17 Were you personally acquainted with Jim Foley in 1998? 18 19 No, I was not. Α. 20 Q. Were you personally acquainted with Peter 21 Foote? 22 A. I knew who he was. But you hadn't had any personal dealings 23 Q. 24 with him?

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- A. No.
 - Q. What about Alex Mulholland?
 - A. Again, I knew who he was.
- Q. So you knew who all these individuals were, but you weren't friends with any of them, correct, at the time?

MR. SHEEHAN: Objection.

- A. I was not friends with any of them, no.
- Q. And you hadn't had any dealings with any of them?
 - A. At that time, no.
- Q. Okay. So who was it that brought you in to work with the Feoffees?
 - A. Don Whiston.
- Q. Do you know how he came to engage you as opposed to somebody else?
- A. I'm not aware.
- Q. Had you done work with the attorney for the Feoffees, Mr. Greenough?
 - A. Periodically.
- Q. Who did you succeed as the Feoffees' accountant, if anyone?
- A. I'm not -- I'm not aware of anyone before me.

1	Q. When you became the Feoffees' accountant,
2	did you learn that there hadn't been a regular
3	accountant for the Feoffees before your engagement?
4	A. Yes.
5	Q. Who had been keeping the books and records
6	of the Feoffees before you became its accountant?
7	A. Well could I
8	Q. Yes.
9	A. When you say "accountant," I'm not the
10	accountant. I'm the auditor, not accountant.
11	So there's a difference.
12	Q. What's the difference between an auditor and
13	an accountant?
14	A. Depends on the that is a very broad
15	question.
16	Q. An audit is a procedure in which you give
17	your opinion about the books the financial
18	statements of an audit client, correct?
19	A. Of a client, yes.
20	Q. In other words, an auditor is independent of
21	the client, right?
22	A. That is correct.
23	Q. Or required to be, correct?
24	A. That's correct.

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- Q. And the client prepares certain financial statements, correct?
 - A. That is correct.
- Q. And then the auditor is required to provide his professional opinion based on certain tests and procedures about the fairness of the financial statements, correct?
 - A. Correct.
 - Q. Did you do audit work for the Feoffees?
 - A. Did I or have I?
 - Q. Have you?
- A. Yes.
 - Q. For what period of time did you prepare -- did you do audit work for the Feoffees?
 - A. I believe the first year was 1998, June.
 - Q. So you've been an auditor to the Feoffees since 1998?
 - A. Yes.
 - Q. Now at the time you first audited the Feoffees, did they have financial statements?
 - A. Mr. Whiston prepared financial statements.
 - Q. Had there been any accountant or auditor before you in 1998, that you were aware of?
 - A. No.

1	Q. And was it your understanding that there
2	hadn't been any accountant or auditor for the
3	Feoffees on a regular basis before you were engaged?
4	A. No auditor.
5	Q. Had there been an accountant to the Feoffees
6	before you were engaged?
7	A. I don't know.
8	Q. Between 1998 and the present, have the
9	Feoffees prepared have you prepared other
10	documents for the Feoffees other than audit opinions
11	between 1998 and the present?
12	A. Yes.
13	Q. What types of other documents have you
14	prepared?
15	A. Form PC, which is filed with the Attorney
16	General.
17	Q. Okay. What else?
18	Have you assisted the do the Feoffees
19	file Form 990s?
20	A. No, they do not.
21	Q. What is a Form 990?
22	A. It is a tax return of a tax-exempt entity,
23	organization.
24	MR. PERRY: Let's mark for
L	

18 identification as Exhibits 1 through 4 documents 1 2 that have been provided to us in this litigation. 3 And on the first page of each of these documents, it 4 says Form PC for a particular year. And then I'll 5 ask you some particular questions. 6 (Marked, Exhibit 1, Form PC, 7/01/05 7 through 6/30/06.) 8 (Marked, Exhibit 2, Form PC, 7/01/06 9 through 6/30/07.) 10 (Marked, Exhibit 3, Form PC, 7/01/07 11 through 06/30/08.) 12 (Marked, Exhibit 4, Form PC, 7/01/08 13 through 06/30/09.) 14 MR. SHEEHAN: Could you give me the 15 years, Steve, of the various exhibits? 16 MR. PERRY: Yes. Exhibit 1 is for the 17 fiscal year ending June 30, 2006. And each one 18 after that goes up one. 19 MR. SHEEHAN: Okay. Thanks. 20 MR. PERRY: You're welcome. 21 Off the record. (Discussion off the record.) 22 23 The first thing I'd like to do, Mr. Clasby,

is to identify what we have here.

	19
1	MR. SHEEHAN: Off the record.
2	(Discussion off the record.)
3	(Brief recess.)
4	Q. I've placed in front of you documents that
5	start out with the Form PC.
6	A. Yes.
7	Q. But after that, there's also a Form 990.
8	A. That is correct.
9	Q. The first question I want to ask you is
10	whether that Form 990, is that in any way part of or
11	an attachment to the Form PC?
12	A. That is correct.
13	Q. Okay. So what we have here as Exhibit 1 is
14	really just a Form PC?
15	A. That's correct.
16	Q. With all the attachments?
17	A. That's correct.
18	Q. And did you prepare on behalf of the
19	Feoffees this Form PC?
20	A. Yes, I did.
21	Q. Is there a place in this document where it
22	states that, where it makes reference to the
23	attached Form 990?
24	A. It's just a requirement of the filing of the

PC. It's not -- I don't believe it's -- I'm not aware of it being in the actual document.

Q. Okay. And if you turn to the sixth page of the document, Page 6 of the Form PC, there's a signature line. And then there's the name Dan Clasby & Company. The copy we've been provided doesn't include any signatures.

Do you know who signed this?

- A. I can't recall at the time.
- Q. One of the Feoffees?
- A. One of the Feoffees, yes.
- Q. Did you have a discussion -- strike that.

Am I to understand from your testimony that you prepared this Form 990 as an attachment to the Form PC, but, in fact, it was never, to your understanding, filed?

- A. You'll have to clarify what you mean by "filed."
 - Q. Yes. Thank you.

If we look at the attachment, the Form 990 that is attached to this Form PC --

- A. Yes.
- Q. -- did this Form 990 ever get filed with the IRS?

A. No.

Q. And Form 990s, are they normally filed with

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the IRS?

A. For tax-exempt organizations that fit under

one of the categories of the, 501 of the Code.

- Q. Does that include public -- is there a category for charities that are for the benefit of the -- of a state, a public fief trust, do you know?

 MR. SHEEHAN: Objection to the form.
- Q. Do you know whether there's a tax-exempt category for charities that are regarded as public entities?
- A. I think you'd have to be more -- a charity isn't a public entity.
 - Q. What categories of exemptions are you aware of under Section 501 that you referenced?
 - A. I'm not sure of how many categories. There are approximately 25 that I am aware -- that I recall. I don't know the exact number offhand.
 - Q. When you were engaged in 1998 to do work for the Feoffees, did you discuss with anybody there what the scope of your engagement would be?
 - A. I would say yes.
 - Q. With whom did you have those discussions?

A. I don't recall. Certainly Mr. Whiston was involved.

- Q. And did you learn at the time you had those discussions that the Feoffees had never filed a Form PC?
 - A. Eventually, I did, yes.
- Q. Did you agree as part of your services to make a determination of what filings the organization needed to make to bring itself in compliance?
 - A. I did not.
- Q. Did you investigate any time between 1998 and the present whether the Feoffees were supposed to file any kind of federal tax return?
 - A. I was not hired to do so.
 - Q. I didn't ask you that.

My question was, did you investigate at any time between 1998 and the present whether the Feoffees were required to file any kind of federal tax return?

- A. Did I personally investigate?
- Q. Did you look into it?
- A. At some point.
- Q. All right. When did you look into it?

1 Α. I don't recall the exact dates. Was it in the last five years? 2 Q. 3 Α. I don't recall, honestly. 4 What did you do to look into that issue? Q. We examined the facts of the makeup of the 5 Α. Feoffees and the history of the organization. 6 7 0. Okay. And what else did you do? 8 Α. We reviewed the Code sections that would be applicable to certain types of organizations based 9 10 on how they were considered or what they were 11 considered. 12 Q. Okav. 13 And no final determination was made. Α. 14 Well based on your review of the facts and 0. 15 the history of the organization and your review of the Code sections, what was your conclusion about 16 whether the Feoffees were supposed to file federal 17 18 tax returns? 19 Α. I never issued a written opinion to anyone 20 on that. 21 Q. What was your conclusion that you did not 22 place in writing? 23 Α. It was a matter to be determined later. 24 Why to be determined later? 0.

- A. It depended on how they were going to be classified, as a public or private entity, and whether they fit into the Code section that was in there.
- Q. All right. So whether the returns were filed depended in part on whether they were classified as a public entity or a private entity?
 - A. Could have been.
- Q. Okay. So explain to me what would be the implications if the Feoffees were classified as a public entity for purposes of the tax return.
- A. Essentially, the Feoffees were formed before the Internal Revenue Code was put into place. And they did not fit neatly into one of the definitions.
- Q. I understand that. What I'm asking you is this.

You said that whether the Feoffees were required to file tax returns could turn on whether they classified as a private entity --

- A. I would take that back. That is not correct.
- Q. Is there any kind of a rule that would allow an organization that was classified as a public entity not to file tax returns?

1 No, not that I'm aware of. 2 Well, for example, the Commonwealth of Q. Massachusetts does not file tax returns? 3 4 A. Right. 5 Federal tax returns, correct? 0. 6 Α. I have never prepared one for them. 7 The Town of Ipswich, does that have to file 0. federal tax returns? 8 9 Α. I'm not aware. 10 Q. As far as you know, it doesn't, right? 11 Α. Correct. 12 So there's some sort of exemption that Q. public entities don't have to file federal tax 13 14 returns, do they? 15 Could be, yes. Α. 16 So if the Feoffees were a public entity in the same way that the Town of Ipswich is a public 17 entity, it wouldn't have to file a federal tax 18 return, correct? 19 20 I can't say. Α. 21 Are you aware of any exemptions that would allow the Feoffees not to file tax returns if they 22 23 were a private entity?

Not specifically referenced by the Code.

24

Α.

- Q. Did you provide the Feoffees with this information that there was no exemption in the Code for filing tax returns if the Feoffees were a private organization?
 - A. I've had discussions with counsel only.
 - Q. Counsel only?

Which counsel have you had those discussions with?

- A. The law firm of MacLean Holloway.
- Q. Okay. Look at Exhibit 1. It starts out with your Form PC. And if you look at Page 2, it shows revenue in this fiscal year of 759,000 and program services of 588,000.

And that would be the amount paid to the school committee, right?

- A. I'd have to look. I don't recall if that is it or not.
 - Q. All right. In the interests of time --
 - A. It's certainly part of it.
- Q. -- that would be where you would put the gift to the school committee, wouldn't it?
 - A. Yes, it would.
- Q. Okay. And you're not aware, as we sit here, of any other component of the 588,000 in that line,

1 are you?

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- I would have to research. I'd have to look Α. at my records.
- As you sit here today, you're not aware of 4 5 anything other than --
 - I can't say that. Without looking at my records, I can't say that.
 - And then after that, there's a listing of expenses of \$65,431, right?
 - A. That's correct.
- So is it fair to say that there was some 11 0. revenue in excess of expenditures and program 12 services in this fiscal year?
- 14 Α. Yes.
 - And that was accumulated as part of the 0. principal of the trust, right?
- 17 A. That is correct.
- 18 Yes, the 588 was the gift to the Town 19 that year. It's stated in the financial statements, 20 which are attached to this document.
 - Q. Okay. Thank you.
- 22 On Page 3, you have a name and telephone 23 number of a contact person. You list that as Peter 24 Foote.

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Had he been the contact person after Don Whiston ceased to serve in that role?

- A. Yes.
- Q. Did you file a Form PC for years earlier than 2005?
 - A. Yes.
 - Q. When did you make those filings?
 - A. I believe 1998 was the initial filing.
- Q. So you filed each of those Form PCs in a timely fashion starting in 1998?
 - A. To the best of my recollection.
- Q. Did you have any discussions with the Feoffees about their failure to file those for earlier years?

MR. SHEEHAN: Objection.

- Q. Years earlier than 1998.
- A. I don't recall.
- Q. Did you have any discussions with anybody at the Attorney General's office about the failure to file Form PCs for earlier years?

MR. SHEEHAN: Objection.

- A. I did not.
- Q. Am I correct that when you prepare a Form PC for a client, that's an accounting function, not an

auditing function?

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- A. I would say that's correct.
- Q. So wouldn't it be fair to say that since 1998, you've provided both accounting and auditing services to the Feoffees?
- A. I've provided preparation of tax returns plus audits.
 - Q. Did you prepare pro formas for the Feoffees?
 - A. I assisted in the preparation of pro formas.
- Q. And is that an accounting function rather than an auditing function?
- 12 A. Yes, it is.
- Q. So you've been an accountant to the Feoffees in addition to an auditor?
 - A. I've assisted with accounting functions.
 - Q. Are you trying to -- is the reason you're wording it that way because as an auditor you need to maintain your independence?
- A. No. We are allowed to work on pro formas and that sort...
 - Q. Okay. As an independent auditor, you're allowed to do tax preparation, and you're allowed to do pro formas, right?
- 24 A. That's correct.

- Q. You're just not allowed to be the one preparing the books and records of the organization which you're auditing?
 - A. That's correct.
 - Q. Among other things?
 - A. Yes.
- Q. If you go to Page 5, there's a question about whether the organization leased assets to or leased assets from a related party. And there's a yes checked off.

Do you know why that was checked off?

- A. It may have been incorrect.
- Q. For some of the period of time during which you've audited the Feoffees, was it your understanding that Jim Foley and/or his family owned a cottage at Little Neck for some period of time? Correct?
 - A. I would say that's correct.
 - Q. All right.
 - A. I don't --
- Q. In fact, that cottage was owned by Mr. Foley and/or his family when you started providing services, is that correct?
 - A. I'm not sure.

1 Is it your understanding at some point it Q. 2 may have been sold? 3 I'm not aware. 4 Q. If Mr. Whiston's parents or his daughter owned a cottage, would you be required to check yes 5 next to Box C? 6 7 Could you restate that? 8 Q. Let me restate it. Yes. 9 I didn't mean to reference Box C on Page 10 I meant to reference 24B. 5. Okav? 11 24B asks whether the organization leased 12 assets to or leased assets from a related party, 13 right? 14 A. That's the question, yes. 15 Q. Okay. And this answer would have to be 16 answered yes if the Feoffees leased real estate to a Feoffee, right? 17 18 I would say that's correct. 19 Q. Does this box also have to be checked yes if 20 the Feoffees leased real estate to a Feoffee's 21 spouse? 22 I would say that would probably fall under Α. 23 the definition of a related party in some sort. 24 And the same is true, isn't it, for parents Q.

and children, as far as you know?

- A. As far as I know.
- Q. Did you indicate anywhere on this Exhibit 1 that the Form 990 that's attached to the Form PC was not actually filed with the IRS?
 - A. Could you restate that, please?

MR. PERRY: Could you read that back, please?

(Last question read back by Reporter.)

THE WITNESS: Could you read it one more time?

(Last question read back by Reporter.)

- A. I did not indicate.
- Q. If you go to Page 7 of the 990, you'll see Question 83A, "Did the organization comply with the public inspection requirements for returns and exemption applications?"

Do you know what is being referred to in that line where it refers to public inspection requirements for returns?

- A. I believe public inspection requirements for the Form PC that was filed.
- Q. You don't think it refers to public inspection requirements for Form 990s?

1 I do not. 2 0. If you go to Page -- the page that contains Statement 5, Statement 6, Statement 7, Statement 8 3 on the 990, at the beginning of the year, the land 4 5 is shown at 15,419,000, right? 6 Α. Uh-huh. 7 Q. End of the year, you're showing it at zero, 8 is that right? 9 Α. Yes. 10 Q. Is that because under generally accepted 11 accounting principles, the land is supposed to be 12 accounted for a cost? 13 That's correct. Α. 14 Was this the year in which that adjustment Q. 15 was made? 16 Α. That's correct. Had you provided any audited financial 17 18 statements for any years before 2005? 19 Α. Yes. 20 And on the years prior to 2005, were you 21 showing the land at this assessed value? 22 Α. It was shown that way. 23 And was that an incorrect way to include it Q.

on the audited financial statements?

- A. No.
- Q. Did the rules change?
- A. No.
- Q. Well are you saying that you concluded that either way is correct?
- A. If you read the opinion for those years, it was stated that that was a departure from generally accepted accounting principles, which was stated in the opinion.
- Q. Okay. If you go to Exhibit B of your audited financial statement, Page 3, you have a statement of activities?
 - A. Yes.
- Q. Does that differ in any way from what normally would be called an income statement?
 - A. That's correct. There's no difference.
- Q. Why here is it called a statement of activities rather than income statement?
- A. That's the nomenclature for a non-profit organization.
- Q. Okay. Thank you. So if we look at change in net assets, that would be for a different kind of organization, that would be what would be called income?

1	A. No, that's not correct.
2	Change in net assets, is that the
3	question?
4	Q. Yes.
5	A. Change in net assets. Excuse me. I thought
6	you said net assets.
7	Q. No. The line that says change in net
8	assets
9	A. It would be similar to net income for a
10	profit corporation, a for-profit entity.
11	Q. Thank you. What does the column "board
12	designated" mean?
13	A. That is where members of the governing body
14	can designate funds for future purposes, which was
15	done in prior years and eventually was reversed.
16	Q. Explain to me about what was eventually
17	reversed.
18	A. Well, eventually, it was combined as part of
19	the undesignated. It's the same thing as far as net
20	assets are concerned. They're unrestricted.
21	Q. If you were your audited financial
22	statement doesn't indicate that there's any taxes
23	due to the federal government, correct?
24	A. That is correct.

- Q. And you've given an opinion that that's -the statements are fair and accurate in all material
 respects, correct?
 - A. They're fairly stated.
- Q. And that means that it's your opinion that the Feoffees do not, in fact, owe any federal taxes, right?
 - A. We didn't state that they did.

 (Discussion off the record.)
- Q. Let's go to Exhibit 2. And if we look at the Form PC attachments, we still have this disclosure of the renting of a lot to the Foley Family Trust.

And I think you've told me that you don't know whether that was accurate or not when this was done?

- A. That's correct. I think sometimes what happens is people, the same as last year, type in -- it could have been an oversight.
- Q. Well I understand. Obviously, when you prepare financial statements such as these that have disclosures, your starting point is to copy the same document from the year before because, typically, the accounting doesn't change and so forth, but the

- question I was going to ask you is, if you were the auditor for the organization --
 - A. Yes.

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- Q. -- and as somebody signing these for the organization, isn't there supposed to be a process where people make sure that the information in this document is accurate?
 - A. That's correct.
- Q. Okay. So whose responsibility was it with respect to this return to make sure that any disclosures about Feoffees renting to Feoffees was accurate?
- A. I would say whoever signed the return.
- Q. Well were you also required to ask the question each year?
- 16 A. Yes.
- Q. So it would be a joint responsibility of you and the person signing the return?
- 19 A. Correct.
- Q. And that would be Mr. Foote in these years?
- 21 A. That's correct.
- Q. If you go to Exhibit 1 again, and turn to
 the statement of activities, which is toward the
 back of the package --

- A. Going back to Exhibit 1?
 - Q. Yes, please.
 - A. Okay.
 - Q. -- you'll see that there are legal fees of \$3,673 for the year, is that correct?
 - A. Yes.
 - Q. And that's for the year ending June 30, 2006?
 - A. That is correct.
 - Q. And for the years up through 2006, would you say that was a fairly typical amount that was spent on legal fees?
 - A. I mean, the statements are available. I don't recall what the numbers are.
 - Q. And in 2007, on Exhibit 2, you'll see that the legal fees were \$251,714.

And do you remember an event taking place that led to this increase in legal fees?

- A. I would say it was the -- I'm not sure of the dates, but it would probably relate to the suit by the tenants.
- Q. Okay. Are there requirements under generally accepted accounting principles to make disclosures concerning contingencies in litigations?

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1	A. Yes.
2	Q. And do you know what those rules are, what
3	kind of disclosure needs to be made?
4	A. Depends on the circumstances.
5	Q. Suppose there's some material litigation.
6	What is the requirement for the detail
7	of the description that needs to be given under
8	generally accepted auditing principles?
9	A. Well it would be accounting principles, not
10	auditing. Auditing standards.
11	Q. Okay. Under auditing standards and GAAP.
12	A. It would be under accounting principles.
13	You would disclose material litigation, but you
14	can't there's no estimates that are made without
15	validity.
16	Q. You don't make estimates.
17	Are you required I see what you said,
18	"There is pending litigation regarding alleged right
19	of occupancy of certain tenants located at Little
20	Neck in Ipswich, Massachusetts."
21	A. Right.
22	Q. Is that a sufficient disclosure under
23	generally accepted accounting principles?

A. Well generally accepted accounting

principles don't describe -- I mean, in certain instances, they give examples of disclosures, and that was similar to other examples.

Q. Do you know whether any claims were being asserted by the Feoffees against the tenants -- strike that.

Do you know whether at the time you prepared Exhibits 1 through 4 the Feoffees were seeking to recover additional funds from the tenants beyond the amounts that they had collected?

- A. Yes.
- Q. And what is your understanding in that regard as to what funds the Feoffees were seeking to collect from the tenants?
 - A. I'm not sure what you mean by "funds."
- Q. I asked you whether you were aware that the tenants were -- I asked you whether you were aware that the Feoffees were seeking to collect additional amounts from the tenants. And you said yes.
 - A. Yes.
- Q. What is your understanding concerning additional amounts that the Feoffees were seeking to recover from the tenants?
 - A. Additional -- an increase in rental income.

1	Q.	And was that so that was potentially an
2	asset o	f the Feoffees, correct?
3	A.	Potentially.
4	Q.	Are there any requirements under generally
5	accepte	d accounting principles that you discuss
6	contingent recoveries?	
7	A.	It was unknown at the time what the result
8	would b	e.
9	Q.	Are you required to disclose, in order for
10	the fin	ancial statements to be fair, that the
11	Feoffee	s are seeking to recover additional amounts?
12	A.	Whatever I disclosed is what I disclosed.
13	Q.	I'm asking whether you were required to make
14	a greate	er disclosure than you made.
15	A.	I disclosed whatever I disclosed, I
16	disclose	ed.
17	Q.	You're not going to answer my question?
18	A.	I mean, I have.
19	Q.	And do you know whether the tenants were
20	seeking	to recover anything from the Feoffees in the
21	litigati	ion?
22	A.	I'm not aware of amounts. I was aware there
23	was liti	gation.
24	Q.	Did you review any documents to understand

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what was involved in the litigation?

- A. Certain documents.
- Q. I assume you had a letter from counsel for the Feoffees describing the litigation?
 - A. I've had correspondence from them.
- Q. Did you have so-called audit response letters?
 - A. Not in every year.
 - Q. Why not?
- A. We had management rep letters that were covering what we believed was necessary.
- Q. Did you have an audit response letter in any of the years from counsel for the Feoffees concerning the tenant litigation?
 - A. Not that I'm aware of.
- Q. Were you supposed to write to the lawyers and get audit response letters?
 - A. I discussed with counsel orally.
 - Q. You discussed that with Mr. Sheehan?
 - A. With the Feoffees' counsel, yes.
 - Q. Which counsel are you referring to?
- A. Mr. Sheehan.
 - Q. About whether you should submit --
 - A. Just the nature of the ongoing litigation.

1	Q. Isn't there a requirement under audit
2	standards that you're supposed to write, or have the
3	client write to the lawyers concerning any pending
4	litigation and get an audit response letter which
5	you then review as part of your audit?
6	A. Yes. Some audit procedures use that. I did
7	it orally, not in writing.
8	Q. Don't generally accepted standards require
9	that you do it in writing?
10	A. We went through the management rep letter.
11	Q. I'm asking a different question.
12	If I were to go research this issue with
13	the AICPA, were you supposed to have sent a letter
14	or have the client send a letter to Mr. Sheehan's
15	firm to get a written report concerning this
16	litigation?
17	A. Yes. Possibly.
18	Q. Any reason you didn't do that?
19	A. No.
20	Q. Are there any rules that require that any
21	compensation paid to a related party be reasonable?
22	A. From Internal Revenue Service standards?
23	Q. And/or state law.
24	A. State law, I'm not I'm not aware of state

law.

- Q. Under Internal Revenue standards, there would be such a requirement if the Internal Revenue Code applied to this organization?
 - A. Could be.
- Q. Was it any part of your function as auditor to pass upon the reasonableness of the compensation?
 - A. No.
- Q. Do you know what Mr. Foley was doing to earn the compensation that was provided to him in fiscal years 2008 and 2009?
 - A. In general terms only.
- Q. In general terms, what is your understanding?
- A. He was managing the organization at the time.
- Q. Are you aware of any escrow arrangement being established in connection with amounts that the Feoffees were attempting to collect from the tenants for additional rent?
 - A. Yes.
- Q. And what was your understanding about this escrow account?
 - A. It was an escrow account established under

- both entities. The tenants and the Feoffees were on the account.
- Q. All right. And if you take a look at your

 -- let's take a look at Exhibit 4, which covers

 fiscal year June 30, 2009.

And if you look at the financial statements for that year, is it your understanding this escrow account was still in existence at that time?

- 10 A. At June 30, 2009, yes.
- Q. Okay. Did you make any disclosure about this escrow account in the financial statements?
- 13 A. In the footnotes.
- Q. Can you show me where?
- 15 A. The very last page, Page 7.
- Q. True. So as of June 30, 2009, the amount in the escrow account was 1,120,077, correct?
- 18 A. Correct.

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- Q. And as you say in that note, there's no disclosure anywhere else in the financial statements of any amount claimed in rent by the Feoffees over and above what they have been paid, correct?
- A. Correct.
- Q. Was it your determination that these Form

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PCs were required to be filed with the Attorney General's office between 1998 and the present?

- A. It was not my determination.
- O. Whose determination was it?
- A. The Attorney General.
- Q. And how did you learn of that determination?
- A. I don't recall.
- Q. Is it your recollection that somebody complained to the Attorney General's office about the fact that these hadn't been filed?
 - A. Could be, yes.
- Q. And is that what led you to start filing them?
- A. When the Attorney General requested that the Feoffees file them, yes.
- Q. Did that happen before or after you became an accountant or service provider for the Feoffees?
 - A. I don't recall.
- Q. Had you done any work for the Feoffees before 1998?
 - A. I did not.
- Q. When you did do work for the Feoffees starting in 1998, did you prepare any kind of engagement letter?

1 I would assume I did. 2 Q. How frequently after 1998 did you prepare 3 any engagement letters? 4 Annually. A. 5 And generally speaking, what do those engagement letters say is the scope of services 6 7 you're providing? I will prepare the audited financial 8 Α. 9 statements and the filing of Form PC. How do you bill the Feoffees for extra 10 0. services such as pro formas? 11 12 Α. On an hourly basis. 13 What's the rate? Q. 14 \$150 per hour. A. If a determination were made by the Internal 15 0. 16 Revenue Service that the tax returns were required to be filed by the Feoffees, what would be the 17 18 consequences? 19 What would be the risks involved? 20 Α. Well that's going to take a while to answer 21 probably. 22 In general, there could be some exposure to 0. 23 taxes, penalties and interests? 24 Α. All profits were returned, typically, to a

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charitable beneficiary, so that there was no net assets accruing to the benefit of the...

- Q. Were you engaged to perform any work in connection with the, any of the litigation between the Feoffees and the tenants or between the Feoffees and the school committee?
 - A. No.
 - Q. Well did you do --
 - A. I did some work on the pro formas, yes.
- Q. And did you understand that to be in connection with pending litigation?
 - A. Yes.
 - Q. Who engaged you to do that work?
 - A. Attorney Sheehan.
- Q. And who provided you with factual information for purposes of your performing that work?
 - A. Attorney Sheehan.
- Q. So you weren't dealing directly with any of the Feoffees in that engagement?
 - A. That is correct.
- Q. What was your role as to determining whether any of the assumptions in the pro formas was valid?
 - A. Use of judgment on my part.

1 All right. Well let's go over them. Q. And you can tell me whether any of the assumptions that 2 were made were your assumptions or whether they were 3 things you were instructed to do. 4 5 Fair enough? 6 A. Fair. 7 Bill, off the record. MR. PERRY: 8 (Discussion off the record.) 9 MR. PERRY: Let's mark the income 10 statement as our next exhibit. 11 (Marked, Exhibit 5, income statement, 12 year ended October 31.) I've put in front of you the document that's 13 0. entitled "Pro Forma Income Statement For Years Ended 14 October 31." 15 16 Is this a pro forma income statement that you prepared at the request of counsel for the 17 18 Feoffees? 19 Α. Yes. 20 And am I correct that this document shows six different scenarios? 21 22 Α. That is correct. 23 All right. And the first three scenarios Q. are projections of what the income statements would 24

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look like if no sale was permitted, and then the next three are projections that are based on a sale being permitted, correct?

- A. Correct.
- Q. Okay. Let me start with your first alternative and ask you some questions.

In the first row, you have listed a figure for tenant and leaseholder rents, right?

- A. Correct.
- Q. And that figure that you list is \$1,075,536?
- A. Correct.
- Q. And that is a figure based on the amount that would be paid -- is that the sum of the amounts being paid under the existing leases, plus the amounts that the tenants are agreeing to pay?
 - A. Correct.
- Q. It doesn't account for additional amounts that the tenants had been paying into escrow before the settlement agreement?
 - A. That is correct.
- Q. And it doesn't account for any claims by the Feoffees for additional rent, true?
 - A. That is correct.
 - Q. You're aware that the tenants are paying

- less in rent than the Feoffees claim is a fair 1 market rental value of the property, correct? 2 3 I'm aware what they are paying in rent, yes. A. 4 Are you also aware that the Feoffees are of the opinion that the tenants are paying insufficient 5 6 amounts in rent? 7 Α. In contrast to the leaseholders. 8 0. Yes. 9 Α. Yes. 10 You understand that the Feoffees claim that 0. the tenants should be paying at least what the 11 12 leaseholders are paying? 13 Α. Yes. 14 Is it your assumption in this scenario that Q. the Feoffees will never recover any rent beyond that 15 amount that the tenants are currently paying? 16 17 We just assumed that the rents would remain A. steady through the litigation process. 18 19 And how long are you assuming that the 0.
 - A. Through the year 2015.

litigation process will last?

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Q. And as a matter of accounting practice, wouldn't there be a contingent asset growing during these years if the tenants are paying less than the

fair market rent of the property?

- A. I don't -- where would that be disclosed?
- Q. Is this a cash-based analysis?
- A. Yes.
- Q. And do you have an opinion as to whether the litigation, if there were no sale, would be resolved before 2015?
 - A. I do not have an opinion on that.
- Q. So the assumption you're making when you do these pro formas is, one, that there would be no settlement or resolution of the litigation through 2015, correct?
 - A. On this pro forma, yes.
- Q. And second, that there would be no ability by the Feoffees between now and 2015 to collect any additional rent even if the tenants ought to be paying it?
 - A. On this pro forma.
- Q. And you acknowledge that under this particular pro forma, there is an amount not shown, which is a growing claim in the millions of dollars by the Feoffees for additional rent, right?
 - A. Yes.
 - Q. And you've said that that's just not shown

1 here because you don't have a place to show it? 2 Α. Correct. 3 Q. Let me show you --MR. SHEEHAN: Can we go off the record 5 for a minute? 6 MR. PERRY: Yes. 7 (Discussion off the record.) Mr. Clasby, I was going to ask you about 8 your balance sheet, but let's just continue on with 9 10 Exhibit 5. Exhibit 5, yes. 11 12 The Institution For Savings note, when you Q. 13 did the pro forma, are those all interest amounts on 14 that line? 15 Correct. That is correct. 16 And that was based on the interest rate that was in effect at the time you did these pro formas? **17** 18 Α. That is correct. 19 Did you know that it had adjusted down? It has adjusted down since these pro formas 20 Α. 21 were completed. 22 So that's not shown here, right? Q. 23 A. That's correct. In addition, this assumes no ability to 24 Q.

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Okay. Do you know how many years the principal is amortized over, is that a 30-year

amortization?

refinance that note at lower amounts, correct?

- The way it's shown, yes. It's not saying no ability. It's just the way it's shown.
- Right. And in fact, would you agree that in 0. the event the litigation is resolved and the Feoffees are successful in entering into long-term leases, that would also open up new financing opportunities, wouldn't it?
 - Α. Correct.
- And if they had a critical mass of leases --0. it wouldn't even have to be all of them -- they would have some secure income that could be pledged to support a borrowing?
 - Α. Right.
- And then they could get rates that were much closer to prime than the current rates, right?
 - Market rates.
- And market rates would be substantially Q. lower than what they're currently paying even with the adjustment?
 - Could be. Α.

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1	A. I believe it's 20.	
2	Q. The line for erosion note, that's a	
3	hypothetical borrowing to pay for erosion control?	
4	A. That is correct.	
5	Q. And that's the interest there that you're	
6	showing?	
7	A. That is correct.	
8	Q. There's a line for legal fees.	
9	Did you make any independent	
10	determination as to whether in a no-sale context,	
11	\$120,000 a year for non-litigation legal fees is	
12	appropriate?	
13	A. In discussion with counsel, that was the	
14	figure that we arrived at.	
15	Q. Is that essentially a figure that you	
16	assumed based on instructions from counsel?	
17	A. Yes.	
18	Q. So you're not vouching for that figure?	
19	A. Correct.	
20	Q. Certainly it's high compared to historical	
21	expenditures of legal fees by this trust outside of	
22	a litigation context, isn't it?	
23	A. The term "general" might be as kind of a	
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catchall for all sorts, not just the Superior Court

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litigation.

- Q. Well you have two lines. You have legal fees general, and legal fees Superior Court.
 - A. Right, right.
 - Q. So I'm assuming that the first line --
- A. Well there are legal fees to be generated outside the Superior Court litigation.
 - Q. Okay.
- A. Again, this is with no sale permitted, you know, it's...
- Q. I've asked you whether those are high compared to the level of fees that had been incurred historically for non-litigation purposes.
- A. Again, you know, there's been fees that have been generated in recent history that isn't --
 - Q. I see what you're saying.

But those fees in recent history, what do those relate to?

- A. I mean...
- Q. They arise out of the controversy with the tenants, don't they?
 - A. Generally speaking, yes.
- Q. You show the Superior Court litigation fees going on for two and a half years, is that right?

1 That's the way it is showing. Α. 2 So this actually is assuming the litigation 0. would end after two and a half years, correct? 3 As far as legal fees being generated, yes. 4 Α. 5 And then even after the litigation is 0. concluded, you did not make any adjustment to rent, 6 7 right? 8 That is the way it is shown. Α. On your repairs and maintenance line, do you 9 0. 10 know what that covers? That would be anticipated expenses to the 11 12 system, annual repairs that could come up. 13 0. Are the tenants or leaseholders, were they paying any amounts that were supposed to cover 14 repairs and maintenance to the wastewater system? 15 Currently, there's a monthly charge for 16 overhead and maintenance. 17 18 Is that the \$40 a month that's being Q. 19 charged? 20 Α. Right. 21 Q. Why would that not be sufficient --22 Α. These are expenses --23 Let me finish the question. Q.

I'm sorry.

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Α.

Sure.

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- Q. Were you opining in these pro formas that the \$40 a month that was being paid was insufficient to cover repairs and maintenance?
- A. I'm opining that these figures are above the reimbursement of those numbers, yes.
- Q. In other words, the \$40 a month, that's supposed to be adequate to cover the cost of the system, right?
 - A. I'm not one to make an opinion on that.
 - Q. It's approximately \$80,000 a year, right?
- A. If you say so. I don't have the numbers off my head.
- Q. The quick math is \$480 per cottage, which we round to \$500, with 160-something cottages, right?

So it's in the ballpark of \$80,000 a

16 year, right?

- A. Well they pay \$500 a year.
- Q. Right.
- A. Times 160, that's 8,000.
- Q. I think it's 80,000.
- A. 80,000?
- Q. 160 times a thousand is 160,000 --
- A. Sorry.
 - Q. That's okay. I didn't give you a

1 calculator.

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- A. I shouldn't need it. I'm usually pretty good at math.
- Q. Not when you're having to have the stress of a deposition. So you get special allowance.
- 6 A. Thank you.
 - Q. But it's around \$80,000 a year.

Do you know why there's projected to be repairs and maintenance each year of another 40,000 or so?

- 11 A. No, I don't have a clue.
- Q. The depreciation and amortization item,
 that's a non-cash item that you add back on in your
 cash flow analysis, right?
- 15 A. Yes.
- Q. Now this Alternative 1A is sort of the worst-case scenario in the sense that this is no sale permitted --
- THE WITNESS: Can I ask a procedure question?
- MR. SHEEHAN: Why don't we take a break.
- 22 Come on out.
- 23 (Witness confers with counsel.)
- MR. SHEEHAN: The witness just wanted to

expand upon one of his previous answers, Steve.

- Q. Did you want to add anything to one of your prior answers?
 - A. Yes.
 - Q. Okay. Why don't you do that.
- A. On the repairs and maintenance expense, that also includes expenses for road repairs, things like that, that are not covered by the monthly assessment.
 - Q. Do you know how that breaks down?
 - A. I don't.
- Q. If the Feoffees were charging a sufficient amount through the monthly charge to cover the wastewater system repairs and maintenance, then the figure you've listed for repair and maintenance would be reduced by an amount that's currently unknown to you?
 - A. Correct.

MR. PERRY: I'm going to mark as Exhibit 6 your pro forma for the -- I don't know if this is your additional schedule or cash flow. We'll have it marked as Exhibit 6, and you can tell me.

(Marked, Exhibit 6, subschedule of

24 numbers.)

	91
1	Q. Could you tell us, please, what we've just
2	marked as Exhibit 6?
3	A. These are subschedules that relate to where
4	some of the numbers come from in the balance sheet
5	and income statement.
6	Q. Okay. I was hoping you could walk me
7	through this so I can understand it.
8	So we start out with an opening balance
9	of 25,000, which I assume is some kind of cash
10	balance?
11	A. That's correct.
12	Q. Assuming you would start with.
13	A. Yes.
14	Q. Was that an actual cash balance, or was that
15	a projected cash balance?
16	A. That was projected because it's not the
17	normal year end for the Feoffees.
18	Q. So you don't know if that's the correct
19	figure or not?
20	A. Back at that time, it was just
21	Q. Projected?
22	A projected.
23	Q. Do you know what the Feoffees actual
24	approximate cash balance was on October 31, 2011?

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A. We're not there yet.

Back in '10, October 31, 2010, I could get you that. I don't know offhand.

- Q. Do you know what its current cash balance is?
 - A. No.
- Q. All right. And you added in to this figure the net income before depreciation.

That's like a cash adjustment, right?

- A. That's the -- yes.
- Q. Cash flow type adjustment?
- A. Sure. Yes. All we're doing is showing how we came up with the cash balance that was presented on the pro forma balance sheet each year.

So you see the ending balance. That would tie out to what was shown on the balance sheet.

- Q. Well let me just get there.
- A. Sure.
- Q. So then the erosion note -- the next item is erosion note proceeds?
- A. Yes.
 - Q. And why is that a positive figure?
 - A. It's cash that would come in from a note.

- And you see it was deducted down below when they performed the remediation.
- Q. Maybe I'm just not following the column right.
- 5 The 13,302 figure is the net income?
- A. Correct.
 - Q. Okay. Then you show the \$900,000 coming in from the note?
- 9 A. Right.

- 10 Q. Then you show a change in accounts payable?
- 11 A. Correct.
- Q. What does that mean?
- 13 A. That would mean that accounts payable
 14 increased from the beginning of the year to the end
 15 of the year. So it reduced net income but had no
 16 affect on cash.
- So I added that back.
- Q. Then you show the note being paid, right?
- 19 A. Correct -- no, not the note being paid.
- 20 That shows the disbursement --
- Q. The erosion being paid for?
- 22 A. Yes.
- Q. The erosion being fixed?
- 24 A. Yes.

- Q. Then you show some principal payments that are being made on one of the notes that aren't shown on your income statement because that only shows the interest?
 - A. Correct.
- Q. You show some principal payback on the erosion note?
 - A. Yes.
- Q. And the depreciation add-back, do you do that on a separate schedule?
- A. What I did was, instead of taking net income, Steve, I just took net income before depreciation and amortization.
 - Q. Oh, I see. You already backed it out?
 - A. Yes. That's right.
- Q. Have you done any updating of any of your pro forma work?
 - A. No.
- Q. Have you done any work in connection with the litigation after you prepared these pro formas and before today?
 - A. No.
- Q. Do you know whether the Feoffees would be able to refinance their existing debt to lower rates

at this time without mortgaging the property? 1 2 Α. In my opinion? 3 Q. Well I'm really asking you factually. Do you have any information as to their ability to refinance existing debt? 5 6 Α. I don't. Now your Alternative 1B is the same as 1A, 7 Q. except for now you're refinancing that existing 8 9 loan, right? 10 Yes. Α. That's correct. 11 Based on an assumed mortgage of the Q. 12 property? 13 Α. Yes. That's correct. 14 And this is showing, if we just look at the last two lines, a positive cash flow, right? 15 16 Which line? I'm sorry. 17 Well comparing the amount of depreciation Q. 18 and amortization to the net income. 19 I'm not sure what page you're on. A. 20 Alternative 1B of Exhibit 5. 0. 21 Oh, I was on Exhibit 6. All right. A. 22 So we're back to Exhibit 5. Alternative 1B, would you agree that, just 23 Q. 24 doing a quick comparison of the depreciation and

amortization of non-cash items to the net income, that if you were under Alternative 1B and all your assumptions were the same, the cash flow becomes positive?

- A. Cash flow before any payments to the bank on principal, yes.
- Q. Okay. So this doesn't show any of the principal payments?
- A. We should have a cash flow similar. If you went to your Exhibit 6, Page 2, that would relate to this schedule.
- Q. And what is this showing as far as cash flow?
- A. Ultimately, it shows there's no cash -- there's a negative cash flow.
 - Q. Which line are you looking at?
- A. Under cash, the ending balance of cash is less than what the beginning balance was. I mean, it's pretty immaterial.
- Q. Now this is based on spending \$420,000 in legal fees, right?
 - A. That is correct.
 - Q. Per year, for two years?
 - A. For two years.

- Q. Under your various alternatives where you are dealing with the sale of the units, you've assumed that the tenants would finance their purchases through the Feoffees at different levels, right?
 - A. That's correct.
- Q. So one you assumed 90 percent of them or 90 percent of the cash is through financing?
- A. Yes.

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- Q. And the second assumption is 70 percent, and the third assumption is 50 percent?
- A. That's correct.
 - Q. And at this time, the financing offered by the Feoffees is significantly higher at six percent than tenants would be able to obtain in the market if they were able to get equity financing on their homes or mortgage financing, right?
 - A. Equity financing on their homes, I would say, yes. It's not their principal residence.

 Rates are usually different for...
 - Q. And if they were able to get vacation home financing, do you know what rates are for that at this time?
- 24 A. I don't know.

- Q. Are they lower than six percent?
- A. I don't know.
- Q. You don't know whether these percentages of 90 percent, 70 percent or 50 percent are reasonable assumptions, correct?
 - A. They were what counsel had asked us to do.
- Q. Right. Under your sale scenarios, do you show distributions to the Ipswich schools?

Maybe it's not on the ones I gave you.

A. Okay.

MR. SHEEHAN: It's on what's going to be either Exhibit 7 or 8, Steve, I think.

MR. PERRY: Let's have marked as Exhibit 7 a copy of your schedule showing the balance available for distribution.

(Marked, Exhibit 7, schedule showing balance available for distribution.)

- Q. On Exhibit 7, if you go to the last three pages, these show the amounts that are shown as available for distribution to the schools under each of your scenarios, right?
 - A. That is correct.
- Q. Now in some of your -- in your pro formas, you generally were assuming a three-percent

inflation	rate?
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- A. I would say that's on the -- yes.
- Q. On your expenses?
- A. Probably. Expenses were five percent, I believe.
 - Q. Okay. So you assume that there would be inflation of as much as five percent per year?
 - A. Could be. It's not just inflation but just a contingency that expenses might increase.

 Circumstances change.
 - Q. Okay. These pro formas showing amounts available for the schools are based on an assumption of the entire net income being distributed, right?
- A. Net income less the principal payments to the banks.
- Q. The entire net cash flow being distributed?
- 17 A. Yes.
- Q. If the trust were every year to distribute the entire net cash flow available, then wouldn't it over time see the corpus reduced if one takes into account inflation?
- A. You say the principal amount of the corpus wouldn't be worth as much?
- Q. Yes. That's really what I was asking.

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You're never going to dip into the corpus to pay principal.

0. Let me try it a different way.

Would you agree if one were trying to go with a sale, then the goal would be to maintain the corpus, the purchasing power of the corpus, right?

- That is correct.
- Q. So you wouldn't want to have the corpus stay at a steady level such that over time it became worthless in purchasing power?
- Right. You would hope that the investment managers would take that into consideration. what we relied on.
- But for the first five years, you are 0. showing all of the cash flow coming out to the schools without any increase in the corpus, aren't you?
- That's just the income. We're not showing increase in principal. We're just showing that the income that was generated, just as if you owned a trust and you had to pay out all the income, that's what is assumed here.
 - Well let's look at Alternative 2A. Q.
 - A. Sure.

1 In Alternative 2A, 90 percent of the assets of the trust consist of promissory notes from 2 3 tenants? 4 Α. Okay. 5 Q. Fair characterization? Right? 6 Α. Yes. 7 There's no corpus being invested to speak 0. 8 of, right? 9 Not significant, right. Α. So under this scenario, at the end of the 10 0. 11 five years, when the tenants pay back those balloon notes, right --12 13 Α. Okay. Yes. 14 -- the corpus will be the same in size in 2015, more or less, as it was in 2011, right? 15 16 It might be good. If you look at Merrill Lynch now, you want your money there? 17 18 Well under your pro forma, at the end of the 0. five-year period, the corpus would be approximately 19 20 the same size --We have not made any projections on the 21 Α. 22 corpus. 23 Q. Let me just finish the question. 24 Α. I'm sorry.

- Q. Under your Alternative 2A, because virtually all the assets are just being invested in the form of promissory notes to tenants on a balloon payment basis, isn't it true that at the end of the five years, you would expect the corpus to be essentially the same size as it was at the beginning of the five years?
 - A. Yes.
- Q. Okay. And if there were any inflation during those five years, the real value of the corpus would have diminished?
 - A. You could possibly say that, argue that.
- Q. So that would probably not be the most wise distribution policy?
- A. I can't comment on that. I don't think -- as I said, if you look at your investments now...
- Q. You think right now, if you had a lot of cash to invest and you were to invest it in the market, that would be something that would be very chancy, correct?
- A. Professional money managers would say -- I can't make an assumption on that.
 - Q. Well you did state it.
 - A. Well I didn't state it but...

1	Q. I mean, for example, if this property had
2	been sold on a cash basis in 2007 right?
3	A. Yes.
4	Q it would probably have less money now
5	than it had in 2007?
6	MR. SHEEHAN: Objection.
7	Q. Or certainly wouldn't have kept up with
8	rises in the consumer price index?
9	MR. SHEEHAN: Objection.
10	A. I can't speculate on that.
11	Q. Do you have any clients in the real estate
12	industry?
13	A. Yes.
14	Q. Are you familiar with the concept of net
15	leases?
16	A. Generally in general terms, yes.
17	Q. What do you understand net leases to be?
18	A. I'm not where are you coming at?
19	Q. Are you familiar with leases where the
20	tenants pay a certain amount of rent, and in
21	addition, they pay expenses associated with the
22	property?
23	A. Yes.
24	Q. Is that a common form of leasing?

- A. Uh-huh.
- Q. And your assumptions in your pro formas are that the tenants will be paying a designated rent on a gross basis and the expenses would be the responsibility of the Feoffees?
 - A. That is the way it's presented, yes.
- Q. There are also scenarios where the Feoffees could rent the premises under triple net leases?
 - A. Sure.
- Q. And that would be a fairly common form of rental for a ground lease, wouldn't it?
 - A. Could be.

MR. PERRY: All right. With the admonitions from Mr. Sheehan, I'm going to conclude the deposition.

Let's go off the record. (12:16 p.m.)

	Daniel E. Clasby
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1	ERRATA SHEET
2	I, DANIEL E. CLASBY, do hereby certify that I
3	have read the foregoing transcript of my testimony,
4	and further certify that it is a true and accurate
5	record of my testimony (with the exception of the
6	corrections listed below):
7	Page Line Correction/Reason
8	
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20	Signed under the pains and penalties of perjury this
21	day of, 2011.
22	
23	
24	DANIEL E. CLASBY

1	Commonwealth of Massachusetts)
2	Suffolk, ss.)
3	I, Lauren M. Mitchell, Registered
4	Professional Reporter and Notary Public in and
5	for the Commonwealth of Massachusetts, do hereby
6	certify that DANIEL E. CLASBY came before me on
7	Tuesday, October 25, 2011, the deponent herein, who
8	was duly sworn; the examination was reduced to
9	printing under my direction and control; and the
10	within transcript is a true record of the testimony
11	given at said deposition.
12	I FURTHER CERTIFY that I am neither attorney
13	or counsel for, nor related to or employed by any of
14	the parties to the action in which this deposition
15	is taken; and, further, that I am not a relative or
16	employee of any attorney or counsel employed by the
17	parties hereto, or financially interested in the
18	outcome of the action.
19	IN WITNESS WHEREOF I have hereunto set my
20	hand this 27th day of October, 2011, at Boston.
21	
22	Karnenson. Anitchell
23	Lauren M. Mitchell, Notary Public

6/2/2017

My Commission expires:

Daniel E. Clasby

Docket No. ES09E0094QC ALEXANDER B.C. MULHOLLAND, JR., et) al.,) Plaintiffs) X.) ATTORNEY GENERAL OF THE COMMONWEALTH) OF MASSACHUSETTS, et al.,) Defendants) DEPOSITION OF DANIEL E. CLASBY Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 22 **********		
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Docket No. ES09E0094Qc ALEXANDER B.C. MULHOLLAND, JR., et) al.,) Plaintiffs) ATTORNEY GENERAL OF THE COMMONWEALTH) OF MASSACHUSETTS, et al.,) Defendants) Defendants) Deposition of Daniel E. Clasby Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 22 **********	4	COMMONWEALTH OF MASSACHUSETTS
### ALEXANDER B.C. MULHOLLAND, JR., et	5	Essex, ss. Probate & Family Court
ALEXANDER B.C. MULHOLLAND, JR., et) al.,) Plaintiffs) v.) ATTORNEY GENERAL OF THE COMMONWEALTH) OF MASSACHUSETTS, et al.,) Defendants) Deposition of Daniel E. Clasby Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 22 **********	6	Docket No. ES09E0094QC
9 al.,) 10 Plaintiffs) 11 v.) 12 ATTORNEY GENERAL OF THE COMMONWEALTH) 13 OF MASSACHUSETTS, et al.,) 14 Defendants) 15	7	
Plaintiffs) V.) ATTORNEY GENERAL OF THE COMMONWEALTH) OF MASSACHUSETTS, et al.,) Defendants) DEPOSITION OF DANIEL E. CLASBY Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 ************	8	ALEXANDER B.C. MULHOLLAND, JR., et)
V.) ATTORNEY GENERAL OF THE COMMONWEALTH) OF MASSACHUSETTS, et al.,) Defendants) Defendants) DEPOSITION OF DANIEL E. CLASBY Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 ************	9	al.,
ATTORNEY GENERAL OF THE COMMONWEALTH) OF MASSACHUSETTS, et al.,) Defendants) Defendants) DEPOSITION OF DANIEL E. CLASBY Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 ***********	10	Plaintiffs)
OF MASSACHUSETTS, et al., Defendants DEPOSITION OF DANIEL E. CLASBY Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 ***********	11	v.)
Defendants) Defendants) DEPOSITION OF DANIEL E. CLASBY Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. Essex Center Drive Peabody, Massachusetts 01960 ************	12	ATTORNEY GENERAL OF THE COMMONWEALTH)
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Tuesday, October 25, 2011 10:08 a.m 12:16 p.m. MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 ***********************************	15	
10:08 a.m 12:16 p.m. 19 MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 ***********************************	16	DEPOSITION OF DANIEL E. CLASBY
MacLean Holloway Doherty Ardiff & Morse, P.C. 8 Essex Center Drive Peabody, Massachusetts 01960 ***********************************	17	Tuesday, October 25, 2011
8 Essex Center Drive Peabody, Massachusetts 01960 ***********************************	18	10:08 a.m 12:16 p.m.
21 Peabody, Massachusetts 01960 22 23 *********	19	MacLean Holloway Doherty Ardiff & Morse, P.C.
22 23 *******	20	8 Essex Center Drive
23 *******	21	Peabody, Massachusetts 01960
	22	
. 1	23	*****
Reporter: Lauren M. Mitchell, CSR, RPR, CRR	24	Reporter: Lauren M. Mitchell, CSR, RPR, CRR

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	They General of Massachusetts			October 25, 201
		Page 2		Page 4
1	APPEARANCES:		1	PROCEEDINGS
2	MacLean Holloway Doherty Ardiff & Morse	, P.C.	2	DANIEL E. CLASBY
3	William H. Sheehan, III, Esq.		3	appears before us today for his deposition and has
4.	8 Essex Center Drive			been sworn by this Notary Public.
5	Peabody, Massachusetts 01960		5	This witness does not at present have
6	(978) 774-7123		6	adequate documentation attesting to his identity
7	wsheehan@mhdpc.com		7	that satisfies the standards required by the State
8	Counsel for the Plaintiff		8	of Massachusetts for Notaries Public in
9			9	administering oaths.
10	Casner & Edwards, LLP		10	The parties in this action, therefore,
11	Stephen M. Perry, Esq.		11	agree to hold harmless this Notary Public if this
12	303 Congress Street		12	witness is later discovered to have falsified his
13	Boston, Massachusetts 02210		13	identity.
14	(617) 426-5900		14	EXAMINATION BY MR. PERRY:
15	perry@casneredwards.com		15	Q. State your name, please.
16	Counsel for School Committee of the		16	A. Daniel E. Clasby.
17	Town of Ipswich and Richard Korb,		17	Q. What's your residential address?
18	Superintendent		18	A. 4 Mill Road, Ipswich, Mass.
19			19	Q. How long have you been a resident of
20			20	Ipswich?
21			21	A. 55 years.
22			22	
23			!	A. 11/5/55.
24			24	Q. Sounds like you spent a couple of years
		Page 3	-	Page 5
1	INDEX		1	somewhere else.
2			1 -	A. Well college, I mean. I'll be 56. I live
3	WITNESS PA	AGE	3	in the same house I was born in.
4	DANIEL E. CLASBY		4	Q. Which part of Ipswich is 4 Mill Road in?
5	BY MR. PERRY:	ļ	5	A. It's about, I'd say it's about one and a
6			6	half miles from the railroad tracks in the center of
7	EXHIBITS		7	town, out toward Topsfield. And Mill Road is a road
8	Exhibit 1, Form PC, 7/01/05 through	.8	8	that goes to Hamilton and Wenham.
9	6/30/06		وا	Q. Did you go to Ipswich High School?
10	Exhibit 2, Form PC, 7/01/06 through	.8		A. Yes, I did.
11	6/30/07		11	Q. And what year did you graduate?
12	Exhibit 3, Form PC, 7/01/07 through	.8	1	A. 1973.
	_		1	
13	06/30/08		13	Q. Were you in high school with any of the
13	06/30/08	.8	13 14	Q. Were you in high school with any of the Feoffees?
	06/30/08	.8	14	
13 14 15	06/30/08 Exhibit 4, Form PC, 7/01/08 through 1 06/30/09	.8	14 15	Feoffees?
13 14 15 16	06/30/08 Exhibit 4, Form PC, 7/01/08 through 1 06/30/09		14 15	Feoffees? A. No.
13 14 15 16	06/30/08 Exhibit 4, Form PC, 7/01/08 through 106/30/09 Exhibit 5, income statement, year ended 40ctober 31		14 15 16 17	Feoffees? A. No. Q. How does Jim Foley compare to you in his
13 14	06/30/08 Exhibit 4, Form PC, 7/01/08 through 106/30/09 Exhibit 5, income statement, year ended 40 October 31 Exhibit 6, subschedule of numbers 6	9	14 15 16 17	Feoffees? A. No. Q. How does Jim Foley compare to you in his age? A. Offhand, I don't know his age.
13 14 15 16 17 18	06/30/08 Exhibit 4, Form PC, 7/01/08 through 106/30/09 Exhibit 5, income statement, year ended 40ctober 31 Exhibit 6, subschedule of numbers 6	19	14 15 16 17 18	Feoffees? A. No. Q. How does Jim Foley compare to you in his age?
13 14 15 16 17	06/30/08 Exhibit 4, Form PC, 7/01/08 through 06/30/09 Exhibit 5, income statement, year ended October 31 Exhibit 6, subschedule of numbers Exhibit 7, schedule showing balance	19	14 15 16 17 18 19 20	Feoffees? A. No. Q. How does Jim Foley compare to you in his age? A. Offhand, I don't know his age. Q. What kind of schooling did you have after
13 14 15 16 17 18 19	06/30/08 Exhibit 4, Form PC, 7/01/08 through 06/30/09 Exhibit 5, income statement, year ended October 31 Exhibit 6, subschedule of numbers Exhibit 7, schedule showing balance	19	14 15 16 17 18 19 20	Feoffees? A. No. Q. How does Jim Foley compare to you in his age? A. Offhand, I don't know his age. Q. What kind of schooling did you have after you graduated from high school?
13 14 15 16 17 18 19 20	06/30/08 Exhibit 4, Form PC, 7/01/08 through 06/30/09 Exhibit 5, income statement, year ended October 31 Exhibit 6, subschedule of numbers Exhibit 7, schedule showing balance	19	14 15 16 17 18 19 20 21	Feoffees? A. No. Q. How does Jim Foley compare to you in his age? A. Offhand, I don't know his age. Q. What kind of schooling did you have after you graduated from high school? A. Four years of undergraduate school at Boston

- 1 A. 1977.
- 2 Q. What was your degree?
- 3 A. Bachelor of science in accounting.
- 4 Q. When did you get your master's at Bentley?
- 5 A. I can't remember what year it was, to be
- 6 honest. I don't recall the year. 19 -- I'm not
- 7 sure of the exact year. It was in the early '80s,
- 8 '81, '82, somewhere in there.
- 9 Q. Could you summarize your occupational
- 10 history after graduating from BC?
- 11 A. Sure. I was hired by the firm Weyland,
- 12 Coughlin & Company in 1977.
- 13 Q. What firm?
- 14 A. Weyland, W-e-y-l-a-n-d, Coughlin,
- 15 C-o-u-g-h-l-i-n, & Company.
- **16** Q. Where are they?
- 17 A. At that time, they were in Lynn,
- 18 Massachusetts.
- 19 Q. What year did you say?
- 20 A. 1977.
- 21 Q. Okay. Go on.
- 22 A. I worked for them. In 1987, Mr. Weyland
- 23 retired. I took over his practice. And the firm's
- 24 name was called Coughlin & Clasby.

- 1 A. Same time, the early 1980s.
 - 2 Q. Did you take it once or more than once?
 - 3 A. I took it more than once. You're allowed to
 - 4 -- the parts carry over.
 - 5 Q. Do you know how many times you took it?
 - 6 A. I don't recall.
 - 7 Q. What type of practice have you had working
 - 8 first for Weyland, Coughlin & Company, then for
 - 9 Coughlin & Clasby, and now for Daniel Clasby?
 - 10 A. I'm not sure I understand.
 - 11 Q. Will you describe what kind of accounting
 - practice you've carried out?
 - What kind of work do you do as an
 - 14 accountant?
 - 15 A. We handle taxes for closely-held
 - 16 corporations and their shareholders. And we perform
 - 17 audit engagements and other attestation engagements.
 - 18 Q. I just didn't catch your words there.
 - You say, "And other"...?
 - 20 A. Attestations, such as compilation and review
 - 21 engagements.
 - 22 Q. How many people work for Daniel Clasby &
 - 23 Company?
 - 24 A. We have, at the present time, we have two

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- 1 Q. Okay. You can go on.
- 2 A. 1998, Mr. Coughlin passed away. And I
- 3 became a sole proprietor, the name of the company
- 4 now, Dan Clasby & Company.
- 5 Q. So you've really been, in a sense, at the
- 6 same place your entire career?
- 7 A. That's correct.
- 8 Q. When you joined Weyland, Coughlin & Company,
- 9 how many accountants were there?
- 10 A. It varied. At the time, there could have
- 11 been five accountants. I don't recall offhand,
- 12 approximately.
- 13 Q. Approximately five?
- 14 A. Approximately five, besides the partners.
- 15 Q. How many partners were there?
- 16 A. There were two, Weyland and Coughlin.
- 17 Q. They were CPAs?
- 18 A. That's correct. Weyland was an attorney as
- 19 well.
- 20 Q. Did you sit for your CPA exam?
- 21 A. Yes.
- 22 Q. When did you do that?
- 23 A. In the early 1980s.
- **24** Q. And when did you pass it?

- 1 CPAs. We have two support staff. And during tax
- 2 season, we usually hire one to two per diem.
- 3 Q. Are you one of the two CPAs?
- 4 A. No.
- 5 Q. So you have two CPAs in addition to
- 6 yourself?
- 7 A. That's correct.
- 8 Q. Are they full-time?
- 9 A. 30 hours to 37 hours a week, depending on
- 10 the time of year.
- 11 Q. What percentage of your revenues would you
- estimate are derived from audit engagements?
- 13 A. I'd say 15 to 20 percent.
- 14 Q. How many audits do you do in a typical year?
- 15 A. In a typical year, I'd say about, between 10
- 16 and 12 would be fair.
- 17 Q. Are you a member of any professional
- **18** associations?
- 19 A. Presently, at the Mass. Society of Certified
- 20 Public Accountants.
- 21 Q. Have you ever been a member of any other
- 22 professional associations?
- 23 A. Yes.
- 24 Q. Which ones?

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Page 10

- 1 A. The American Institute of Certified Public
- Accountants.
- 3 Q. During what period of time were you a member
- of the American Institute of Certified Public
- Accountants?
- 6 A. From the time I passed the CPA exam and had
- met the experience requirements through 2007, I
- believe. I'm not sure of the exact time.
- 9 Q. And what led to your no longer being a
- member of the AICPA?
- 11 A. My membership was terminated for a period of
- 12 one year.
- 13 Q. And you chose not to rejoin?
- 14 A. Correct. At the present time.
- 15 Q. And what was the event that caused your
- 16 membership to be terminated?
- 17 A. I had performed an audit of a small public
- company in the early 2000s. I issued an opinion on
- the June 30, 2004 statements of this company. And I
- had not registered on a timely basis with the PCAOB.
- 21 Q. Public Accounting --
- 22 A. Public Company Accounting Oversight Board.
- 23 Q. Which is a requirement of the SEC?
- 24 A. That is correct.

- 1 Q. If you could be a little more concrete about
- 2 it.
- 3 A. Yes. I mean, at the time, we issued an
- opinion on statements, financial statements as of
- June 30, 2004.
- 6 Q. Right.
- 7 A. And it was my understanding that because
- they were an unlisted company, that the effective
- date of Sarbanes-Oxley and the registration process
- was for audits performed for December 31, 2004, not 10
- June 30. 11
- 12 Q. All right. So you were aware that there was
- a requirement, but you didn't think it applied to 13
- you under the circumstances of the case?
- 15 A. That is correct.
- 16 Q. Was there any problem found with the audit
- itself? 17
- 18 A. Not that I'm aware of.
- 19 Q. There was no restatement of the financials?
- 20 A. There was not.
- 21 Q. Was the company required to have their books
- audited by a second accountant?
- 23 A. They decided not to pursue that.
- 24 Q. "They" being?

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- 1 A. The company.
- 2 Q. When did you first become engaged by the
- **3** Feoffees?
- 4 A. My recollection is in the area of 1998.
- 5 Q. As of 1998, did you know any of the
- so-called life Feoffees?
- Do you know what I mean by the --
- 8 A. I don't understand -- I understand what a
- life Feoffee is, but I don't understand what you
- mean by, did you know them.
- 11 Q. Were you personally acquainted with Don
- 12 Whiston before you became engaged by the Feoffees in
- 1998? 13
- 14 A. I knew who he was.
- 15 Q. Had you had any dealings with him?
- 16 A. No.
- 17 Q. Were you personally acquainted with Jim
- **18** Foley in 1998?
- 19 A. No, I was not.
- 20 Q. Were you personally acquainted with Peter
- 21 Foote?
- 22 A. I knew who he was.
- 23 Q. But you hadn't had any personal dealings
- with him?

1 Q. Are you currently registered with the PCAOB?

- 2 A. I am not.
- 3 Q. Have you ever been registered with the
- 4 PCAOB?
- 5 A. I have not.
- 6 Q. What does it require to become registered
- with the PCAOB?
- 8 A. You would go through their normal peer
- review procedures.
- **10** Q. What does that mean?
- 11 A. That means that you would -- they would
- review your firm and review certain workpapers. 12
- 13 It's a process.
- 14 Q. Have you ever applied to be approved by the
- PCAOB?
- 16 A. I have not.
- 17 Q. When you did your public company audit in
- 2004, were you aware of the requirement that you
- register with the PCAOB?
- 20 A. I was aware of the requirement as of a
- certain date. And the date was incorrect.
- 22 Q. If you could just explain that, because I
- didn't understand what you meant by that.
- 24 A. To issue --

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Page 14

- 1 A. No.
- 2 Q. What about Alex Mulholland?
- 3 A. Again, I knew who he was.
- 4 Q. So you knew who all these individuals were,
- but you weren't friends with any of them, correct,
- at the time?
- MR. SHEEHAN: Objection.
- A. I was not friends with any of them, no.
- Q. And you hadn't had any dealings with any of
- them? 10
- 11 A. At that time, no.
- 12 Q. Okay. So who was it that brought you in to
- work with the Feoffees?
- 14 A. Don Whiston.
- 15 Q. Do you know how he came to engage you as
- opposed to somebody else?
- 17 A. I'm not aware.
- 18 Q. Had you done work with the attorney for the
- Feoffees, Mr. Greenough?
- 20 A. Periodically.
- 21 Q. Who did you succeed as the Feoffees'
- accountant, if anyone?
- 23 A. I'm not -- I'm not aware of anyone before
- me.

- 1 Q. And the client prepares certain financial
- 2 statements, correct?
- 3 A. That is correct.
- 4 Q. And then the auditor is required to provide
- his professional opinion based on certain tests and
- procedures about the fairness of the financial
- statements, correct? 7
- 8 A. Correct.
- 9 Q. Did you do audit work for the Feoffees?
- 10 A. Did I or have I?
- 11 Q. Have you?
- 12 A. Yes.
- 13 Q. For what period of time did you prepare --
- 14 did you do audit work for the Feoffees?
- 15 A. I believe the first year was 1998, June.
- 16 Q. So you've been an auditor to the Feoffees
- since 1998? 17
- 18 A. Yes.
- 19 Q. Now at the time you first audited the
- Feoffees, did they have financial statements?
- 21 A. Mr. Whiston prepared financial statements.
- 22 Q. Had there been any accountant or auditor
- before you in 1998, that you were aware of?
- 24 A. No.

- 1 Q. When you became the Feoffees' accountant,
- did you learn that there hadn't been a regular
- accountant for the Feoffees before your engagement?
- 4 A. Yes.
- 5 Q. Who had been keeping the books and records
- of the Feoffees before you became its accountant?
- 7 A. Well could I --
- 8 Q. Yes.
- 9 A. When you say "accountant," I'm not the
- accountant. I'm the auditor, not accountant. 10
- So there's a difference.
- 12 Q. What's the difference between an auditor and
- an accountant? 13
- 14 A. Depends on the -- that is a very broad
- question.
- 16 Q. An audit is a procedure in which you give
- your opinion about the books -- the financial
- statements of an audit client, correct?
- 19 A. Of a client, yes.
- 20 Q. In other words, an auditor is independent of
- the client, right?
- 22 A. That is correct.
- 23 Q. Or required to be, correct?
- 24 A. That's correct.

- 1 Q. And was it your understanding that there
- hadn't been any accountant or auditor for the
- Feoffees on a regular basis before you were engaged?
- 4 A. No auditor.
- 5 O. Had there been an accountant to the Feoffees
- before you were engaged?
- 7 A. I don't know.
- 8 Q. Between 1998 and the present, have the
- Feoffees prepared -- have you prepared other
- documents for the Feoffees other than audit opinions 10
- between 1998 and the present? 11
- 12 A. Yes.
- 13 Q. What types of other documents have you
- prepared?
- 15 A. Form PC, which is filed with the Attorney
- General. 16
- 17 Q. Okay. What else?
- Have you assisted the -- do the Feoffees 18
- file Form 990s? 19
- 20 A. No, they do not.
- **21** Q. What is a Form 990?
- 22 A. It is a tax return of a tax-exempt entity,
- organization. 23
- MR. PERRY: Let's mark for 24

Page 21

Page 18

- identification as Exhibits 1 through 4 documents
- that have been provided to us in this litigation. 2
- And on the first page of each of these documents, it 3
- says Form PC for a particular year. And then I'll
- 5 ask you some particular questions.
- (Marked, Exhibit 1, Form PC, 7/01/05 6
- through 6/30/06.) 7
- (Marked, Exhibit 2, Form PC, 7/01/06 8
- through 6/30/07.) 9
- (Marked, Exhibit 3, Form PC, 7/01/07 10
- through 06/30/08.) 11
- 12 (Marked, Exhibit 4, Form PC, 7/01/08
- 13 through 06/30/09.)
- MR. SHEEHAN: Could you give me the 14
- 15 years, Steve, of the various exhibits?
- 16 MR. PERRY: Yes. Exhibit 1 is for the
- fiscal year ending June 30, 2006. And each one 17
- after that goes up one. 18
- MR. SHEEHAN: Okay. Thanks. 19
- MR. PERRY: You're welcome. 20
- Off the record. 21

1

2

3

6 A. Yes.

- (Discussion off the record.) 22
- 23 Q. The first thing I'd like to do, Mr. Clasby,

MR. SHEEHAN: Off the record.

4 Q. I've placed in front of you documents that

7 Q. But after that, there's also a Form 990.

9 Q. The first question I want to ask you is

18 Q. And did you prepare on behalf of the

21 Q. Is there a place in this document where it

states that, where it makes reference to the

24 A. It's just a requirement of the filing of the

13 Q. Okay. So what we have here as Exhibit 1 is

an attachment to the Form PC?

whether that Form 990, is that in any way part of or

(Discussion off the record.)

is to identify what we have here.

(Brief recess.)

8 A. That is correct.

12 A. That is correct.

15 A. That's correct.

17 A. That's correct.

20 A. Yes, I did.

14 really just a Form PC?

19 Feoffees this Form PC?

attached Form 990?

16 O. With all the attachments?

start out with the Form PC.

- PC. It's not -- I don't believe it's -- I'm not
 - aware of it being in the actual document.
 - 3 Q. Okay. And if you turn to the sixth page of
 - the document, Page 6 of the Form PC, there's a
 - signature line. And then there's the name Dan
 - Clasby & Company. The copy we've been provided 6
 - doesn't include any signatures. 7
 - Do you know who signed this? 8
 - 9 A. I can't recall at the time.
 - 10 Q. One of the Feoffees?
 - 11 A. One of the Feoffees, yes.
 - 12 Q. Did you have a discussion -- strike that.
 - 13 Am I to understand from your testimony
 - that you prepared this Form 990 as an attachment to 14
 - 15 the Form PC, but, in fact, it was never, to your
 - understanding, filed? 16
 - 17 A. You'll have to clarify what you mean by
 - "filed." 18
 - 19 Q. Yes. Thank you.
 - 20 If we look at the attachment, the Form
 - 990 that is attached to this Form PC --21
 - 22 A. Yes.
 - 23 Q. -- did this Form 990 ever get filed with the
 - 24 IRS?

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- 1 A. No.
- 2 Q. And Form 990s, are they normally filed with
- the IRS?
- 4 A. For tax-exempt organizations that fit under
- one of the categories of the, 501 of the Code.
- 6 Q. Does that include public -- is there a
- category for charities that are for the benefit of
- the -- of a state, a public fief trust, do you know?
- MR. SHEEHAN: Objection to the form. 9
- 10 Q. Do you know whether there's a tax-exempt
- category for charities that are regarded as public 11
- 12 entities?
- 13 A. I think you'd have to be more -- a charity
- isn't a public entity. 14
- 15 Q. What categories of exemptions are you aware
- of under Section 501 that you referenced?
- 17 A. I'm not sure of how many categories. There
- are approximately 25 that I am aware -- that I 18
- recall. I don't know the exact number offhand.
- 20 Q. When you were engaged in 1998 to do work for
- the Feoffees, did you discuss with anybody there
- what the scope of your engagement would be?
- 23 A. I would say yes.
- 24 Q. With whom did you have those discussions?

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- 1 A. I don't recall. Certainly Mr. Whiston was 2 involved.
- 3 Q. And did you learn at the time you had those
- 4 discussions that the Feoffees had never filed a Form
- 5 PC?
- 6 A. Eventually, I did, yes.
- 7 Q. Did you agree as part of your services to
- 8 make a determination of what filings the
- 9 organization needed to make to bring itself in
- 10 compliance?
- 11 A. I did not.
- 12 Q. Did you investigate any time between 1998
- and the present whether the Feoffees were supposed
- to file any kind of federal tax return?
- 15 A. I was not hired to do so.
- 16 Q. I didn't ask you that.
- My question was, did you investigate at
- any time between 1998 and the present whether the
- 19 Feoffees were required to file any kind of federal
- 20 tax return?
- 21 A. Did I personally investigate?
- 22 Q. Did you look into it?
- 23 A. At some point.
- 24 Q. All right. When did you look into it?

- 1 A. It depended on how they were going to be
- 2 classified, as a public or private entity, and
- 3 whether they fit into the Code section that was in
- 4 there.
- 5 Q. All right. So whether the returns were
- 6 filed depended in part on whether they were
- 7 classified as a public entity or a private entity?
- 8 A. Could have been.
- 9 Q. Okay. So explain to me what would be the
- implications if the Feoffees were classified as a
- 11 public entity for purposes of the tax return.
- 12 A. Essentially, the Feoffees were formed before
- 13 the Internal Revenue Code was put into place. And
- 14 they did not fit neatly into one of the definitions.
- 15 Q. I understand that. What I'm asking you is
- **16** this.
- You said that whether the Feoffees were
- 18 required to file tax returns could turn on whether
- 19 they classified as a private entity --
- 20 A. I would take that back. That is not
- 21 correct.
- 22 Q. Is there any kind of a rule that would allow
- an organization that was classified as a public
- 24 entity not to file tax returns?

Page 23

- 1 A. I don't recall the exact dates.
- 2 Q. Was it in the last five years?
- 3 A. I don't recall, honestly.
- 4 Q. What did you do to look into that issue?
- 5 A. We examined the facts of the makeup of the
- 6 Feoffees and the history of the organization.
- 7 Q. Okay. And what else did you do?
- 8 A. We reviewed the Code sections that would be
- 9 applicable to certain types of organizations based
- on how they were considered or what they were
- 11 considered.
- 12 Q. Okay.
- 13 A. And no final determination was made.
- 14 Q. Well based on your review of the facts and
- the history of the organization and your review of
- 16 the Code sections, what was your conclusion about
- whether the Feoffees were supposed to file federal
- 18 tax returns?
- 19 A. I never issued a written opinion to anyone
- 20 on that.
- 21 Q. What was your conclusion that you did not
- 22 place in writing?
- 23 A. It was a matter to be determined later.
- 24 Q. Why to be determined later?

- 1 A. No, not that I'm aware of.
- 2 Q. Well, for example, the Commonwealth of
- 3 Massachusetts does not file tax returns?
- 4 A. Right.
- **5** Q. Federal tax returns, correct?
- 6 A. I have never prepared one for them.
- 7 Q. The Town of Ipswich, does that have to file
- **8** federal tax returns?
- 9 A. I'm not aware.
- 10 Q. As far as you know, it doesn't, right?
- 11 A. Correct.
- 12 Q. So there's some sort of exemption that
- public entities don't have to file federal tax
- 14 returns, do they?
- 15 A. Could be, yes.
- 16 Q. So if the Feoffees were a public entity in
- the same way that the Town of Ipswich is a public
- 18 entity, it wouldn't have to file a federal tax
- 19 return, correct?
- 20 A. I can't say.
- 21 Q. Are you aware of any exemptions that would
- allow the Feoffees not to file tax returns if they
- 23 were a private entity?
- 24 A. Not specifically referenced by the Code.

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- 1 Q. Did you provide the Feoffees with this
- 2 information that there was no exemption in the Code
- 3 for filing tax returns if the Feoffees were a
- 4 private organization?
- 5 A. I've had discussions with counsel only.
- 6 Q. Counsel only?
- 7 Which counsel have you had those
- 8 discussions with?
- 9 A. The law firm of MacLean Holloway.
- 10 Q. Okay. Look at Exhibit 1. It starts out
- with your Form PC. And if you look at Page 2, it
- shows revenue in this fiscal year of 759,000 and
- program services of 588,000.
- And that would be the amount paid to the
- 15 school committee, right?
- 16 A. I'd have to look. I don't recall if that is
- 17 it or not.
- 18 Q. All right. In the interests of time --
- 19 A. It's certainly part of it.
- 20 Q. -- that would be where you would put the
- 21 gift to the school committee, wouldn't it?
- 22 A. Yes, it would.
- 23 Q. Okay. And you're not aware, as we sit here,
- of any other component of the 588,000 in that line,

- 1 Had he been the contact person after Don
- 2 Whiston ceased to serve in that role?
- 3 A. Yes.
- 4 Q. Did you file a Form PC for years earlier
- 5 than 2005?
- 6 A. Yes.
- 7 Q. When did you make those filings?
- 8 A. I believe 1998 was the initial filing.
- 9 Q. So you filed each of those Form PCs in a
- timely fashion starting in 1998?
- 11 A. To the best of my recollection.
- 12 Q. Did you have any discussions with the
- 13 Feoffees about their failure to file those for
- 14 earlier years?
- 15 MR. SHEEHAN: Objection.
- 16 Q. Years earlier than 1998.
- 17 A. I don't recall.
- 18 Q. Did you have any discussions with anybody at
- 19 the Attorney General's office about the failure to
- 20 file Form PCs for earlier years?
- MR. SHEEHAN: Objection.
- 22 A. I did not.
- 23 Q. Am I correct that when you prepare a Form PC
- 24 for a client, that's an accounting function, not an

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- 1 are you?
- 2 A. I would have to research. I'd have to look
- 3 at my records.
- 4 Q. As you sit here today, you're not aware of
- 5 anything other than --
- 6 A. I can't say that. Without looking at my
- 7 records, I can't say that.
- 8 Q. And then after that, there's a listing of
- expenses of \$65,431, right?
- 10 A. That's correct.
- 11 Q. So is it fair to say that there was some
- revenue in excess of expenditures and program
- services in this fiscal year?
- 14 A. Yes.
- 15 Q. And that was accumulated as part of the
- 16 principal of the trust, right?
- 17 A. That is correct.
- Yes, the 588 was the gift to the Town
- 19 that year. It's stated in the financial statements,
- 20 which are attached to this document.
- 21 Q. Okay. Thank you.
- On Page 3, you have a name and telephone
- 23 number of a contact person. You list that as Peter
- 24 Foote.

- 1 auditing function?
- 2 A. I would say that's correct.
- 3 Q. So wouldn't it be fair to say that since
- 4 1998, you've provided both accounting and auditing
- 5 services to the Feoffees?
- 6 A. I've provided preparation of tax returns
- 7 plus audits.
- 8 Q. Did you prepare pro formas for the Feoffees?
- 9 A. I assisted in the preparation of pro formas.
- 10 Q. And is that an accounting function rather
- 11 than an auditing function?
- 12 A. Yes, it is.
- 13 Q. So you've been an accountant to the Feoffees
- in addition to an auditor?
- 15 A. I've assisted with accounting functions.
- 16 Q. Are you trying to -- is the reason you're
- wording it that way because as an auditor you need
- 18 to maintain your independence?
- 19 A. No. We are allowed to work on pro formas
- 20 and that sort...
- 21 Q. Okay. As an independent auditor, you're
- allowed to do tax preparation, and you're allowed to
- 23 do pro formas, right?
- 24 A. That's correct.

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- 1 Q. You're just not allowed to be the one
- 2 preparing the books and records of the organization
- 3 which you're auditing?
- 4 A. That's correct.
- 5 Q. Among other things?
- 6 A. Yes.
- 7 Q. If you go to Page 5, there's a question
- 8 about whether the organization leased assets to or
- 9 leased assets from a related party. And there's a
- 10 yes checked off.
- Do you know why that was checked off?
- 12 A. It may have been incorrect.
- 13 Q. For some of the period of time during which
- 14 you've audited the Feoffees, was it your
- 15 understanding that Jim Foley and/or his family owned
- 16 a cottage at Little Neck for some period of time?
- 17 Correct?
- 18 A. I would say that's correct.
- 19 Q. All right.
- 20 A. I don't --
- 21 Q. In fact, that cottage was owned by Mr. Foley
- 22 and/or his family when you started providing
- 23 services, is that correct?
- 24 A. I'm not sure.

- 1 and children, as far as you know?
 - 2 A. As far as I know.
 - 3 Q. Did you indicate anywhere on this Exhibit 1
 - 4 that the Form 990 that's attached to the Form PC was
 - 5 not actually filed with the IRS?
 - 6 A. Could you restate that, please?
 - 7 MR. PERRY: Could you read that back.
 - 8 please?
 - 9 (Last question read back by Reporter.)
 - THE WITNESS: Could you read it one more
 - 11 time?
 - (Last question read back by Reporter.)
 - 13 A. I did not indicate.
 - 14 Q. If you go to Page 7 of the 990, you'll see
 - 15 Question 83A, "Did the organization comply with the
 - 16 public inspection requirements for returns and
 - 17 exemption applications?"
 - Do you know what is being referred to in
 - 19 that line where it refers to public inspection
 - 20 requirements for returns?
 - 21 A. I believe public inspection requirements for
 - 22 the Form PC that was filed.
 - 23 Q. You don't think it refers to public
 - 24 inspection requirements for Form 990s?

- 1 Q. Is it your understanding at some point it
- 2 may have been sold?
- 3 A. I'm not aware.
- 4 Q. If Mr. Whiston's parents or his daughter
- 5 owned a cottage, would you be required to check yes
- 6 next to Box C?
- 7 A. Could you restate that?
- 8 Q. Yes. Let me restate it.
- 9 I didn't mean to reference Box C on Page
- 10 5. I meant to reference 24B. Okay?
- 24B asks whether the organization leased
- assets to or leased assets from a related party,
- 13 right?
- 14 A. That's the question, yes.
- 15 Q. Okay. And this answer would have to be
- answered yes if the Feoffees leased real estate to a
- 17 Feoffee, right?
- 18 A. I would say that's correct.
- 19 Q. Does this box also have to be checked yes if
- the Feoffees leased real estate to a Feoffee's
- 21 spouse?
- 22 A. I would say that would probably fall under
- 23 the definition of a related party in some sort.
- 24 Q. And the same is true, isn't it, for parents

- 1 A. I do not.
- 2 Q. If you go to Page -- the page that contains
- 3 Statement 5, Statement 6, Statement 7, Statement 8
- 4 on the 990, at the beginning of the year, the land
- 5 is shown at 15,419,000, right?
- 6 A. Uh-huh.
- 7 Q. End of the year, you're showing it at zero,
- 8 is that right?
- 9 A. Yes.
- 10 Q. Is that because under generally accepted
- 11 accounting principles, the land is supposed to be
- 12 accounted for a cost?
- 13 A. That's correct.
- 14 Q. Was this the year in which that adjustment
- 15 was made?
- 16 A. That's correct.
- 17 Q. Had you provided any audited financial
- statements for any years before 2005?
- 19 A. Yes.
- 20 Q. And on the years prior to 2005, were you
- showing the land at this assessed value?
- 22 A. It was shown that way.
- 23 Q. And was that an incorrect way to include it
- 24 on the audited financial statements?

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- 1 A. No.
- 2 Q. Did the rules change?
- 3 A. No.
- 4 Q. Well are you saying that you concluded that
- 5 either way is correct?
- 6 A. If you read the opinion for those years, it
- was stated that that was a departure from generally
- accepted accounting principles, which was stated in
- the opinion.
- 10 Q. Okay. If you go to Exhibit B of your
- audited financial statement, Page 3, you have a
- statement of activities? 12
- 13 A. Yes.
- 14 Q. Does that differ in any way from what
- normally would be called an income statement?
- 16 A. That's correct. There's no difference.
- 17 Q. Why here is it called a statement of
- 18 activities rather than income statement?
- 19 A. That's the nomenclature for a non-profit organization.
- 21 Q. Okay. Thank you. So if we look at change
- in net assets, that would be for a different kind of
- organization, that would be what would be called 23
- 24 income?

- 1 Q. And you've given an opinion that that's --
- 2 the statements are fair and accurate in all material
- respects, correct?
- 4 A. They're fairly stated.
- 5 Q. And that means that it's your opinion that
- the Feoffees do not, in fact, owe any federal taxes,
- 7 right?
- 8 A. We didn't state that they did.
- 9 (Discussion off the record.)
- 10 Q. Let's go to Exhibit 2. And if we look at
- the Form PC attachments, we still have this 11
- disclosure of the renting of a lot to the Foley 12
- 13 Family Trust.
- And I think you've told me that you 14
- don't know whether that was accurate or not when 15
- 16 this was done?
- 17 A. That's correct. I think sometimes what
- happens is people, the same as last year, type in --
- it could have been an oversight.
- 20 Q. Well I understand. Obviously, when you
- prepare financial statements such as these that have 21
- 22 disclosures, your starting point is to copy the same
- document from the year before because, typically, 23
- 24 the accounting doesn't change and so forth, but the

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- question I was going to ask you is, if you were the
- auditor for the organization --
- 3 A. Yes.
- 4 Q. -- and as somebody signing these for the
- organization, isn't there supposed to be a process
- where people make sure that the information in this
- document is accurate?
- 8 A. That's correct.
- 9 Q. Okay. So whose responsibility was it with
- respect to this return to make sure that any 10
- disclosures about Feoffees renting to Feoffees was 11
- accurate? 12
- 13 A. I would say whoever signed the return.
- 14 Q. Well were you also required to ask the
- 15 question each year?
- 16 A. Yes.
- 17 Q. So it would be a joint responsibility of you
- and the person signing the return?
- 19 A. Correct.
- 20 Q. And that would be Mr. Foote in these years?
- 21 A. That's correct.
- 22 Q. If you go to Exhibit 1 again, and turn to
- the statement of activities, which is toward the
- 24 back of the package --

- question?
- 4 Q. Yes.

Change in net assets, is that the

5 A. Change in net assets. Excuse me. I thought you said net assets.

1 A. No, that's not correct.

- 7 Q. No. The line that says change in net
- assets --
- 9 A. It would be similar to net income for a
- 10 profit corporation, a for-profit entity.
- 11 Q. Thank you. What does the column "board
- 12 designated" mean?
- 13 A. That is where members of the governing body
- can designate funds for future purposes, which was
- done in prior years and eventually was reversed. 15
- 16 Q. Explain to me about what was eventually
- reversed. 17
- 18 A. Well, eventually, it was combined as part of
- the undesignated. It's the same thing as far as net
- assets are concerned. They're unrestricted.
- 21 Q. If you were -- your audited financial
- statement doesn't indicate that there's any taxes
- due to the federal government, correct?
- 24 A. That is correct.

- 1 A. Going back to Exhibit 1?
- 2 Q. Yes, please.
- 3 A. Okay.
- 4 Q. you'll see that there are legal fees of
- \$3,673 for the year, is that correct?
- 6 A. Yes.
- 7 Q. And that's for the year ending June 30,
- 2006?
- 9 A. That is correct.
- 10 Q. And for the years up through 2006, would you
- say that was a fairly typical amount that was spent
- on legal fees? 12
- 13 A. I mean, the statements are available. I
- don't recall what the numbers are.
- 15 Q. And in 2007, on Exhibit 2, you'll see that
- the legal fees were \$251,714. 16
- And do you remember an event taking 17
- place that led to this increase in legal fees? 18
- 19 A. I would say it was the -- I'm not sure of
- the dates, but it would probably relate to the suit
- by the tenants.
- 22 Q. Okay. Are there requirements under
- generally accepted accounting principles to make 23
- disclosures concerning contingencies in litigations?

- principles don't describe -- I mean, in certain
- instances, they give examples of disclosures, and
- that was similar to other examples.
- Q. Do you know whether any claims were being
- asserted by the Feoffees against the tenants --
- strike that.
- Do you know whether at the time you
- prepared Exhibits 1 through 4 the Feoffees were
- seeking to recover additional funds from the tenants
- beyond the amounts that they had collected? 10
- 11 A. Yes.
- 12 Q. And what is your understanding in that
- regard as to what funds the Feoffees were seeking to
- collect from the tenants?
- 15 A. I'm not sure what you mean by "funds."
- 16 Q. I asked you whether you were aware that the
- 17 tenants were -- I asked you whether you were aware
- that the Feoffees were seeking to collect additional 18
- 19 amounts from the tenants. And you said yes.
- 20 A. Yes.
- 21 Q. What is your understanding concerning
- additional amounts that the Feoffees were seeking to
- 23 recover from the tenants?
- 24 A. Additional -- an increase in rental income.

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- 1 A. Yes.
- 2 Q. And do you know what those rules are, what
- kind of disclosure needs to be made?
- 4 A. Depends on the circumstances.
- **5** Q. Suppose there's some material litigation.
- What is the requirement for the detail
- of the description that needs to be given under
- generally accepted auditing principles?
- 9 A. Well it would be accounting principles, not
- auditing. Auditing standards.
- 11 Q. Okay. Under auditing standards and GAAP.
- 12 A. It would be under accounting principles.
- You would disclose material litigation, but you
- 14 can't -- there's no estimates that are made without
- validity. 15
- 16 Q. You don't make estimates.
- 17 Are you required -- I see what you said,
- 18 "There is pending litigation regarding alleged right
- of occupancy of certain tenants located at Little 19
- 20 Neck in Ipswich, Massachusetts."
- 21 A. Right.
- 22 Q. Is that a sufficient disclosure under
- generally accepted accounting principles?
- 24 A. Well generally accepted accounting

- 1 Q. And was that -- so that was potentially an
- asset of the Feoffees, correct?
- 3 A. Potentially.
- 4 Q. Are there any requirements under generally
- accepted accounting principles that you discuss
- contingent recoveries?
- 7 A. It was unknown at the time what the result
- would be.
- 9 Q. Are you required to disclose, in order for
- the financial statements to be fair, that the
- Feoffees are seeking to recover additional amounts?
- 12 A. Whatever I disclosed is what I disclosed.
- 13 Q. I'm asking whether you were required to make
- a greater disclosure than you made.
- 15 A. I disclosed -- whatever I disclosed, I
- disclosed.
- 17 Q. You're not going to answer my question?
- 18 A. I mean, I have.
- 19 Q. And do you know whether the tenants were
- seeking to recover anything from the Feoffees in the 20
- 21 litigation?
- 22 A. I'm not aware of amounts. I was aware there
- was litigation.
- 24 Q. Did you review any documents to understand

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- 1 what was involved in the litigation?
- 2 A. Certain documents.
- 3 Q. I assume you had a letter from counsel for
- 4 the Feoffees describing the litigation?
- 5 A. I've had correspondence from them.
- 6 Q. Did you have so-called audit response
- 7 letters?
- 8 A. Not in every year.
- **9** Q. Why not?
- 10 A. We had management rep letters that were
- 11 covering what we believed was necessary.
- 12 Q. Did you have an audit response letter in any
- of the years from counsel for the Feoffees
- 14 concerning the tenant litigation?
- 15 A. Not that I'm aware of.
- 16 Q. Were you supposed to write to the lawyers
- and get audit response letters?
- 18 A. I discussed with counsel orally.
- 19 Q. You discussed that with Mr. Sheehan?
- 20 A. With the Feoffees' counsel, yes.
- 21 Q. Which counsel are you referring to?
- 22 A. Mr. Sheehan.
- 23 Q. About whether you should submit --
- 24 A. Just the nature of the ongoing litigation.

- 1 law.
- 2 Q. Under Internal Revenue standards, there
- 3 would be such a requirement if the Internal Revenue
- 4 Code applied to this organization?
- 5 A. Could be.
- 6 Q. Was it any part of your function as auditor
- 7 to pass upon the reasonableness of the compensation?
- 8 A. No.
- 9 Q. Do you know what Mr. Foley was doing to earn
- the compensation that was provided to him in fiscal
- 11 years 2008 and 2009?
- 12 A. In general terms only.
- 13 Q. In general terms, what is your
- 14 understanding?
- 15 A. He was managing the organization at the
- 16 time.
- 17 Q. Are you aware of any escrow arrangement
- 18 being established in connection with amounts that
- 19 the Feoffees were attempting to collect from the
- 20 tenants for additional rent?
- 21 A. Yes.
- 22 Q. And what was your understanding about this
- 23 escrow account?
- 24 A. It was an escrow account established under

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- 1 Q. Isn't there a requirement under audit
- 2 standards that you're supposed to write, or have the
- 3 client write to the lawyers concerning any pending
- 4 litigation and get an audit response letter which
- 5 you then review as part of your audit?
- 6 A. Yes. Some audit procedures use that. I did
- 7 it orally, not in writing.
- 8 Q. Don't generally accepted standards require
- 9 that you do it in writing?
- 10 A. We went through the management rep letter.
- 11 Q. I'm asking a different question.
- If I were to go research this issue with
- the AICPA, were you supposed to have sent a letter
- or have the client send a letter to Mr. Sheehan's
- 15 firm to get a written report concerning this
- 16 litigation?
- 17 A. Yes. Possibly.
- 18 Q. Any reason you didn't do that?
- 19 A. No.
- 20 Q. Are there any rules that require that any
- compensation paid to a related party be reasonable?
- 22 A. From Internal Revenue Service standards?
- 23 Q. And/or state law.
- 24 A. State law, I'm not -- I'm not aware of state

- 1 both entities. The tenants and the Feoffees were on
- 2 the account.
- 3 Q. All right. And if you take a look at your
- 4 -- let's take a look at Exhibit 4, which covers
- 5 fiscal year June 30, 2009.
- 6 And if you look at the financial
- 7 statements for that year, is it your understanding
- 8 this escrow account was still in existence at that
- 9 time?
- 10 A. At June 30, 2009, yes.
- 11 Q. Okay. Did you make any disclosure about
- this escrow account in the financial statements?
- 13 A. In the footnotes.
- 14 Q. Can you show me where?
- 15 A. The very last page, Page 7.
- 16 Q. True. So as of June 30, 2009, the amount in
- the escrow account was 1,120,077, correct?
- 18 A. Correct.
- 19 Q. And as you say in that note, there's no
- 20 disclosure anywhere else in the financial statements
- of any amount claimed in rent by the Feoffees over
- and above what they have been paid, correct?
- 23 A. Correct.
- 24 Q. Was it your determination that these Form

- PCs were required to be filed with the Attorney
- General's office between 1998 and the present? 2
- 3 A. It was not my determination.
- 4 O. Whose determination was it?
- 5 A. The Attorney General.
- 6 Q. And how did you learn of that determination?
- 7 A. I don't recall.
- 8 Q. Is it your recollection that somebody
- complained to the Attorney General's office about
- the fact that these hadn't been filed?
- 11 A. Could be, yes.
- 12 Q. And is that what led you to start filing
- 13
- 14 A. When the Attorney General requested that the
- Feoffees file them, yes.
- 16 Q. Did that happen before or after you became
- an accountant or service provider for the Feoffees?
- 18 A. I don't recall.
- 19 Q. Had you done any work for the Feoffees
- before 1998?
- 21 A. I did not.
- 22 O. When you did do work for the Feoffees
- starting in 1998, did you prepare any kind of 23
- engagement letter?

- charitable beneficiary, so that there was no net
- assets accruing to the benefit of the...
- 3 Q. Were you engaged to perform any work in
- connection with the, any of the litigation between
- the Feoffees and the tenants or between the Feoffees
- and the school committee?
- 7 A. No.
- 8 Q. Well did you do --
- 9 A. I did some work on the pro formas, yes.
- 10 Q. And did you understand that to be in
- 11 connection with pending litigation?
- 12 A. Yes.
- 13 Q. Who engaged you to do that work?
- 14 A. Attorney Sheehan.
- 15 Q. And who provided you with factual
- information for purposes of your performing that 16
- work? 17
- 18 A. Attorney Sheehan.
- 19 Q. So you weren't dealing directly with any of
- the Feoffees in that engagement?
- 21 A. That is correct.
- 22 Q. What was your role as to determining whether
- any of the assumptions in the pro formas was valid?
- 24 A. Use of judgment on my part.

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- 1 Q. All right. Well let's go over them. And
- you can tell me whether any of the assumptions that
- were made were your assumptions or whether they were
- 4 things you were instructed to do.
- Fair enough? 5
- 6 A. Fair.
- MR. PERRY: Bill, off the record. 7
- (Discussion off the record.) 8
- MR. PERRY: Let's mark the income 9
- statement as our next exhibit. 10
- (Marked, Exhibit 5, income statement, 11
- year ended October 31.) 12
- 13 Q. I've put in front of you the document that's
- entitled "Pro Forma Income Statement For Years Ended
- October 31." 15
- 16 Is this a pro forma income statement
- 17 that you prepared at the request of counsel for the
- Feoffees? 18
- 19 A. Yes.
- 20 Q. And am I correct that this document shows
- six different scenarios?
- 22 A. That is correct.
- 23 Q. All right. And the first three scenarios
- are projections of what the income statements would

1 A. I would assume I did.

- 2 Q. How frequently after 1998 did you prepare
- 3 any engagement letters?
- 4 A. Annually.
- 5 Q. And generally speaking, what do those
- engagement letters say is the scope of services
- you're providing?
- 8 A. I will prepare the audited financial
- statements and the filing of Form PC.
- 10 Q. How do you bill the Feoffees for extra
- services such as pro formas?
- 12 A. On an hourly basis.
- 13 Q. What's the rate?
- 14 A. \$150 per hour.
- 15 Q. If a determination were made by the Internal
- Revenue Service that the tax returns were required
- to be filed by the Feoffees, what would be the
- consequences? 18
- What would be the risks involved?
- 20 A. Well that's going to take a while to answer
- probably.
- 22 Q. In general, there could be some exposure to
- taxes, penalties and interests?
- 24 A. All profits were returned, typically, to a

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- 1 look like if no sale was permitted, and then the
- next three are projections that are based on a sale
- being permitted, correct?
- 4 A. Correct.
- 5 Q. Okay. Let me start with your first
- alternative and ask you some questions.
- In the first row, you have listed a
- figure for tenant and leaseholder rents, right?
- 9 A. Correct.
- 10 Q. And that figure that you list is \$1,075,536?
- 11 A. Correct.
- 12 Q. And that is a figure based on the amount
- that would be paid -- is that the sum of the amounts
- being paid under the existing leases, plus the
- amounts that the tenants are agreeing to pay? 15
- 16 A. Correct.
- 17 Q. It doesn't account for additional amounts
- that the tenants had been paying into escrow before
- the settlement agreement?
- 20 A. That is correct.
- 21 Q. And it doesn't account for any claims by the
- 22 Feoffees for additional rent, true?
- 23 A. That is correct.
- 24 Q. You're aware that the tenants are paying

- 1 fair market rent of the property?
- 2 A. I don't -- where would that be disclosed?
- 3 Q. Is this a cash-based analysis?
- 4 A. Yes.
- 5 Q. And do you have an opinion as to whether the
- litigation, if there were no sale, would be resolved
- before 2015? 7
- 8 A. I do not have an opinion on that.
- 9 Q. So the assumption you're making when you do
- these pro formas is, one, that there would be no
- settlement or resolution of the litigation through
- 2015, correct? 12
- 13 A. On this pro forma, yes.
- 14 Q. And second, that there would be no ability
- by the Feoffees between now and 2015 to collect any
- additional rent even if the tenants ought to be 16
- paying it? 17
- 18 A. On this pro forma.
- 19 Q. And you acknowledge that under this
- 20 particular pro forma, there is an amount not shown,
- which is a growing claim in the millions of dollars
- 22 by the Feoffees for additional rent, right?
- 23 A. Yes.
- 24 Q. And you've said that that's just not shown

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- less in rent than the Feoffees claim is a fair
- 2 market rental value of the property, correct?
- 3 A. I'm aware what they are paying in rent, yes.
- 4 Q. Are you also aware that the Feoffees are of
- the opinion that the tenants are paying insufficient
- amounts in rent?
- 7 A. In contrast to the leaseholders.
- 8 Q. Yes.
- 9 A. Yes.
- 10 Q. You understand that the Feoffees claim that
- 11 the tenants should be paying at least what the
- leaseholders are paying? 12
- 13 A. Yes.
- 14 Q. Is it your assumption in this scenario that
- the Feoffees will never recover any rent beyond that
- amount that the tenants are currently paying?
- 17 A. We just assumed that the rents would remain
- 18 steady through the litigation process.
- 19 Q. And how long are you assuming that the
- 20 litigation process will last?
- 21 A. Through the year 2015.
- 22 Q. And as a matter of accounting practice,
- wouldn't there be a contingent asset growing during
- these years if the tenants are paying less than the

- 1 here because you don't have a place to show it?
- 2 A. Correct.
- 3 Q. Let me show you --
- MR. SHEEHAN: Can we go off the record
- for a minute? 5
- MR. PERRY: Yes.
- (Discussion off the record.)
- 8 Q. Mr. Clasby, I was going to ask you about
- your balance sheet, but let's just continue on with
- Exhibit 5. 10
- 11 A. Exhibit 5, yes.
- 12 Q. The Institution For Savings note, when you
- did the pro forma, are those all interest amounts on
- that line?
- 15 A. Correct. That is correct.
- 16 Q. And that was based on the interest rate that
- was in effect at the time you did these pro formas? 17
- 18 A. That is correct.
- 19 Q. Did you know that it had adjusted down?
- 20 A. It has adjusted down since these pro formas
- 21 were completed.
- 22 O. So that's not shown here, right?
- 23 A. That's correct.
- 24 Q. In addition, this assumes no ability to

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- 1 refinance that note at lower amounts, correct?
- 2 A. The way it's shown, yes. It's not saying no
- 3 ability. It's just the way it's shown.
- 4 Q. Right. And in fact, would you agree that in
- 5 the event the litigation is resolved and the
- 6 Feoffees are successful in entering into long-term
- 7 leases, that would also open up new financing
- 8 opportunities, wouldn't it?
- 9 A. Correct.
- 10 Q. And if they had a critical mass of leases --
- it wouldn't even have to be all of them -- they
- would have some secure income that could be pledged
- 13 to support a borrowing?
- 14 A. Right.
- 15 Q. And then they could get rates that were much
- 16 closer to prime than the current rates, right?
- 17 A. Market rates.
- **18** Q. And market rates would be substantially
- 19 lower than what they're currently paying even with
- 20 the adjustment?
- 21 A. Could be.
- 22 Q. Okay. Do you know how many years the
- 23 principal is amortized over, is that a 30-year
- 24 amortization?

- 1 litigation.
- 2 Q. Well you have two lines. You have legal
- fees general, and legal fees Superior Court.
- 4 A. Right, right.
- 5 Q. So I'm assuming that the first line --
- 6 A. Well there are legal fees to be generated
- 7 outside the Superior Court litigation.
- 8 Q. Okay.
- 9 A. Again, this is with no sale permitted, you
- 10 know, it's...
- 11 Q. I've asked you whether those are high
- 12 compared to the level of fees that had been incurred
- historically for non-litigation purposes.
- 14 A. Again, you know, there's been fees that have
- 15 been generated in recent history that isn't --
- 16 Q. I see what you're saying.
- But those fees in recent history, what
- 18 do those relate to?
- 19 A. I mean...
- 20 Q. They arise out of the controversy with the
- tenants, don't they?
- 22 A. Generally speaking, yes.
- 23 Q. You show the Superior Court litigation fees
- 24 going on for two and a half years, is that right?

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- 1 A. I believe it's 20.
- 2 Q. The line for erosion note, that's a
- 3 hypothetical borrowing to pay for erosion control?
- 4 A. That is correct.
- 5 Q. And that's the interest there that you're
- 6 showing?
- 7 A. That is correct.
- 8 Q. There's a line for legal fees.
- 9 Did you make any independent
- 10 determination as to whether in a no-sale context,
- 11 \$120,000 a year for non-litigation legal fees is
- 12 appropriate?
- 13 A. In discussion with counsel, that was the
- 14 figure that we arrived at.
- 15 Q. Is that essentially a figure that you
- assumed based on instructions from counsel?
- 17 A. Yes.
- 18 Q. So you're not vouching for that figure?
- 19 A. Correct.
- 20 Q. Certainly it's high compared to historical
- 21 expenditures of legal fees by this trust outside of
- 22 a litigation context, isn't it?
- 23 A. The term "general" might be as kind of a
- catchall for all sorts, not just the Superior Court

- 1 A. That's the way it is showing.
- 2 Q. So this actually is assuming the litigation
- 3 would end after two and a half years, correct?
- 4 A. As far as legal fees being generated, yes.
- 5 Q. And then even after the litigation is
- 6 concluded, you did not make any adjustment to rent,
- 7 right?
- 8 A. That is the way it is shown.
- 9 Q. On your repairs and maintenance line, do you
- 10 know what that covers?
- 11 A. That would be anticipated expenses to the
- 12 system, annual repairs that could come up.
- 13 Q. Are the tenants or leaseholders, were they
- 14 paying any amounts that were supposed to cover
- repairs and maintenance to the wastewater system?
- 16 A. Currently, there's a monthly charge for
- 17 overhead and maintenance.
- 18 Q. Is that the \$40 a month that's being
- 19 charged?
- 20 A. Right.
- 21 Q. Why would that not be sufficient --
- 22 A. These are expenses --
- 23 Q. Let me finish the question.
- 24 A. Sure. I'm sorry.

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- 1 Q. Were you opining in these pro formas that
- 2 the \$40 a month that was being paid was insufficient
- 3 to cover repairs and maintenance?
- 4 A. I'm opining that these figures are above the
- 5 reimbursement of those numbers, yes.
- 6 Q. In other words, the \$40 a month, that's
- supposed to be adequate to cover the cost of the
- system, right?
- 9 A. I'm not one to make an opinion on that.
- 10 Q. It's approximately \$80,000 a year, right?
- 11 A. If you say so. I don't have the numbers off 12 my head.
- 13 Q. The quick math is \$480 per cottage, which we
- round to \$500, with 160-something cottages, right?
- 15 So it's in the ballpark of \$80,000 a
- 16 year, right?
- 17 A. Well they pay \$500 a year.
- **18** Q. Right.
- 19 A. Times 160, that's 8,000.
- 20 Q. I think it's 80,000.
- 21 A. 80,000?
- 22 Q. 160 times a thousand is 160,000 --
- 23 A. Sorry.
- 24 Q. That's okay. I didn't give you a

- 1 expand upon one of his previous answers, Steve.
 - 2 Q. Did you want to add anything to one of your
 - prior answers?
 - 4 A. Yes.
 - 5 Q. Okay. Why don't you do that.
 - 6 A. On the repairs and maintenance expense, that
 - also includes expenses for road repairs, things like
 - that, that are not covered by the monthly
 - 9 assessment.
 - 10 Q. Do you know how that breaks down?
 - 11 A. I don't.
 - 12 Q. If the Feoffees were charging a sufficient
 - amount through the monthly charge to cover the 13
 - 14 wastewater system repairs and maintenance, then the
 - 15 figure you've listed for repair and maintenance
 - would be reduced by an amount that's currently 16
 - 17 unknown to you?
 - 18 A. Correct.
 - 19 MR. PERRY: I'm going to mark as Exhibit
 - 6 your pro forma for the -- I don't know if this is 20
 - your additional schedule or cash flow. We'll have 21
 - 22 it marked as Exhibit 6, and you can tell me.
 - 23 (Marked, Exhibit 6, subschedule of
 - numbers.) 24

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- 1 Q. Could you tell us, please, what we've just
- 2 marked as Exhibit 6?
- 3 A. These are subschedules that relate to where
- some of the numbers come from in the balance sheet
- and income statement.
- 6 Q. Okay. I was hoping you could walk me
- through this so I can understand it.
- So we start out with an opening balance
- of 25,000, which I assume is some kind of cash
- balance? 10
- 11 A. That's correct.
- 12 Q. Assuming you would start with.
- 13 A. Yes.
- 14 Q. Was that an actual cash balance, or was that
- a projected cash balance?
- 16 A. That was projected because it's not the
- 17 normal year end for the Feoffees.
- 18 Q. So you don't know if that's the correct
- figure or not?
- 20 A. Back at that time, it was just --
- 21 Q. Projected?
- 22 A. -- projected.
- 23 Q. Do you know what the Feoffees actual
- approximate cash balance was on October 31, 2011?

1 calculator.

2 A. I shouldn't need it. I'm usually pretty

- 3 good at math.
- 4 Q. Not when you're having to have the stress of
- 5 a deposition. So you get special allowance.
- 6 A. Thank you.
- 7 Q. But it's around \$80,000 a year.
- Do you know why there's projected to be
- repairs and maintenance each year of another 40,000
- or so? 10
- 11 A. No, I don't have a clue.
- 12 Q. The depreciation and amortization item,
- that's a non-cash item that you add back on in your
- 14 cash flow analysis, right?
- 15 A. Yes.
- 16 Q. Now this Alternative 1A is sort of the
- 17 worst-case scenario in the sense that this is no
- 18 sale permitted --

Come on out.

- 19 THE WITNESS: Can I ask a procedure
- 20 question?

- 21 MR. SHEEHAN: Why don't we take a break.
- 23 (Witness confers with counsel.) 24 MR. SHEEHAN: The witness just wanted to

- 1 A. We're not there yet.
- Back in '10, October 31, 2010, I could 2
- get you that. I don't know offhand.
- 4 Q. Do you know what its current cash balance
- 6 A. No.
- 7 Q. All right. And you added in to this figure
- the net income before depreciation.
- That's like a cash adjustment, right?
- 10 A. That's the -- yes.
- 11 Q. Cash flow type adjustment?
- 12 A. Sure. Yes. All we're doing is showing how
- we came up with the cash balance that was presented
- on the pro forma balance sheet each year.
- So you see the ending balance. That
- would tie out to what was shown on the balance
- sheet. 17
- 18 Q. Well let me just get there.
- 19 A. Sure.
- 20 Q. So then the erosion note -- the next item is
- erosion note proceeds?
- 22 A. Yes.
- 23 Q. And why is that a positive figure?
- 24 A. It's cash that would come in from a note.

- 1 Q. Then you show some principal payments that
- are being made on one of the notes that aren't shown
- on your income statement because that only shows the
- interest?
- 5 A. Correct.
- 6 Q. You show some principal payback on the
- erosion note?
- 8 A. Yes.
- 9 Q. And the depreciation add-back, do you do
- that on a separate schedule?
- 11 A. What I did was, instead of taking net
- income, Steve, I just took net income before
- depreciation and amortization. 13
- 14 Q. Oh, I see. You already backed it out?
- 15 A. Yes. That's right.
- 16 Q. Have you done any updating of any of your
- pro forma work?
- 18 A. No.
- 19 Q. Have you done any work in connection with
- the litigation after you prepared these pro formas
- and before today? 21
- 22 A. No.
- 23 Q. Do you know whether the Feoffees would be
- able to refinance their existing debt to lower rates

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- And you see it was deducted down below when they
- performed the remediation.
- 3 Q. Maybe I'm just not following the column
- right.
- The 13,302 figure is the net income?
- 6 A. Correct.
- 7 Q. Okay. Then you show the \$900,000 coming in
- from the note?
- A. Right.
- 10 Q. Then you show a change in accounts payable?
- 11 A. Correct.
- 12 Q. What does that mean?
- 13 A. That would mean that accounts payable
- increased from the beginning of the year to the end
- of the year. So it reduced net income but had no
- affect on cash. 16
- So I added that back.
- 18 Q. Then you show the note being paid, right?
- 19 A. Correct -- no, not the note being paid.
- That shows the disbursement --
- 21 Q. The erosion being paid for?
- 22 A. Yes.
- 23 Q. The erosion being fixed?
- 24 A. Yes.

- at this time without mortgaging the property?
- 2 A. In my opinion?
- **3** Q. Well I'm really asking you factually.
- Do you have any information as to their
- ability to refinance existing debt?
- 6 A. I don't.
- 7 Q. Now your Alternative 1B is the same as 1A,
- except for now you're refinancing that existing
- loan, right?
- 10 A. Yes. That's correct.
- 11 Q. Based on an assumed mortgage of the
- 12 property?
- 13 A. Yes. That's correct.
- 14 Q. And this is showing, if we just look at the
- 15 last two lines, a positive cash flow, right?
- 16 A. Which line? I'm sorry.
- 17 Q. Well comparing the amount of depreciation
- and amortization to the net income.
- 19 A. I'm not sure what page you're on.
- 20 Q. Alternative 1B of Exhibit 5.
- 21 A. Oh, I was on Exhibit 6. All right.
- 22 So we're back to Exhibit 5. Okay.
- 23 Q. Alternative 1B, would you agree that, just
- doing a quick comparison of the depreciation and

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- 1 amortization of non-cash items to the net income,
- 2 that if you were under Alternative 1B and all your
- 3 assumptions were the same, the cash flow becomes
- 4 positive?
- 5 A. Cash flow before any payments to the bank on
- 6 principal, yes.
- 7 Q. Okay. So this doesn't show any of the
- 8 principal payments?
- 9 A. We should have a cash flow similar. If you
- went to your Exhibit 6, Page 2, that would relate to
- 11 this schedule.
- 12 Q. And what is this showing as far as cash
- **13** flow?
- 14 A. Ultimately, it shows there's no cash --
- 15 there's a negative cash flow.
- 16 Q. Which line are you looking at?
- 17 A. Under cash, the ending balance of cash is
- 18 less than what the beginning balance was. I mean,
- 19 it's pretty immaterial.
- 20 Q. Now this is based on spending \$420,000 in
- 21 legal fees, right?
- 22 A. That is correct.
- 23 Q. Per year, for two years?
- 24 A. For two years.

- 1 Q. Are they lower than six percent?
- 2 A. I don't know.
- 3 Q. You don't know whether these percentages of
- 4 90 percent, 70 percent or 50 percent are reasonable
- 5 assumptions, correct?
- 6 A. They were what counsel had asked us to do.
- 7 Q. Right. Under your sale scenarios, do you
- 8 show distributions to the Ipswich schools?
- 9 Maybe it's not on the ones I gave you.
- 10 A. Okay.
- MR. SHEEHAN: It's on what's going to be
- either Exhibit 7 or 8, Steve, I think.
- MR. PERRY: Let's have marked as Exhibit
- 7 a copy of your schedule showing the balance
- 15 available for distribution.
- 16 (Marked, Exhibit 7, schedule showing
- balance available for distribution.)
- 18 Q. On Exhibit 7, if you go to the last three
- 19 pages, these show the amounts that are shown as
- 20 available for distribution to the schools under each
- 21 of your scenarios, right?
- 22 A. That is correct.
- 23 Q. Now in some of your -- in your pro formas,
- 24 you generally were assuming a three-percent

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- 1 Q. Under your various alternatives where you
- are dealing with the sale of the units, you've
- 3 assumed that the tenants would finance their
- 4 purchases through the Feoffees at different levels,
- 5 right?
- 6 A. That's correct.
- 7 Q. So one you assumed 90 percent of them or 90
- 8 percent of the cash is through financing?
- 9 A. Yes.
- 10 Q. And the second assumption is 70 percent, and
- the third assumption is 50 percent?
- 12 A. That's correct.
- 13 Q. And at this time, the financing offered by
- 14 the Feoffees is significantly higher at six percent
- than tenants would be able to obtain in the market
- 16 if they were able to get equity financing on their
- 17 homes or mortgage financing, right?
- 18 A. Equity financing on their homes, I would
- 19 say, yes. It's not their principal residence.
- 20 Rates are usually different for...
- 21 Q. And if they were able to get vacation home
- 22 financing, do you know what rates are for that at
- 23 this time?
- 24 A. I don't know.

- 1 inflation rate?
- 2 A. I would say that's on the -- yes.
- 3 Q. On your expenses?
- 4 A. Probably. Expenses were five percent, I
 - 5 believe.
- 6 Q. Okay. So you assume that there would be
- 7 inflation of as much as five percent per year?
- 8 A. Could be. It's not just inflation but just
- 9 a contingency that expenses might increase.
- 10 Circumstances change.
- 11 Q. Okay. These pro formas showing amounts
- available for the schools are based on an assumption
- of the entire net income being distributed, right?
- 14 A. Net income less the principal payments to the banks.
- 16 Q. The entire net cash flow being distributed?
- 17 A. Yes.
- 18 Q. If the trust were every year to distribute
- 19 the entire net cash flow available, then wouldn't it
- 20 over time see the corpus reduced if one takes into
- 21 account inflation?
- 22 A. You say the principal amount of the corpus
- 23 wouldn't be worth as much?
- 24 Q. Yes. That's really what I was asking.

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- 1 A. You're never going to dip into the corpus to
- 2 pay principal.
- 3 Q. Let me try it a different way.
- 4 Would you agree if one were trying to go
- 5 with a sale, then the goal would be to maintain the
- 6 corpus, the purchasing power of the corpus, right?
- 7 A. That is correct.
- 8 Q. So you wouldn't want to have the corpus stay
- 9 at a steady level such that over time it became
- 10 worthless in purchasing power?
- 11 A. Right. You would hope that the investment
- 12 managers would take that into consideration. That's
- 13 what we relied on.
- 14 Q. But for the first five years, you are
- showing all of the cash flow coming out to the
- schools without any increase in the corpus, aren't
- **17** you?
- 18 A. That's just the income. We're not showing
- 19 increase in principal. We're just showing that the
- 20 income that was generated, just as if you owned a
- 21 trust and you had to pay out all the income, that's
- 22 what is assumed here.
- 23 Q. Well let's look at Alternative 2A.
- 24 A. Sure.

- to 1 Q. Under your Alternative 2A, because virtually
 - 2 all the assets are just being invested in the form
 - 3 of promissory notes to tenants on a balloon payment
 - 4 basis, isn't it true that at the end of the five
 - 5 years, you would expect the corpus to be essentially
 - 6 the same size as it was at the beginning of the five
 - years?
 - 8 A. Yes.
 - 9 Q. Okay. And if there were any inflation
 - during those five years, the real value of the
 - 11 corpus would have diminished?
 - 12 A. You could possibly say that, argue that.
 - 13 Q. So that would probably not be the most wise
 - 14 distribution policy?
 - 15 A. I can't comment on that. I don't think --
 - as I said, if you look at your investments now...
 - 17 Q. You think right now, if you had a lot of
 - 18 cash to invest and you were to invest it in the
 - 19 market, that would be something that would be very
 - 20 chancy, correct?
 - 21 A. Professional money managers would say -- I
 - 22 can't make an assumption on that.
 - 23 Q. Well you did state it.
 - 24 A. Well I didn't state it but...

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- 1 Q. In Alternative 2A, 90 percent of the assets
- 2 of the trust consist of promissory notes from
- 3 tenants?
- 4 A. Okay.
- 5 Q. Right? Fair characterization?
- 6 A. Yes.
- 7 Q. There's no corpus being invested to speak
- 8 of, right?
- 9 A. Not significant, right.
- 10 Q. So under this scenario, at the end of the
- 11 five years, when the tenants pay back those balloon
- 12 notes, right --
- 13 A. Okay. Yes.
- 14 Q. -- the corpus will be the same in size in
- 15 2015, more or less, as it was in 2011, right?
- 16 A. It might be good. If you look at Merrill
- 17 Lynch now, you want your money there?
- 18 Q. Well under your pro forma, at the end of the
- 19 five-year period, the corpus would be approximately
- 20 the same size --
- 21 A. We have not made any projections on the
- 22 corpus.
- 23 Q. Let me just finish the question.
- 24 A. I'm sorry.

- 1 Q. I mean, for example, if this property had
- 2 been sold on a cash basis in 2007 right?
- 3 A. Yes.
- 4 Q. -- it would probably have less money now
- 5 than it had in 2007?
- 6 MR. SHEEHAN: Objection.
- 7 Q. Or certainly wouldn't have kept up with
- 8 rises in the consumer price index?
- 9 MR. SHEEHAN: Objection.
- 10 A. I can't speculate on that.
- 11 Q. Do you have any clients in the real estate
- 12 industry?
- 13 A. Yes.
- 14 Q. Are you familiar with the concept of net
- 15 leases?
- 16 A. Generally -- in general terms, yes.
- 17 Q. What do you understand net leases to be?
- 18 A. I'm not -- where are you coming at?
- 19 Q. Are you familiar with leases where the
- 20 tenants pay a certain amount of rent, and in
- 21 addition, they pay expenses associated with the
- 22 property?
- 23 A. Yes.
- 24 Q. Is that a common form of leasing?

			October 25, 201
	Page 74		Page 76
1	A. Uh-huh.	1	Commonwealth of Massachusetts)
2	Q. And your assumptions in your pro formas are	2	Suffolk, ss.
3	.44	3	I, Lauren M. Mitchell, Registered
4		4	Professional Reporter and Notary Public in and
5	11 111	5	for the Commonwealth of Massachusetts, do hereby
6	A FERRI A R. III.	6	certify that DANIEL E. CLASBY came before me on
7	O 771	7	Tuesday, October 25, 2011, the deponent herein, who
8	4.4	8	was duly sworn; the examination was reduced to
9	. ~	9	printing under my direction and control; and the
10	Q. And that would be a fairly common form of	10	within transcript is a true record of the testimony
11		11	given at said deposition.
12		12	I FURTHER CERTIFY that I am neither attorney
13	MR. PERRY: All right. With the	13	or counsel for, nor related to or employed by any of
14	4 1 1	14	the parties to the action in which this deposition
15		15	is taken; and, further, that I am not a relative or
16	Let's go off the record.	16	employee of any attorney or counsel employed by the
17	(12:16 p.m.)	17	parties hereto, or financially interested in the
18		18	outcome of the action.
19		19	IN WITNESS WHEREOF I have hereunto set my
20		20	hand this 27th day of October, 2011, at Boston.
21		21	, ====, == ====
22		22	
23		23	Lauren M. Mitchell, Notary Public
24		24	My Commission expires: 6/2/2017
	Page 75	ĺ	
1	ERRATA SHEET		
2	I, DANIEL E. CLASBY, do hereby certify that I		
3	have read the foregoing transcript of my testimony,		
4	and further certify that it is a true and accurate		
5	record of my testimony (with the exception of the		
6	corrections listed below):		
7	Page Line Correction/Reason		
8			
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19			
20	Signed under the pains and penalties of perjury this		
21	day of, 2011.		
22	,		
23			
24	DANIEL E. CLASBY		

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FORM PC Page 1

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: Begin	,	-	06 / 30 / 06	
Check all items attached: Form PC X Sched Probate Account Copy of IRS Return X				
Attomey General's Acct. No. When did the organization first engage in chantable	e work in Massachusetf	Federal ID Number:		
Has the organization applied for or been granted IR				
IRS Exemption under 501(c); [] If exempt under 501(c), are contributions to the org.		ack box if No IRS Exen e as charitable contribu		N/A
Name: FEOFFEES OF THE GRAMMAR SO				
city: IPSWICH	Sta	ite: MA		zip: 01938
Phone: (978) 356-1040		Fax: (978)	356-1042	
E-Mail: N/A		Web Site (ULR): http	o://www.	
In the section below, please enter the appropriate of Category	스타막 성스시크 보인했다	e tari kaman da salah	on pages 12 and 13: 3 for your organization's main purp	ose(s) Code
County (Table 1)	5 Organizatio	on Purpose Code 1		8
Type of Organization (Table 2)	2 Organizatio	on Purpose Code 2		
Please check box if final return Prior to dissolution			Payment Received Office Use Only	



F	O	R	N	1	P	C
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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 organ	nization created? 2. Where was the organization created?
NOVEMBER 14, 1650	IPSWICH, MASSACHUSETTS
	3. What is the form of the organization?
를 하는 다른 사고 있었다. 그는 HELV 이 프로스에서 전혀 경험 등에 대한다는 하는 것이 되었다고 있는 등 했습니다. 는 근 한 한테스에서 그는 그러워 한다는 것이 되었다. 그리고 하는	the size of 3. What is the form of the organization? The size of the ball of the size of t
Corporation	3: What is the form of the organization? Testamentary trust

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.

Α	Contributions, gifts, grants, and similar amounts received	\$ <u>.</u>
В	Gross Support and Revenue	\$ 759,097
С	Program services and similar amounts paid out	\$ 588,000
D	Fundraising expenses	\$ •
E	Management and general expenses	\$ 65,431
F	Payments to affiliates	\$ •
G	Total Expenses	\$ 653,431
Н	Net assets or fund balances at the end of the year	\$ 933,929

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

572	Name Title Hours Per Salary & Other Benefit Plans Other. Week Income Compensation							
1	DONALD F. WHISTON	MANAGER	AS NEEDED	0	0	0		
2	ALEXANDER MULHOLLAND	CHAIRMAN	AS NEEDED	12,180	0	0		
3	JAMES FOLEY	CLERK	AS NEEDED	22,082	0	0		
4	PETER FOOTE	TREASURER	AS NEEDED	12,180	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 NoX If yes, please provide explanation

FOF Page	RM PC 3					l		
8.	List the name, amount of con consultants providing profess advisors professional solicite	sional servi	ces (e.g., attorney	s, architects, accountants,	each of t managei	he organization's ment companies,	s FIVE highest pa , investment	id
	Name		Statement / digital - #115 - digital - francis - #115 - digital - francis - #115	Amount of Compens	ation	Type	of Service(s)	
1	LAND-VEST				9,035	LAND APPRA	ISAL	
2	WATERLINE INDUSTRIES	}		1,2	258,191	SEWER UPG	RADE	
3	RJV CONSTRUCTION		3	884,367	SEWER UPG	RADE		
4	LOMBARDO ASSOCIATES	3		3	317,187	SEWER UPG	RADE	
5	WESTON & SAMPSON				15,541	ENGINEERIN	G	
9. EIPS	Bank(s) in which the organiza Bank: T NATIONAL BANK OF IPS			clude bank address and ph ddress ST, IPSWICH, MA		Phone Nun 0) 834-0046	nber	A Company of the Comp
FIRS	TINATIONAL BANK OF IPS	VVICI	31 WARKETS	OI, IFOVNION, IVIA	100	U) 034-0040		
10. 11. 2 DE	What is the organization's according address Street Address POT SQUARE Name address and telephone	ess is a P.O	. Box Number, list		et addre		Zip 21938	
	Name		reef Address	City,	State, Zi	p .	Telephone Numi	òer.
PETI	ER FOOTE	401 CO	LONIAL DR	IPSWICH, MA 0	1938	18 8	(978) 356-10	40
13. 14. IF Y	During the fiscal year reporter its behalf? At any time during the fiscal year solicited cont its behalf, have solicited cont OU ANSWERED "YES" IN AND/OR A-2 LINI ES:	ear followir ributions?	ng the year reporte	ed here, will your organizat	ion, or ot	Yes thers acting on Yes IPLETE SCHE		
15. a reli	If you are claiming an exempt right to identify which exempt gious organization	ion from the	e solicitation certif	icate requirement, please i				
perso	rganization which (a) does not rais ons during a calendar year. AND ((a) and (b) must be met for your o	b) carries ou	it all of its activities,	including fundraising, throug				

FORM	PC
Page 4	

16.	Names,	addresses (street & P.O.) and telephone numbers of other offices/chapters/branches	laffiliates	(attach	list).	N/A					
17.	List the organiz	names, titles and addresses (street & P.O.) of officers, directors, trustees, and the pri ation (attach separate sheet). SEE ATTACHED	incipal sala	aried e	xecutiv	es of					
18.	Attach :	separate sheet listing names and addresses (street & P.O.) for all below: SEE ATTA	CHED								
	Individu Individu Individu	ial(s) responsible for custody of funds ial(s) responsible for distribution of funds ial(s) responsible for fund raising ial(s) responsible for custody of financial records ial(s) authorized to sign checks									
19.	Has this	s organization or any of its officers, directors, employees or fund raisers solicited fundate?	ds in any	Yes _		No	X				
	other na	tach list of states where solicitation was conducted, including registering agency, dates of remes under which the organization was/is registered, and the dates and type (mail, telephonon conducted.	egistration, e, door to d	registra loor, sp	ation nu ecial ev	mbers, rents, e	any tc) of th				
20.		organization or any of its officers, directors, employees: , please attach an explanation									
		Been enjoined or otherwise prohibited by a government agency/court from operating or soliciting contributions?		Yes		No	Х				
		Ever been refused registration or had its registration or tax exemption denied, suspended, modified or revoked by a governmental agency?		Yes _		No	Х				
	(c)	Been the subject of a proceeding regarding any solicitation or registration?		Yes		No	Χ				
	(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	Х.				
21.		ly restrictions been removed during the year from donor-restricted funds? ease attach an explanation		Yes _		No _	_X				
22.		onor-restricted funds been loaned to unrestricted funds? lease attach an explanation		Yes _		No	X				
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	Х	·····				
	(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

FORM PC Page 5

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 transitions 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

(a)	Sold or transferred assets to or purchased assets from or exchanged assets with a related party?		Х
(b)	Leased assets to or leased assets from a related party?	Х	
(c)	Been indebted to a related party?	Х	
(d)	Allowed a related party to be indebted to it?		Х
(e)	Made or held an investment in a related party?		Х
(f)	Furnished goods. services, or facilities to a related party?		Х
(g)	Acquired goods, services, or facilities from a related party who received compensation or other value in return?		Х
(h)	Paid or became obligated to pay wages, salary or other compensation to a related party?		Х
(i)	Transferred income or assets to or for use by a related party?		Х
(i)	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?		Х
(k)	Has the organization invested in any corporate stock in which any officer, director, or trustee owns more than 10% of the outstanding shares?		Х
(1)	Is any property of the organization held in the name of or commingled with the property of any other person or organization?		Х
(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?		Х

vledge		eport, including all attachments, is true a	
			A Company of the Comp
nature of president or other authori	zed officer or trustee	Title	Date
	DAN CLASBY & COMPAI Name	NY a of Preparer	
		R#238C, BEVERLY, MA 01915 - idress	
	(978) 922-9900	e, Number	

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

FED ID# 04-6001191

FYE 6/30/06

Q 17 & 18

Alexander B C Mulholland Jr

Chairman

PO Box 587

Ipswich, MA 01938

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 6/30/06

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**

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung

OMB No. 1545-0047 2005 Openito Rublic

benefit trust or private foundation).

The organization may have to use a copy of this return to satisfy state reporting requirements. Department of the Treasury Internal Revenue Service For the 2005 calendar year, or tax year beginning 7/01/05, and ending 6/30/06D Employer identification no. Please C Name of organization Check if applicable: use IRS 04-6001191 FEOFFEES OF THE GRAMMER SCHOOL Address change label or Telephone number IN THE TOWN OF IPSWICH print or Name change 978-356-1040 Number and street (or P.O. box if mail is not delivered to street address) Room/suite type. Initial return See Accounting method X Cash 25 GREEN STREET Specific Final return Accrual Other (specify) City or town, state or country, and ZIP + 4 Instruc MA 01938 IPSWICH Amended return tions. ■ Section 501(c)(3) organizations and 4947(a)(1) nonexempt charita leH and I are not applicable to section 527 organizations. Application pending trusts must attach a completed Schedule A (Form 990 or 990-EZ). Yes X No H(a) Is this a group return for affiliates? H(b) If "Yes," enter number of affiliates ▶ Website: ► N/A Yes H(c) Are all affiliates included? Organization type (check only one) ▶ 501(c) () < (insert no.) 4947(a)(1) or 527 (If "No," attach a list. See instr.) H(d) Is this a separate return filed by an Check here if the organization's gross receipts are normally not more than \$25,000. The organization covered by a group ruling? organization need not file a return with the IRS; but if the organization chooses to file a return, be Group Exemption Numbe▶ sure to file a complete return. Some states require a complete return. M Check ▶ X if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF). Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 1▶ 1,325,030 Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.) Part Contributions, gifts, grants, and similar amounts received: Direct public support 1h h Indirect public support 10 Government contributions (grants) C 0 1d Total (add lines 1a through 1c) (cash\$ _____ noncash \$ d Program service revenue including government fees and contracts (from Part VII, line 93) 2 2 Membership dues and assessments 3 3 19,284 Interest on savings and temporary cash investments 4 4 5 Dividends and interest from securities 5 6a Less: rental expenses See Statement 1 6b 739,813 6с Net rental income or (loss) (subtract line 6b from line 6a) C 7 Other investment income (describe (B) Other Gross amount from sales of assets other (A) Securities 8a 8a than inventory Less: cost or other basis and sales expenses 8b b Gain or (loss) (attach schedule) 8c Net gain or (loss) (combine line 8c, columns (A) and (B)) 8d Special events and activities (attach schedule). If any amount is from gaming, check here Gross revenue (not including of contributions reported on line 1a) Less: direct expenses other than fundraising expenses 9b b 9c Net income or (loss) from special events (subtract line 9b from line 9a) Gross sales of inventory, less returns and allowances 10a Less: cost of goods sold b Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) Other revenue (from Part VII, line 103) 11 759,097 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11) 12 588,000 Program services (from line 44, column (B)) 13 Expenses 65,431 14 Management and general (from line 44, column (C)) 14 Fundraising (from line 44, column (D)) 15 Payments to affiliates (attach schedule) 16 16 653,431 17 Total expenses (add lines 16 and 44, column (A)) 17 105,666 Excess or (deficit) for the year (subtract line 17 from line 12) 18 Assets 16,202,339 Net assets or fund balances at beginning of year (from line 73, column (A)) 19 -15,374,076 Other changes in net assets or fund balances (attach explanation) See Statement 2 20 Net Net assets or fund balances at end of year (combine lines 18, 19, and 20) 21 933,929

; (ii) the amount allocated to Program service\$

; and (iv) the amount allocated to Fundraising

Form 990 (2005)

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) Part III Statement of Functional Expenses organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.) Do not include amounts reported on line (C) Management (B) Program (D) Fundraising (A) Total and general 6b, 8b, 9b, 10b, or 16 of Part I. 22 Grants and allocations (attach schedule) Stmt 3 (cash\$ 588,000 cash \$ 22 588,000 588,000 If this amount includes foreign grants, check here 23 Specific assistance to individuals (attach 23 schedule) 24 Benefits paid to or for members (attach 24 25 Compensation of officers, directors, etc. 25 26 Other salaries and wages 26 27 Pension plan contributions 27 28 Other employee benefits 28 29 29 Payroll taxes 30 30 Professional fundraising fees 3,000 3,000 31 31 Accounting fees 3,673 3,673 32 32 Legal fees 33 33 Supplies 34 Telephone 34 35 Postage and shipping 35 36 Occupancy 36 37 Equipment rental and maintenance 37 38 Printing and publications 38 39 39 Travel 40 Conferences, conventions, and meetings 40 41 41 Interest 42 Depreciation, depletion, etc. (attach schedule) 43 Other expenses not covered above (itemize): 58,758 58,758 a See Statement 4 43a 43b .,... 43c 43d 43e 43f 44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 588,000 65,431 0 653,431 13-15) Joint 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?

DAA	

If "Yes," enter (I) the aggregate amount of these joint costs

(iii) the amount allocated to Management and genetal

Part III 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 on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

	its return. Therefore, please make sure the return is congrams and accomplishments.	emplete and accurate and fully describes, in Part III, the organization's	
► All of o	organizations must describe their exempt purpose ach clients served, publications issued, etc. Discuss achieve panizations and 4947(a)(1) nonexempt charitable trusts	TOWN OF IPSWICH PUBLIC SCHOOLS ievements in a clear and concise manner. State the number ements that are not measurable. (Section 501(c)(3) and (4) must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) & (4) orgs., & 4947(a)(1) trusts; but optional for others.)
а	GIFT TO SCHOOL, TRANSFER ACCOUNT.	TO TOWN OF IPSWICH SCHOOL	
	(Grants and allocations \$ 588,000) If this amount includes foreign grants, check here	588,000
b			
•	(Grants and allocations \$) If this amount includes foreign grants, check here	
С			
	(Grants and allocations \$) If this amount includes foreign grants, check here▶ ☐	
d	(Grants and allocations \$) If this amount includes foreign grants, check here □	
е	Other program services (attach schedule)		
_	(Grants and allocations \$) If this amount includes foreign grants, check her	
f	Total of Program Service Expenses (should equal lin	ne 44, column (B), Program services)	588,000 Form 990 (2005)

66	Total liabilities. Add lines 60 through 65	2	,964	, 638	66	6,456,290
Org	anizations that follow SFAS 117, check her X and complete lines					
	67 through 69 and lines 73 and 74.					
67	Unrestricted	16	,152	,339	67	883,929
68	Temporarily restricted		50	,000	68	50,000
69	Permanently restricted				69	
Org	anizations that do not follow SFAS 117, check her					
	complete lines 70 through 74.					
70	Capital stock, trust principal, or current funds	L			70	
71	Paid-in or capital surplus, or land, building, and equipment fund				71	

Grants payable

b Mortgages and other notes payable (attach schedule) See Worksheet

Other liabilities (describe ► See Statement 8)

Retained earnings, endowment, accumulated income, or other funds

column (A) must equal line 19; column (B) must equal line 21)

Total net assets or fund balances (add lines 67 through 69 or lines

Total liabilities and net assets/fund balances. Add lines 66 and 73

Deferred revenue

Loans from officers, directors, trustees, and key employees (attach

64a Tax-exempt bond liabilities (attach schedule)

390,219 Form 990 (2005)

933,929

6,448,076

63

64a

64b

72

2,964,638 65

16,202,339

19,166,977

61

62

63

Liabilities

Net Assets or Fund Balances

70 through 72;

	990 (2005)	FEOFFEES	OF	THE	GRAMME	R S	CHOOL	04-6	001191	<u> </u>		Page 5
Pā			on of I	Revenu	ie ber Au	dited	Financial S	tatemer	nts With Reve	nue per	Return	(See the
		instructions.)		ort nor nu	dited financi	al state	mente			а	1 1	,325,030
a b		e, gams, and ome uded on line a bu		-		ai State	:mems ,				1	.,525,650
		d gains on invest						b1				
2		ices and use of fa							. ,,			
3	Recoveries of	f prior year grants	3					b3				
. 4		/):							See Stmt			
									565,9	33		
										Ь		<u>565,933</u>
С	Subtract line I	b from line a								с		759,097
d	Amounts inclu	uded on Part I, lin	e 12, b	ut not on	line a:							
1	Investment ex	penses not inclu	ded on	Part I, lir	ne 6b			d1				
2	Other (specify	/):						.				
								d2				
	Add lines d1 a	and d2								<u>d</u>		===
e	Total revenue	e (Part I, line 12).	Add lin	es c and	d				-4- \8/24b F	▶ 6	<u> </u>	759,097
									ents With Expe		er Retu	,219,364
a ,										a island	<u> </u>	,219,304
p		ided on line a but						b1				
1	Donated serv	ices and use of fa	acilities				,	. b1				
2		ustments reporter										
-	Other (specific	ed on Part I, line	20					. 53	See Stmt	10		
*		/):								33		
	Add lines b1 t	brough b4		• • • • • • • •							1	565,933
С	Subtract line I	h from line a	· · · · · · ·							···· c		653,431
ď	Amounts inclu	uded on Part I, lin	e 17. b	ut not on	line a:			• • • • • • • • • •				
1		penses not inclu						d1				
		/):										
								1				
	Add lines d1									d		
e	Total expens	es (Part I, line 17	'). Add l	ines c ar	nd d			<u></u>		▶ e		653,431
Pā	rt V-A	Current Offic	ers, D	irecto	rs, Truste	es, a	nd Key Emp	oloyees ompensate	(List each person ved.) (See the instru	who was a actions.)	n officer,	director, trustee,
					.9 ,				,		ntrib. to	(E) Expense
		(A) Name	and addi	ess			(B) Title and average week devoted	ge hours per to position	(C) Compensation (If not paid, enter	(D) Cor employee plans & compense	deferred ation plans	(E) Expense account and other allowances
AJ	EXANDE	R B C MUI	HOL	LAND	, JR		CHAIRM					
		587 IPSW					4		C)	0	12,180
JZ	AMES FOI	LEY					CLERK					
39	RIVER	RD IPSWI	CH I	MA 0:	L938		2)	0	22,082
PI	ETER FOO	OTE					TREASU	RER			1	
		NIAL DR.	IPS	WICH	MA 019	938	4)	0	12,180
	M CLANC						MANAGE	R			_]	_
_3:	L MARKE	r sr. ips	WIC	H MA	01938		3		()	0	0
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					***************************************		d			. 1		Form 990 (2005)

	m 990 (2005) FEOFFEES OF THE GRAMMER		-6001191			Page 6
	artivA Current Officers, Directors, Trustees, a Enter the total number of officers, directors, and trustees permit			ard	Yes	No
	meetings	iou to voto ou organizat	>			
b	Are any officers, directors, trustees, or key employees listed in f			ed		
	employees listed in Schedule A, Part II, or highest compensated					
	contractors listed in Schedule A, Part II-A or II-B, related to each relationships? If "Yes," attach a statement that identifies the indi				75b	X
	rolation important and the months and the months and the months and the months are the months and the months are the months and the months are the months ar	ividualo and explaine the	s relationship(s)			
С	Do any officers, directors, trustees, or key employees listed in F	orm 990, Part V-A, or hi	ighest compensated	Ė		
	employees listed in Schedule A, Part I, or highest compensated					
	contractors listed in Schedule A, Part II-A or II-B, receive competax exempt or taxable, that are related to this organization throu				75c	Y
	Note. Related organizations include section 509(a)(3) supporting		or common contro			
	, , , , , , , , , , , , , , , , , , , ,	5 - 5				
	If "Yes," attach a statement that identifies the individuals, explain					
	organization and the other organization(s), and describes the co- including amounts paid to each individual by each related organ		nts,			
d					75d	
	art V-Bi Former Officers, Directors, Trustees, ar				1	
	(If any former officer, director, trustee, or key employ	ee received compensat	ion or other benefit	s (described below) d	uring	
	the year, list that person below and enter the amoun	t of compensation or oth	ner benefits in the a	ppropriate column. Se	ee the	
	instructions.)			(D) Contrib to omelous	/E) Eur	
	(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contrib. to employe benefit plans & deferred compensation plans	account an	d other ces
N/	A					
	144.444.44					

• • • •						
		_				
٠						
				· · · · · · · · · · · · · · · · · · ·	PV	
₽P¥	Other Information (See the instructions.)	1				N-
'6	Did the organization engage in any activity not previously reported		attach a detailed		Yes	No Buh
	description of each activity	•			76	X
7	Were any changes made in the organizing or governing docume	nts but not reported to the	ne IRS?		77	X
*0-	If "Yes," attach a conformed copy of the changes.					
'8a h	Did the organization have unrelated business gross income of \$`If "Yes," has it filed a tax return on Form 990-T for this year?			1	78a	X
79	Was there a liquidation, dissolution, termination, or substantial co	ontraction during the ver	ar? If "Yes." attach		78b 	
	a statement			1	79	X
30a	Is the organization related (other than by association with a state	wide or nationwide orga	inization) through	į	*******	
,	common membership, governing bodies, trustees, officers, etc.,		nonexempt organiza	ation?	80a	X
b	If "Yes," enter the name of the organizatio ↑		overni			
31a	Enter direct and indirect political expenditures. (See line 81 instru	and check whether it is actions.)		nonexempt		
b					81b	X
AAC					Form 990	

Form	m 990 (2005) FEOFFEES OF THE GRAMMER SCHOOL 04-6001191			Page 7
	art VII Other Information (continued)			Yes No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge	l		-
	or at substantially less than fair rental value?		82a	X
b	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.)			
83a			-	<u> </u>
b			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	N/A		
	gifts were not tax deductible?		84b 85a	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	N/A	85b	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		330	
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization	Ī		
	received a waiver for proxy tax owed for the prior year. Dues assessments and similar amounts from members 85c			
c	Bacs, assessments, and onnue and another and another and another and another and another and another another and another another and another a			
d	Section 102(e) ibbbying and pointed experiments			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices Taxable amount of lobbying and political expenditures (line 85d less 85e) 856 856			
	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	85a	Jantin Special
g h	to the control of the			
11	to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the			
	following Assessment	N/A	85h	
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on		Hill !	
~~	869		ii ii ii	
h	Gross receipts, included on line 12, for public use of club facilities			
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a			
	Gross income from other sources. (Do not net amounts due or paid to other			
_	sources against amounts due or received from them.)			
88	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		88	X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under:	1		
	section 4911 ▶ ; section 4912 ▶ ; section 4955 ▶			
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction			
	during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach			ļ
	a statement explaining each transaction		89b	
C	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year	_		
	sections 4912, 4955, and 4958	💆 —		
đ		🏲		
	List the states with which a copy of this return is file. MA			
	Number of employees employed in the pay period that includes March 12, 2005 (See	اممدا		
	instructions.) The books are in care of ▶ PETER FOOTE Telephone no	90b	356.	1040
91a). * 9.19	٠٠٠٠٠	T.H.O.#.O.
	401 COLONIAL DR.	11030		
	Located at ▶ IPSWICH, MA ZIP+4▶ C	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
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		٢	Yes No
			91b	X
	account)? If "Yes," enter the name of the foreign counting			
	If " Yes," enter the name of the foreign counting See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank			
	and Financial Accounts. At any time during the calendar year, did the organization maintain an office outside of the United States?		91c	X
٠				
с 92	If "Yes," enter the name of the foreign country Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here			▶ □
32	If "Yes," enter the name of the foreign country Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92		
	Allo outer the dispati of the evening management of any and any in the first outer the same of the sam		Form	990 (2005

には、これのは、	infolliation Regarding Transfels Associated with Ferse	mai Denemi Contrac	to tocc the mandenona.						
(a) Did th	(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes X No								
(b) Did th	e organization, during the year, pay premiums, directly or indirectly, on a pers	onal benefit contract?	Yes X No						
Note: If "Y	es" to (b), file Form 8870 and Form 4720 (see instructions).								
Please	Under penalties of perjury, I declare that I have examined this return, including accompa and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is	nying schedules and statement based on all information of white	s, and to the best of my knowledge ch preparer has any knowledge.						
Sign									
dere	Signature of officer		Date						
Tere	PETER FOOTE	TREASURER							
	Type or print name and title.								
	Preparer's	Date Check if	Preparer's SSN or PTIN (See Gen, Instr. W)						
Paid	signature Daniel E. Clasby	9/13/07 self- employe	. [2]						
Preparer's	Firm's name (or yours Dan Clasby & Company		EIN ▶ 04-3395132						
Jse Only	if self-employed), 100 Cummings Center Suite	e 238C	Phone						
	address, and ZIP+4 Beverly, MA 01915		no. ▶ 978-922-9900						

Forms	Mortg:	ages and Oth	ner Notes Payable	2005
990 / 990-PF	For calendar year 2005, or ta	x year beginning	7/01/05 , and ending	6/30/06
Name				Employer Identification Number
	THE GRAMMER SCH	OOL		04-6001191
IN THE TOWN	OF IPSWICH			104-0001131
Form 990, Pa	rt IV, Line 64b	- Additio	nal Information	
	Name of lender		Relationship t	o disqualified person
	OPERATIVE BANK			
(2)				
(3)				
(4) (5)				
(6)				4-1-4-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1
(7)				
(8)				
(9)				
(10)	ingusteeringingenter (teserananinginginging)	 	and and a later that the standard of the stand	ensibus mengeliphensibungan makan elahan maka
		Maturity	Catherita Coursemble Standers English St	Interest
Original amoun borrowed	Date of loan	date	Repayment term	
(1)	3/07/06			
(2)				
(3)			The second secon	
(4)				
(5)			A A A A A A A A A A A A A A A A A A A	
(6) (7)				
(8)				
(9)				
(10)			warm man est a man a war shape a man and a man and a man and a man a state of a state of the sta	132(M123/48/474)
Se	ecurity provided by borrower		Purpos	se of loan
(1)				
(2)				
(3)				
(4)				
(5)				
<u>(6)</u> (7)				
(8)				
(9)			,	
(10)	and the standard many the substitution with the same and	nikanista i 24 katawa i Avodani dan sa	direction of the control of the cont	enskist emiliesii piigiladinendikesiteamaa
Conside	eration furnished by lender		Balance due at beginning of year	Balance due at end of year
(1)				6,448,076
(2)				
(3)				
(4)				
(5) (6)				
(7)			A 444.14.2	
(8)				
(9)				
(10)	·			6 448 656
Totals				6,448,076

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

Description	Deduction
COTTAGES REAL ESTATE BEACH SAMPLING POLICE DETAIL INSURANCE REPAIRS & UPKEEP WASTEWATER REMOVAL UTILITIES DOCK REMOVAL & STORAGE	468,628 666 6,075 8,519 28,410 42,676 6,984 3,975
Total	565,933

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

	Description		Amount
ADOPTION OF GEN	ERALLY ACCEPTED ACCOUNTG	PRINCIPLES	\$ <u>-15374076</u>
Total			\$ -15374076

Statement 3 - Form 990, Part II, Line 22 - Grants, Allocations and Contributions

	ime Iress	Relationship to Org								
	Date of Gift	Description of Property		Cash Contrib		NonCash Contrib	•	Book Value	BV Explantn	FMV Explntn
TOWN OF IPSWICH		NONE		F	EDUC	ATIONAL				
			\$	588,000	\$		\$_			
Total			\$	588,000	\$	0	\$	0		

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

Description	· E	Total expenses	Program Service		Mgt & General	Fund- Raising
	\$		\$	\$		\$
Expenses						
COMM OF MASS FILING FEES		750			750	
MEETINGS		358			358	
OFFICE EXPS		1,923			1,923	
LAND APPRAISAL		9,285			9,285	
MANAGEMENT FEES		46,442		_	46,442	
Total	\$	58,758	\$	0 \$	58,758	\$ 0

Statement 5 - F	Form 990,	Part IV, Line 56 -	Other Investments
-----------------	-----------	--------------------	-------------------

Description	Beginning of Year	End of Year	Basis of Valuation
SAVINGS RESERVE FOR CAPITAL IMPROVEMENTS	\$ 56,280	\$ 502,177	
Total	\$ 56,280	\$ 502,177	

Statement 6 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description				
	Beginning of Year	Accum Deprec	End of <u>Year</u>	Accum Deprec
LAND	\$15,419,900 \$	3	\$	\$
SEWER IMPROVEMENTS	2,606,930			
ELECTRICAL IMPROVEMENTS	471,274			
SEWER CONSTRUCTION COST			5,608,268	
SEWER SOFT COSTS			438,413	
ELECTRIC BETTERMENTS			498,584	
Total	\$ <u>18,498,104</u> \$	0	\$ 6,545,265	\$0

Statement 7 - Form 990, Part IV, Line 58 - Other Assets

Description	Beginning of Year	End of Year		
INTANGIBLE ASSET	\$ 68,767	\$		
Total	\$ 68,767	\$0		

Statement 8 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
NOTES PAYABLE	\$ 2,964,638	\$
Total	\$ 2,964,638	\$ 0

9/13/2007 12:04 PM

04-6001191

Federal Statements

Statement 9 - Form 990, Part IV-A - Other Revenue Included on Financial Statements

	Amount	
RENTAL EXPENSES	NETTED AGAINST RENTAL REVENUE	\$ 565,933
Total		\$ 565,933

Statement 10 - Form 990, Part IV-B - Other Expenses Included on Financial Statements

			Descrip	otion		 Amount		
RENTAL	EXPENSES	NETTED	AGAINST	RENTAL	REVENUE	\$	565,933	
To	otal						565,933	

Financial Statements

June 30, 2006

Table of Contents

		Page			
Independent	Auditors' Report	1			
Exhibit A -	Statement of financial position as of June 30, 2006	2			
Exhibit B -	Statement of activities for the year ended June 30, 2006	3			
Exhibit C -	Statement of cash flows for the year ended June 30, 2006	4			
Notes to financial statements					

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, 2006, 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, 2006, 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.

January 9, 2007

San Clasby a Company

Statement of Financial Position As of June 30, 2006

Accete

<u>Assets</u>	
Current assets: Cash - operating Cash - savings Cash - reserved for sewer project Accounts receivable	\$ 78,369 191,974 502,177 72,434
Total current assets	_844,954
Property and betterments: Sewer betterments: Construction costs Soft costs	5,608,268 <u>438,413</u> 6,046,681
Electric betterments	498,584
Less accumulated amortization	6,545,265
Land and buildings, Note 1	
Net property and betterments	6,545,265
Total Assets	\$ <u>7,390,219</u>
Total Assets <u>Liabilities and Net Assets</u>	\$ <u>7,390,219</u>
•	\$ 7,390,219 \$ 146,292 <u>8,214</u> 154,506
Liabilities and Net Assets Current liabilities: Note payable - current portion Accounts payable	\$ 146,292
Liabilities and Net Assets Current liabilities: Note payable - current portion Accounts payable Total current liabilities	\$ 146,292 <u>8,214</u> 154,506
Liabilities and Net Assets Current liabilities: Note payable - current portion Accounts payable Total current liabilities Long term debt, net of current portion	\$ 146,292 <u>8,214</u> 154,506 <u>6,301,784</u>
Liabilities and Net Assets Current liabilities: Note payable - current portion Accounts payable Total current liabilities Long term debt, net of current portion Total liabilities Net assets: Unrestricted - undesignated Unrestricted - board designated	\$ 146,292 <u>8,214</u> 154,506 <u>6,301,784</u> <u>6,456,290</u> 883,929 <u>50,000</u>

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

-3-

Statement of Activities

For the Year Ended June 30, 2006

Support and Revenue: Rents Buildings, home and land collections Interest income	<u>Undesignated</u> \$ 847,000 458,746	Board Designated \$	Total \$ 847,000 458,746 19,284
Total support and revenue	1,325,030	· -	1,325,030
Expenses: Gift to Town of Ipswich Public Schools Real estate taxes Management fees Wastewater removal - May storm Repairs and upkeep Land appraisal Insurance Utilities Police details Dock removal and storage Legal Accounting Office expense State fees Beach sampling Meetings	588,000 468,628 46,442 42,676 28,410 9,285 8,519 6,984 6,075 3,975 3,673 3,000 1,923 750 666 358	- - - - - - - - - - -	588,000 468,628 46,442 42,676 28,410 9,285 8,519 6,984 6,075 3,975 3,673 3,000 1,923 750 666 358
Total expenses	1,219,364	**************************************	1,219,364
Change in net assets	105,666	-	105,666
Net assets, beginning of year	778,263	_50,000	828,263
Net assets, end of year	\$ <u>883,929</u>	\$ <u>50,000</u>	\$ <u>933,929</u>

-4-

FEOFFEES OF THE GRAMMAR SCHOOL

Statement of Cash Flows

For the Year Ended June 30, 2006

Cash flows from operating activities: Change in net assets Adjustments to reconcile changes in net assets	\$ 105,666
to net cash provided by operating activities: Increase in accounts receivable	(25.004)
Increase in accounts payable	(25,004) 6,608
merease in accounts payable	0,008
Net cash provided by operating activities	87,270
Cash flows from investing activities:	
Betterments made	(3,398,294)
	(3,333,231)
Net cash used in investing activities	(3,398,294)
Ŭ	
Cash flows from financing activities:	•
Proceeds from financing	6,483,000
Repayments on debt	(<u>2,999,562</u>)
	*
Net cash provided by financing activities	<u>3,483,438</u>
Net change in cash	172,414
Cook hasiming of succession	(00.106
Cash, beginning of year	<u>600,106</u>
Cash, end of year	\$ <u>772,520</u>
Cash, ond of year	Ψ <u>172,320</u>
Supplemental cash flow information:	
Interest paid	\$346,241
the state of the s	¥ <u> </u>

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 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.

Notes to Financial Statements

(1) Continued

(d) Property and betterments

Sewer and electrical improvements are recorded at cost. Maintenance and repairs are charged to expense as incurred. Betterments that extend the useful lives of assets are capitalized. The improvements will be amortized using the straight-line method over estimated useful lives of 20 years. Amortization of the improvements will begin in fiscal year June 2007.

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) Long-term debt

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

On June 7, 2005 the Trust entered into a construction/permanent term loan with the Ipswich Cooperative 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, 2006 is \$146,292.

Upon the conversion of the loan from a construction loan to a permanent loan on March 7, 2006 the Bank advanced \$892,560 to the Trust in order to finance remaining construction costs. The Board of Managers has designated funds set aside in a separate checking account as an allocated reserve for the sole purpose of construction cost remittances. The balance in this account at June 30, 2006 is \$502,177.

Maturities of long-term debt at June 30, 2006 is as follows:

Year	<u>Amount</u>
2007	\$ 146,292
2008	157,822
2009	170,260
2010	183,679
2011	198,154
Thereafter	<u>5,591,869</u>
Total	\$ 6,448,076

Notes to Financial Statements

(3) Note payable - related party

The Trust was indebted to the Chairman of its Board of Managers in the amount of \$964,638 at June 30, 2005. The Chairman established a line of credit of \$1,000,000 with the same financial institution that is referred to in Note 2 above, as the bank could not lend the Feoffees more than \$2,000,000 pending the receipt of an order from the Essex Probate Court authorizing those loans. The note carried interest at 6.2%, which was the identical rate charged by the bank to the Chairman. This note was paid off during September 2005 with proceeds from the Trust's construction loan.

(4) Basis of accounting

Under Chapter 12, Section 8F of the Massachusetts General Laws, organizations which file annual reports with the Division of Public Charities and have gross support and revenue in excess of \$100,000 for a year must prepare their financial statements in accordance with generally accepted accounting principles (GAAP) and present them on the accrual basis of accounting, effective for all current filings. In accordance with the mandate the Trust changed to the accrual basis of accounting from the cash basis of accounting previously reported. Generally accepted accounting principles also required the Trust to discontinue carrying the land at its 1997 assessed value of \$15,419,900. The effect of these changes was to reduce net assets by \$15,374,076 as of July 1, 2005.

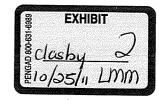
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FORM PC Page 1

Massachusetts Office of the Attorney General Division of Public Charities

FORM PC

To be filed annually by a	all non-profit cha	ritable organ	izations cond	ucting bu	siness in the (Commonw	ealth	·
Report for the Fiscal Period: E	Beginning <u>C</u>	07 / 01	<u>/ 06</u> E	nding	06 / 30	/ 07		
Check all items attached: Form PC X S Probate Account Copy of IRS Return								
Attorney General's Acct. No:			Federal ID	rini	04-600	11.91		
When did the organization first engage in cha				Market (2004)				
Has the organization applied for or been gran	ted IRS tax exer	npt status?	Yes	No <u>X</u>				
If yes, Date of Application:	OR Date	of Determina	ation Letter:	<u></u>	tanificat Olimbati			
IRS Exemption under:501(c):[***]		Ch	eck box if No	IRS-Exer	nption[X			
If exempt under 501(c), are contributions to the	ne organization t	ax deductible	as charitable	e contribu	itions? :Yes_		No <u> </u>	N/A
,								
		RGANIZA	TION DAT	A:				
Name: FEOFFEES OF THE GRAMMA					77			
Mailing Address: P.O. BOX 709, 2 DEP								
City: IPSWICH		Sta	ate: MA					zip: 01938
Phone: (978) 356-1040			Fax: (9	78)	356-1042	2	4	A CONTRACTOR OF THE STATE OF TH
E-Mail: N/A			Web Site (ULR): htt	p://www.			
In the section below, please enter the approp	riate codes from	n the corres	sponding tab	les found	on pages 12	and 13:		
Category	Code	Enter up	to 2 codes:fr	om Table	3 for your org	anization's	main purpo	ose(s) Code
County (Table 1)	5	Organizat	ion Purpose (Code 1				8
Type of Organization (Table 2)	2	Organizat	ion Purpose (Code 2				
Please check box if final return Prior to dissolution					Payment Office Use			



04	-60	101	19	1

FORM PC Page 2

Other (please describe):

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 or	reated? 2. Where was the organization created?
NOVEMBER 14, 1650	IPSWICH, MASSACHUSETTS
	3. What is the form of the organization?
Corporation	Testamentary trust
Unincorporated appropriation	Inter Vives trust

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.

VOTE OF TOWN MEETING ON 11/14/1650

掘	5. Summary of Financial Data	Amounts	
Α	Contributions, gifts, grants, and similar amounts received	\$	-
В	Gross Support and Revenue	\$	120,520
С	Program services and similar amounts paid out	\$	-
D	Fundraising expenses	\$	-
Ε	Management and general expenses	\$	336,816
F	Payments to affiliates	\$	-
G	Total Expenses	\$	336,816
Н	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		Other Compensation
1	DONALD F. WHISTON	MANAGER	AS NEEDED	1,440	0	0
2	ALEXANDER MULHOI LAND	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						

1.	was any compensation provided to any other individuals listed in 6 above which was not quantified in your response to 67
	Yes No X If yes, please provide explanation

04-6001	191

FORM PC

Page 3

 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.)

1245 1 1 7 File	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

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

13. During the fiscal year	r reported here, did yo	ur organization so	olicit contributions or ha	ve funds solicited on	
			*		
PETER FOOTE	401 COL	ONIAL DR	IPSWICH, MA	1938	(978) 356-1040
Name	Stre	et Address	Oliy	, State, Zip	Telephone Number
12. Name address and te	elephone number of Co	ontact Person:			
2 DEPOT SQUARE			IPSWICH, MA		01938
Street Addres			City, St	ate	Zip
11. If organization's mail	ing address is a P.O. E	3ox Number, list ti	he organization's full stre	et address: N/A	
10. What is the organizat	ion's accounting math	and: Cash Y	Accrual Othe	r (specify)	-
FIRST NATIONAL BANK	OF IPSWICH	3 I WARRET 51	Γ, IPSWICH, MA	(600) 634-0040	
	OF IDOMESTI	OA MADIZET CT	T IDOMICH MA	(800) 834-0046	

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	

04-6001191	
04-0001191	

FORM PC Page 4

16.	Name	es, addresses (street & P.O.) and telephone numbers of other offices/chapters/branches	s/amiliates (attach list). IN/A	
17.	List t orga	he names, titles and addresses (street & P.O.) of officers, directors, trustees, and the prolation (attach separate sheet). SEE ATTACHED	rincipal salaried exec	itives of	
18.	Attac	h separate sheet listing names and addresses (street & P.O.) for all below: SEE ATTA	ACHED		
	Indiv Indiv Indiv	idual(s) responsible for custody of funds idual(s) responsible for distribution of funds idual(s) responsible for fund raising idual(s) responsible for custody of financial records idual(s) authorized to sign checks			
19.		his organization or any of its officers, directors, employees or fund raisers solicited fun state?	ds in any Yes	No _	X
	If yes	attach list of states where solicitation was conducted, including registering agency, dates of renames under which the organization was/is registered, and the dates and type (mail, telephonation conducted.	egistration, registration	numbers	a, anv
20.	Has t	his organization or any of its officers, directors, employees: es, 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 _	<u> </u>
	(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.		any restrictions been removed during the year from donor-restricted funds? Please attach an explanation	Yes	No _	X
22.		donor-restricted funds been loaned to unrestricted funds? please attach an explanation	Yes	No _	X
23.	Parti	question involves "Termination of Employment or Change of Control Compensatory Arr es" (see instructions and definition sections). Report only if payments made or promise months salary or \$100,000, whichever dollar amount is less.	rangements" with cered to any individual ar	tain 'Rel e in exce	ated ess of
	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

04.	600	1191

FORM PC

Page 5

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 transitions 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

Durii	ng the year, has your organization.	Yes	No
(a)	Sold or transferred assets to or purchased assets from or exchanged assets with a related party?		Х
(b)	Leased assets to or leased assets from a related party?	×	
(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?		Х
(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?		Х
(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
(i)	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

600		

FORM PC Page 6

Under penalty of perjury, I declare th	at the information furnished	in this report Include	ling all attachment	is falle and correct to	the bact of my
Knowledge:	at the information furnished	an tria report, moluc		The state and contest to	the best of my
Signature of president or other aut	horized officer or trustee	jadova ete	Title		Date
	DAN CLASBY & C	OMPANY			
		Name of Prepare	ran Languetti.		
		ENTED #2220	DEVEDIN MA	0404E	
	100 CUMMINGS C	Address	BEVERLY, WA	0.1919	
	(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

Chairman

PO Box 587

Ipswich, MA 01938

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**

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)

OMB No 1545-0047 2006

Depa	artment o nai Revei	of the Treasury nue Service	The organization may have to use	e a copy of this return to s	atisfy state r	eporting requireme	nls.	Open to Public Inspection		
			year, or tax year beginning 7/01/	06 , and ending 6	/30/07					
		applicable: Pleas	Se C Name of organization					r identification number		
П	Address	change use l		GRAMMER SCHOOL	OL		04-6	5001191		
$\overline{\Box}$	Name ch	label	OF IN THE TOWN OF I					one number		
H	Initial reti	type	Number and street (or P.O. box if mail	is not delivered to street addre	955)	Room/suite		-356-1040		
H		Spor	ific 23 GREET DIRECT				Account Account	Other (specify)		
H	Final retu	instr.	City or town, state or country, and ZIP	MA 0193	8		Accida	U Office (specify)		
님	Amended		Section 501(c)(3) organizations and 4947(a)			not applicable to sec	tion 527 proaniz	ations. i		
Ш	Application	on pending	trusts must attach a completed Schedule A	(Form 990 or 990-EZ).	1	his a group return for		Yes X No		
G	Website	e: N/A			1 ''	Yes," enter number o		,		
J	Organia	zation type			H(c) Ar	ali affiliates included	?	Yes No		
	(check	only one) 🕨 🗓	501(c) (3) ∢ (insert no.)	4947(a)(1) or 527		No," attach a fist. See ins	tructions.)			
К	Check he	ere 🕨 🗌 ii si	ne organization is not a 509(a)(3) supporting orga	nization and its gross	H(d) Is	this a separate return	filed by an	n .		
			ore than \$25,000. A return is not required, but if the			anization covered by		Yes No		
		elum, be sure to file				oup Exemption Nu				
					1	neck 🕨 🗓 if th	-			
		eceipts: Add lines	s 6b, 8b, 9b, and 10b to line 12	1,583,934		attach Sch. B (For		Z, or 990-PF).		
<u></u> P	art I		, Expenses, and Changes in Ne	t Assets or Fund Ba	alances (See the instru	ctions.)			
	1	Contributions, gi	ifts, grants, and similar amounts received:	1	1					
	а	Contributions to	donor advised funds		1a		_			
	Ь.	Direct public sup	pport (not included on line 1a)		1b		4			
	c	Indirect public st	upport (not included on line 1a)		1c		_			
	d		ntributions (grants) (not included on line 1a		1d		_	_		
	e	Total (add lines)	10	0					
	2	Program service revenue including government fees and contracts (from Part VII, line 93)								
	3	Membership due	es and assessments		3					
	4		ngs and temporary cash investments				1 4 1	11,817		
	5	Dividends and ir	nterest from securities		,		5			
	6a	Gross rents			6a	1,572,11				
	Ь	Con Statement 1 Ish 1 464 414					4			
	С	Net rental incom	ne or (loss). Subtract line 6b from line 6a				6c	108,703		
•	7	Other investmen	nt income (describe 🟲 📗)	<u> </u>	<u> </u>	7			
Revanue	Ba	Gross amount fr	rom sales of assets other	(A) Securities		(B) Other	_			
eve		than inventory			8a		_			
ĸ	b		her basis and sales expenses		8b					
	Е	Gain or (loss) (a	attach schedule)		8c		_			
	d	Net gain or (los:	s). Combine line 8c, columns (A) and (B)				8d			
	9	Special events	and activities (attach schedule). If any amo	unt is from gaming, check	k here 🕨 📗					
	a	Gross revenue	(not including \$	of	•					
		contributions re	ported on line 1b)		9a					
	ь		enses other than fundraising expenses		9b		_			
	С	Net income or (loss) from special events. Subtract line 9b	from line 9a			. 9c			
	10a		inventory, less returns and allowances		10a					
	ь		oods sold		105					
	C	Gross profit or ((loss) from sales of inventory (attach sched	lule). Subtract line 10b from	m line 10a		10c			
	11	•	(from Part VII, line 103)				. [
	12		Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c.				12	120,520		
	13		es (from line 44, column (B))				13			
Ses	14	Management a	nd general (from line 44, column (C))				14	336,816		
Expenses	15	Fundraising (from line 44, column (D))								
EXE	16	Payments to af	filiates (attach schedule)				16			
	17							336,816		
য	18	Excess or (defi	cit) for the year. Subtract line 17 from line	12			18	-216,296		
Net Assets	19	Net assets or fu	und balances at beginning of year (from line	e 73, column (A))			. 19	933,929		
λA	20	Other changes	in net assets or fund balances (attach exp	lanation) Se	e Stat	tement 2	20	0		
	21	Net assets or fi	und balances at end of year. Combine lines	s 18, 19, and 20			21	717,633		
E	e Deixer	au Act and Pana	nuark Reduction Act Natice, see the sec	arate				E 000 (2000)		

FEO1191 05/15/2008 1:14 PM 04-6001191 FEOFFEES OF THE GRAMMER SCHOOL Form 990 (2006) All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) Statement of Part II organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.) Functional Expenses Do not include amounts reported on line (B) Program (C) Management (D) Fundraising (A) Total services and peneral 6b, 8b, 9b, 10b, or 16 of Part I. 22a Grants paid from donor advised funds (attach schedule) non-cash \$ If this amount includes foreign grants, check here 22a 22b Other grants and allocations (attach schedule) (cash \$______ cash \$_ 22b If this amount includes foreign grants, check here 23 Specific assistance to individuals (attach schedule) 23 24 Benefits paid to or for members (attach 24 schedule) 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 25b schedule) c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and 25c persons described in section 4958(c)(3)(B) (attach schedule) 26 Salaries and wages of employees not included on lines 25a, b, and c Pension plan contributions not included on lines 25a, b, and c 27 28 Employee benefits not included on lines 28 25a - 27 29 29 Payroll taxes 30 30 Professional fundraising fees 8,000 8,000 31 31 Accounting fees 251,714 251,714 32 32 Legal fees 33 33 Supplies 34 34 Telephone 35 35 Postage and shipping 36 36 Occupancy 37 Equipment rental and maintenance 37 38 38 Printing and publications 39 39 Travel 40 40 Conferences, conventions, and meetings 41 41 Interest 42 Depreciation, depletion, etc. (attach schedule) 42 43 Other expenses not covered above (itemize): 77,102 77,102 a See Statement 4 43a 43b 43c 43d _____ 43e _____ 43f 43g ...,....... 44 Total functional expenses. Add lines 22a

Joint Costs. Check ▶ ☐ if you are following SOP 98-2.			
Are any joint costs from a combined educational campaign and fundraising solicit	tation reported in (B) Program services?	<u></u>	N
If "Yes," enter (I) the aggregate amount of these joint costs S	; (ii) the amount allocated to Program services \$:	

336,816

(iii) the amount allocated to Management and general S ; and (iv) the amount allocated to Fundraising S

0

336,816

0

through 43g. (Organizations completing columns (B)-(D), carry these totals to lines

13-15)

If this amount includes foreign grants, check here

Form 990 (2006)

0

(Grants and allocations

(Grants and allocations

e Other program services (attach schedule)

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

777777		2006) FEOFFEES OF THE GRAMME Balance Sheets (See the instructions.)	R SC	CH00	L	04-	6001191		Page 4
	art IV Note:	Where required, attached schedules and amounts within column should be for end-of-year amounts only.	n the d	escripti	on		(A) Beginning of year		(B) End of year
	45						270,343	45	420,798
	45	Cash-non-interest-bearing Savings and temporary cash investments						46	
	46	Savings and temporary cash investments				···· -			
	,	A security reportunists	47a	1	11:	2,907			
		Accounts receivable	47b	 		-/	72,434	47c	112,907
	b	Less: allowance for doubtful accounts	475						
			48a	[*******	880993.70888				
	48a							48c	
		***************************************						49	
	49	Grants receivable	eceivable oles from current and former officers, directors, trustees, and						
	50a				50a				
		key employees (attach schedule) Receivables from other disqualified persons (as defined	Lunder	section)) and		300	
	d							50b	
		persons described in section 4958(c)(3)(B) (att. schedu	ie)			····· }		300	
	51a	Other notes and loans receivable (attach	51a	1					
2			51a	 				51c	
Assets								52	
Ř	52	Inventories for sale or use							
	53 54a	Prepaid expenses and deferred charges		. г				53	
	, J42	securities			Cost	FMV		54a	
	D	Investments—other securities (attach schedule)			Cost	FMV		54b	
	55a	Investments-land, buildings, and	55a	l		l			
	.	equipment: basis Less: accumulated depreciation (attach	338	 	····				
		•	55b					55c	
	56	schedule) Investments-other (attach schedule)					502,177		
		Land, buildings, and equipment: basis	57a	T	7.17	7,599			
		Less: accumulated depreciation (attach	1	 					
	b	schedule) See Statement 5	57b		23'	7,374	6,545,265	57c	6,940,225
	E0	58 Other assets, including program-related investments (describe							
	36					,		58	
	59	Total assets (must equal line 74). Add lines 45 through					7,390,219		7,473,930
	60	Accounts payable and accrued expenses					8,214	-	366,579
	61							61	
	62	Grants payable Deferred revenue Se	 ee S	Stat	ement	. 6		62	57,210
	63	Loans from officers, directors, trustees, and key employ							
íties	00	schedule)	000 (0					63	
	64a	Tax-exempt bond liabilities (attach schedule)						64a	
Liabi	b	Mortgages and other notes payable (attach schedule)						64b	
	65	Other liabilities (describe See Statemer	it. 7		• • • • • • • •		6,448,076	-	6,332,508
	65	Office habilities (describe - 2555 2555	:::.::		• • • • • • • • •	····· ′		"	
	66	Total liabilities. Add lines 60 through 65					6,456,290	66	6,756,297
	Oraz	inizations that follow SFAS 117, check here 🕨 🗶	and cor	nniele i	ines				
	l Cigo	67 through 69 and lines 73 and 74.							
ED.	67	Unrestricted				1	883,929	67	667,633
Ç	68	Temporarily restricted				1	50,000		50,000
ilar	1							69	
9	Drns	Permanently restricted anizations that do not follow SFAS 117, check here	• []	and					
ŭ	J Uige	complete lines 70 through 74.		u					
7.	70	Capital stock, trust principal, or current funds						70	
Net Assets or Fund Balances	71	Paid-in or capital surplus, or land, building, and equipm			71				
386	72	Retained earnings, endowment, accumulated income,			72				
Ą	73	Total net assets or fund balances (add lines 67 throu							
ž	1,3	70 through 72. (Column (A) must equal line 19 and col							
		equal line 21)					933,929	73	717,633
	74	Total liabilities and net assets/fund balances. Add li	 nes 66	and 73			7,390,219		7,473,930
	 -								

Form 990 (2006)	FEOFFEES	OF THE GRAN	MER SCHOOL		04-6					Page 5
Part IV-A		of Revenue per	Audited Financial	Stat	ements	With I	Revenue p	er R	eturn (See the	9
	instructions.)	4 44-4 6-5	ncial statements						а	120,520
	e, gains, and other st uded on line a but no		icidi Statements							
					b1			3		
4 Other (specif	A buor year grants .		,							
4 Office (Special		Se	e Statement	8	<u>b4</u>		· · · · · · · · · · · · · · · · · · ·			
Add lines b1	through b4							}	<u>b</u>	120,520
									С	120,520
	uded on Part I, line 1				d1					
					. d2					
									d	
Add lines di	ano dz	ad Bass a spel d						▶		120,520
e Total revenu	Poconciliation	of Evnences ne	r Audited Financia	al Sta	tements	With	Expense	s per		
Partives:	Reconcination	dited financial stateme	ents	<u> </u>					a	99,442
	es and losses per ad uded on line a but no									
					b1					
					. —					
					1 4					
4 Other (specif										
	tatement 9				b4					
And lines hi	through b4								ь	
									С	99,442
	uded on Part I, line 1					. ,				
					d1					
2 Other (specif	iv):							- 1		
(-p	,	Se	ee Statement	10	d2		237,	374		
Add lines d1	and d2]	d	237,374
e Total expen	ses (Part I line 17)	Add lines c and d						P		336,816
Part V-A	Current Office	ers. Directors. Tru	ustees, and Key E ear even if they were not	mplo	yees (Lis	l each p	erson who w	as an	officer, director, tr	uslee,
	or key employee at	t any time during me ye	ear even in Biey were not		/B)		(C) Compans	ation	(D) Contributions to	(E) Expense
	(A) N	lame and address		Tit	le and average veek devoted to	hours per	(If not paid, -0)	enter	(D) Contributions to employee benefit plans & deterred compensation plans	account and other allowances
			WICH		CHAIRMA		405.7	1	Vens	
	C MULHOLLAND,		01938	• • • •	0			o	c	5,060
P.O. BOX 587	1		MICH		CLERK					
39 RIVER RD			01938		0			0	C	53,000
PETER FOOTE			SWICH		TREASUR	ER				
401 COLONIAL			01938		0			0		13,505
DONALD P. WI			SWICH		MANAGER	1				
31 MARKET ST			01938		0			0	(1,440
	,									
										1
										ļ
				. ,						
										
							 			-
							1			
							 			orm 990 (2006)

Form	990 (2006) FEOFFEES OF THE GRAMMER SCHOOL	. 04-600			Page 6						
Pa	rt V-A Current Officers, Directors, Trustees, and Key Em	ployees (continu	ed)		Yes No						
75a	Enter the total number of officers, directors, and trustees permitted to vote on or	panization business at	board								
	meetings	>									
b	b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated										
	employees listed in Schedule A, Part I, or highest compensated professional and other independent										
	contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business										
	relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)										
С	c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest										
Ŭ	compensated employees listed in Schedule A, Part I, or highest compensated pr	ofessional and other									
	independent contractors listed in Schedule A, Part II-A or II-B, receive compensation	ition from any other									
	organizations, whether tax exempt or taxable, that are related to the organization	? See the instructions	for	ļ.							
	the definition of "related organization."	<i></i>			75c X						
	If "Yes," attach a statement that includes the information described in the instruc	ions.			75						
d	Does the organization have a written conflict of interest policy?		··········	<u></u>	75d X						
Pa	TVB Former Officers, Directors, Trustees, and Key Em	ployees That Red	ceived Con	npensation or Otl	ner Benefits						
	(If any former officer, director, trustee, or key employee received co	npensation of other bi	enems (descrit	sea below) during the y	ear, iist triat						
	person below and enter the amount of compensation or other benef	its in the appropriate of		(D) Contributions to employe	(E) Expense						
	(A) Name and address	(B) Loans and Advances	(if not paid, enter -0-)	benefit plans & deferred compensation plans	account and other allowances						
N/A											
				<u> </u>							
					ļ						
					 						
		•									
		•									
		1									
		-									
					1						
,		-									
		•									
D-	irt VI Other Information (See the instructions.)		<u> </u>		Yes No						
76	Did the organization make a change in its activities or methods of conducting ac	tivities? If "Yes." attacl	า ฮ								
. •	detailed statement of each change				76 X						
77	Were any changes made in the organizing or governing documents but not repo	rted to the IRS?			77 X						
	If "Yes," attach a conformed copy of the changes.		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,								
78a	Did the organization have unrelated business gross income of \$1,000 or more d	uring the year covered	i by								
	this return?			<i></i>	78a X						
þ	If "Yes," has it filed a tax return on Form 990-T for this year?				78b						
79	Was there a liquidation, dissolution, termination, or substantial contraction durin	g the year? If "Yes," at	tach								
	a statement				79 X						
80a			ugh								
	common membership, governing bodies, trustees, officers, etc., to any other ex				80a X						
	organization?				80a X						
Þ	If "Yes," enter the name of the organization		exempt or	nonexempl							
D4~			, ,	Honexempt							
81a h	Did the organization file Form 1120-POL for this year?		. 12121		81b X						
	Did the digenisation me (diff. (150) de loi die four	<u> </u>		<u> Andreas de la Contrada de la Cont</u>	Form 990 (2006)						

	990 (2005) FEOFFEES OF THE GRAMMER SCHOOL 04-6001				
Pε	rt VI Other Information (continued)			Yes_	No
82a	· · · · · · · · · · · · · · · · · · ·	e			7,
	or at substantially less than fair rental value?		82a	60000000	X
ь	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.)	825		•••	
B3a	(See instructions in Part III.) Did the organization comply with the public inspection requirements for returns and exemption application bid the organization comply with the disclosure requirements relating to guid pro quo contributions?	ns?	83a	X	
b	Did the digamentation comply min the discrete		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?	N/A	84b		
85	501(c)(4), (5), or (6) organizations, a Were substantially all dues nondeductible by members?		85a		<u> </u>
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		85b	Colores C.Co.	3000, 30000
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organiza	tion			
	received a waiver for proxy tax owed for the prior year.				
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?	N/A	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 8	5f			
,	to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the				
	following tax year?	N/A	85h		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12	86a			
ь	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			
ь	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 o	-			
	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
ь	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	▶	885		X
89a	many and the second sec				
	section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955	> 0			
h	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction	1			
_	during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attack	1			
	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			1
ď	Enter: Amount of tax on line 89c, above, reimbursed by the organization	• 0			
A	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 cor	itract?	89f		X
,	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the				
3	supporting organization, or a fund maintained by a sponsoring organization, have excess business holding	ngs			1
	at any time during the year?		890		X
902	List the states with which a copy of this return is filed MA		<u> </u>	· · · · · ·	
	Number of employees employed in the pay period that includes March 12, 2006 (See				
D	instructions \	906			
91a	instructions.) The books are in care of ▶ PETER FOOTE 403 GOLOVICAL DR	Telephone no. ▶ 978-	-356	-10	40
•	401 COLONIAL DR.	•••			
	Located at IPSWICH, MA	ZIP+4 ▶ 01938			
þ	At any time during the calendar year, did the organization have an interest in or a signature or other auth	orlty			
	over a financial account in a foreign country (such as a bank account, securities account, or other financial			Yes	No
	account)?		91b		X
	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 Ba				1
	and Financial Accounts.]		1

Form	990 (200	6) FEOFFEES OF S	THE GRAMMER	SCHOOL	04-60	01191			F	Page 8
	irt VI	<i></i>							Yes	No
		ne during the calendar year, did		ain an office out	side of the United Sta	ites?		910	;	X
·	•	-								
92	Section 4	enter the name of the foreign co 1947(a)(1) nonexempt charitable r the amount of tax-exempt inter	trusts filing Form 990 i	n lieu of Form 1	041- Check here					▶ _
	and ente	r the amount of tax-exempt inter	est received or accrued	during the tax	year		▶ 92			
Pa	rt VII	Analysis of Income-P	roducing Activiti	es (See the	instructions.)					
Note	: Enter gro	oss amounts unless otherwise		Unrelate	d business income	Excluded by	section 512, 513, or 514	ъ.	(E) elated or	
indica	ated.			(A) Business code	(B) Amount	(C) Exclusion	(D) Amount		npt functi	
93	Program	service revenue:				code		i	income	
а										
b		·								
C										
đ										
e										
f		/Medicaid payments			<u> </u>					
g		contracts from government age								
94		ship dues and assessments				14	11,817			
95		on savings and temporary cash i				++++	11,017			
96		s and interest from securities						3888.07		
97		il income or (loss) from real esta			***************************************			200000000000000000000000000000000000000		2000000000
a		nced property				16	108,703			
b		financed property								
98										
99 100	-	loss) from sales of assets other	than inventory							
101		ne or (loss) from special events								
102		ofil or (loss) from sales of invent								
103		venue: a								
b b										
c										
ď										
104	Subtotal	(add columns (B), (D), and (E))				0	120,520			0
105	Total (ad	id line 104, columns (B), (D), an	d (E))				>	:	120,	520
Note	: Line 105	plus line 1e. Part I, should equa	I the amount on line 12	, Part I.						
	irt VIII		ities to the Accor	nplishment	of Exempt Purp	oses (Se	e the instruction	s.)		
L	ne No.	Explain how each activity for	which income is report	ted in column (E) of Part VII contribu	led important	ly to the accomplishing	nent		
	▼	of the organization's exempt	purposes (other than b	y providing fund	is for such purposes).				
<u>N</u>	/A									
5000220	6 :5 <u>2-2-2-</u>				D:	4141 /Co	the instruction			—
P:	art IX	Information Regardin	ng Taxable Subsit	diaries and	Disregarded En	itities (See	(D)	5.)	(E)	
	Name, add partner	dress, and EIN of corporation, ship, or disregarded entity	Percentage of ownership intere		lature of activities	7	Total income	End-	of-year ssets	
	N/A	•		%	**************************************					
				%						
				%						
				%						
	art X							1 1		
		e organization, during the year, i					enefil contract?	·· 🖂	Yes 2	
		e organization, during the year, p			a personal benefil co	ntract?		Ц	Yes 2	∐ No
	Note: If "Y	es" to (b), file Form 8870 and F	orm 4720 (see instructi	ons).					rm 990	1
								₩e	irm 33l	J (2006)

Form 990 (20	006) FEOFFEES OF THE GRAMMI	ER SCHOOL	0	<u>4-6001191</u>				Pag	<u>9</u>
Part XI					lete only	y if the or	gartizatio	n	
	is a controlling organization as defin-	ed in section 5	12(b)(13).		· · · · · · · · · · · · · · · · · · ·				
								Yes N	o
106 Did (he reporting organization make any transfers to a cor	ntrolled entity as de	fined in section	on 512(b)(13) of					
the C	code? If "Yes," complete the schedule below for each	controlled entity.	·						Κ
	(A)	(B)		(C)				(D)	
	Name, address, of each	Employer ID		Description	n of		1	(D) t of trans	£
	controlled entity	Number		transfer	7		Amount	. 01 (12112	101
	,								
a			ļ						
b									
							<u> </u>		
c									
			365000000000000000000000000000000000000						
	Totals								
							1		
457 504.4		a application antibus						Yes N	0
	ne reporting organization receive any transfers from b)(13) of the Code? If "Yes," complete the schedule by			section				.	ζ
312(1	(A)	(B)	oned enaty.	(C)			1		-
	Name, address, of each	Employer ID		Description	n of) ((D)	
	controlled entity	Number		transfer			Amount	of trans	fer
							 		—
a	,,.,								
<u> </u>									
						***************************************	<u> </u>		_
ь									
c							1		

	Totals						1		
							<u> </u>		
								Yes N	0
	ne organization have a binding written contract in effe		06, covering	the interest,					
rents	royallies, and annuities described in question 107 at					······································			
	Under penalties of perjury, I declare that I have examined and belief, it is true, correct, and complete, Declaration of	this return, including a	accompanying a	schedules and statomo	ents, and to	the best of m	y knowledge		
Please		, , , , , , , , , , , , , , , , , , , ,		on an imprimation of	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1			
Sign									
Here	Signature of officer PETER FOOTE		ı	מים א כינים אים		Date			
	Type or print name and title			TREASURER		····			
	rype or print name and tide		Т		<u> </u>	7	Preparer's S	SN or PTI	
Paid	Preparer's			Date	Check if self-	F=3	(See Gen. In	rstr. X)	
Preparer's	signature Daniel E. Clasby				employed	▶ X	029-3		
Use Only	Firm's name (or yours) Dan Clasby					EIN Þ	04-3	<u> 39513</u>	2
	if self-employed), 100 Cumming		Suite	238C		Phone			
	address, and ZIP + 4 Beverly, MA	01915				no. 🟲 9	78-92	2-99(0 (

Form 990 (2006)

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) Nonoxempt Charitable Trust

OMB No. 1545-0047

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

2006

Name of the organ	ization	OF IPSWICH		Employer ide 04 - 6001	entification number
Part I	OF THE GRAMMER SCHOOL IN THE TOWN Compensation of the Five Highest Paid Employees		s. Directors.		
ган	(See page 2 of the instructions. List each one. If the	re are none, enter "N	one.")		
	(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to positio	(0) Como	(d) Contrib. t empl. ban. pl & deferred co	ans account & other
NONE					
Total number of	other employees paid over \$50,000	<u> </u>		•	
Part II-A	Compensation of the Five Highest Paid Independe	ent Contractors for P	rotessional S	Services	tor "None "\
	(See page 2 of the instructions. List each one (whet		(b) Type of		(c) Compensation
	(a) Name and address of each independent contractor paid more than \$50	,000	(1) 1790 01	BOLVIOC	(0) 00
NONE					
Total number of	others receiving over \$50,000 for				
professional ser	vices Paid Independ	ant Contractors for C	Yhar Sarvice	<u> </u>	
Part II-B	Compensation of the Five Highest Paid Independ (List each contractor who performed services other	than professional se	vices, whether	ə er individua	ls or
	firms. If there are none, enter "None." See page 2 of (a) Name and address of each independent contractor paid more than \$50.		(b) Type of	service	(c) Compensation
	(a) Name and address of court macpanions considered port more and	.,,			
NONE					
* * * * * * * * * * * * * * * * * * * *					
Total number o	f other contractors receiving over				

Sche	edule A (Form 990 or 990-EZ) 2006 FEOFFEES OF THE GRAMMER SCHOOL 04-6001191		P	age 2
	Statements About Activities (See page 2 of the instructions.)		Yes	No
1	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.) 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	1		<u>x</u>
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
þ	Lending of money or other extension of credit?	2b		X
С	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	<u> </u>
е	Transfer of any part of its income or assets?	2е		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	Зс		x
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		x
4a b	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g Did the organization make any taxable distributions under section 4966?	4a 4b		х
С	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		
d	Enler the total number of donor advised funds owned at the end of the tax year			
е	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		()
9	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year			0

An organization organized and operated to test for public safety. Section 509(a)(4). (See page 7 of the instructions.)

Sche	dule A (Form 990 or 990-EZ) 2006 FEC	OFFEES OF T	HE GRAMMER S	SCHOOL	04-6001191	Page 4
	art IV-A Support Schedule (Co					
	: You may use the worksheet in the instruc	7	(1		(-) T-1-1
	ndar year (or fiscal year beginning in)	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15	Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16	Membership fees received					
17	Gross receipts from admissions, merchandise					
17	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, royallies, 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		ļ ·			
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					
26	Organizations described on lines 10 or	11: a Enter 2% of	amount in column (e), i	ine 24	<u>▶ 26a</u>	1
b	Prepare a list for your records to show the					
	governmental unit or publicly supported or					
	amount shown in line 26a. Do not file thi					
C	Total support for section 509(a)(1) test: E				▶ 26c	
ď	Add: Amounts from column (e) for lines:	18	19		.	
		22	26ь		P 26c	
	Public support (line 26c minus line 26d to					
	Public support percentage (line 26e (n					%
27	Organizations described on line 12:		ided in lines 15, 16, and			
	person," prepare a list for your records to			I in each year from, ea	ich "disqualified persor	n." N/A
	Do not file this list with your return. En		•		(0000)	-
	(2005) (2 For any amount included in line 17 that w	2004)	(2003))	(2002)	
D	show the name of, and amount received f					
	•	•	_	• •		=
	(Include in the list organizations described the difference between the amount receiv					
	amounts) for each year.	eu anu me rarger amo	unt described in (1) or (z), erner ble Sum or ur	ese dinerences (ine ex	n/A
		2004)	เวกตร	١	(מחחמ)	•
_	(2005) (2 Add: Amounts from column (e) for lines:	2004))	(2002)	
С		15 20			▶ 276	.
d	Add: Line 27a total	and line 271			k	
e	Public support (line 27c total minus line 2					
f	Total support for section 509(a)(2) lest: E	nter amount from line :	23. column (e)	▶ 27f		
13	Public support percentage (line 27e (n					1
b h						
28	Unusual Grants: For an organization des					
	prepare a list for your records to show, fo		•		•	

description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Par	7.0	5

Pa	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)	<u> </u>	Yes	No
29	Does the organization have a facially hondisc initiatory policy toward stade has by otherward with the contract of the contrac	29	162	NO
	other governing instrument, or in a resolution of its governing body?	23		
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,	30	2000000	*********
	programs, and scholarships?			
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during			00000
	the period of solicitation for students, or during the registration period if it has no solicitation program, in a way	31	P200000000	********
	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.)			
32	Does the organization maintain the following:	32a	10000000	.00000000
8	Records indicating the racial composition of the student body, faculty, and administrative staff?	320	-	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory	32b		
	basis?	320		
С	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing	32c		
	with student admissions, programs, and scholarships?	32d	-	
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32U		
	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:			
		70-		
a	Students' rights or privileges?	33a	<u> </u>	
		226		
þ	Admissions policies?	33b	\vdash	┼
	· · · · · · · · · · · · · · · · · · ·	33c		
C	Employment of faculty or administrative staff?	336	┼	
		33d		_
d	Scholarships or other financial assistance?	330	 	1
		33e	1	
8	Educational policies?	226	\vdash	
		33f		
f	Use of facilities?	331	 	1
		33g		
9	Athletic programs?	338	1-	-
	On the second state of	33h		j
n	Other extracurricular activities?	3311		
	V and the state of the character and in the state of the character and the state of the control of the character and the state of the st			
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
	······			
	***************************************			1
				1000000
	The state of the s	34a		
34a	Does the organization receive any financial aid or assistance from a governmental agency?	348		
١.	Use the empointings right to such aid over been revoked or supposited?	34b		
þ	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	1		
	וו אַטע מווסאיפופט וופס נט פווויפו טאם טו ט, אופמספ פאאומווי עטווען מוי מונמשופט פנמנפוויפוונ.			
2 =	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05		1	
35	of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	*********	7:2:000000
	project the second seco			

Schedule A (Form 990 or 990-EZ) 2006 F	EOFFEES OF	THE GRAMMER	SCHOO) <u>L</u>		500119		Page 6
Part VI-A Lobbying Expend (To be completed	ONLY by Electing	g Public Chantle ble organization t	s (See pa hat filed F	ge 100 orm 576	11 (118 1150 68) 1	ucions.,		
Check a if the organization belor				you check	ted "a" and		trol" provisions apply	y.
	Lobbying Exper				(a) Affiliated total:	Dronb	(b) To be complete for all electing	
(The term "expendi	ures" means amounts	paid or incurred.)		,			organizations	
36 Total lobbying expenditures to influence	public opinion (grassro	ots lobbying)		36				
37 Total lobbying expenditures to influence	a legislative body (dire	ct lobbying)		37				
38 Total lobbying expenditures (add lines 3	6 and 37)			38				
9 Other exempt purpose expenditures				39				
10 Total exempt purpose expenditures (add				40				
11 Lobbying nontaxable amount. Enter the								
If the amount on line 40 is-	The lobbying no	intaxable amount is-	-					
Nat over \$500,000	20% of the amount	on line 40						
Over \$500,000 but not over \$1,000,000				4.5				
Over \$1,000,000 but not over \$1,500,000				41				
Over \$1,500,000 but not over \$17,000,000			1					
Over \$17,000,000		***********	-	42		***********		
Grassroots nontaxable amount (enter 25 Subtract line 42 from line 36. Enter -0- if				43				
Subtract line 42 from line 38. Enter -0- if				44				
4 Subtract line 41 from line 36. Enter -0-1	inte 41 is more treat in			1				
Caution: If there is an amount on either	line 43 or line 44, your	nust file Form 4720						
Caution. If there is an amount of cure.	4-Year Aver	aging Period Und	der Sectio	n 501(h	1)			
(Some organization	ns that made a section					lumns belo	w.	
	See the instructions for							
						D		
		Lobbying Expe	enditures Du	iring 4-Ye	ar Averagii	ng Period		
Calendar year (or	(a)	(b)	(c)	1.	d)	(e)	
fiscal year beginning in)	2006	2005	200	34	20	003	Total	
5 Lobbying nontaxable amount							8	
66 Lobbying ceiling amount (150% of								
line 45(e))			100000000000000000000000000000000000000	000000000000000000000000000000000000000			9	
7 Total lobbying expenditures								
48 Grassroots nontaxable amount								
49 Grassroots ceiling amount (150% of								
line 48(e))								
50 Grassroots lobbying expenditures					<u> </u>			
Part VI-B Lobbying Activity	by Nonelecting	Public Charities	1 1 D	\	O	40 -44	- itti \	3T / 7
(For reporting onl					See page	13 01 111	e instructions.)	N/A
During the year, did the organization attemp				ny		Yes No	Amount	
attempt to influence public opinion on a legis								
a Volunteers							1	
b Paid staff or management (Include co						- -	-	va65000000000000000000000000000000000000
c Media advertisements	on public							
d Mailings to members, legislators, or thee Publications, or published or broadca							1	
 Publications, or published or broadca Grants to other organizations for lobb 								
mm								
 b Rallies, demonstrations, seminars, co 								
Total lobbying expenditures (Add line)								
If "Yes" to any of the above, also atta	ch a statement giving a	detailed description of	the lobbying	activities				

Sche	edule A (Form			EES OF THE GRAMME!		04-6001191		P	age 7
P	art VII		-	ansfers To and Transaction se page 13 of the instruction		ips With Noncharitat	ole		
51	Did the repo			lly engage in any of the following wit		described in section			
		•		organizations) or in section 527, re	• .	ations?		·	·
a				oncharitable exempt organization of				Yes	No
							51a(i)		X
							a(ii)		X
ь	Other transa								
	(i) Sales	or exchanges of assets	s with a nonc	haritable exempt organization			b(i)		X
	(ii) Purch	ases of assets from a n	ionchanlable	exempt organization			b(ii)		X
				sets			b(iii) b(iv)		X
				.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			b(v)		X
	(v) Loans (vi) Perfor	mance of services or m	nembership (or fundraising solicitations			b(vi)		X
c	Sharing of fa	acilities, equipment, mai	iling lists, oth	er assets, or paid employees		• • • • • • • • • • • • • • • • • • • •	С		X
d				lete the following schedule, Column			1		
	goods, other	r assets, or services giv	en by the rep	porting organization. If the organizat	ion received less than fa	ir market value in any			
	transaction (or sharing arrangement	, show in col	umn (d) the value of the goods, other	er assets, or services re	ceived:			
	(a)	(b)	Name	(c) I noncharitable exempt organization	Description of tra	(d) nsfers, transactions, and sharing	errannem	ente	
	Line no.	Amount involved	Name of	nonchantable exempt organization	Description of the	isicis, transactions, and sharing	allangen		
N	/A								
	/ 44			· · · · · · · · · · · · · · · · · · ·					

						<u> </u>			
52a	Is the organ	ization directly or indired	ctly affiliated	with, or related to, one or more tax-	exempt organizations				
				nan section 501(c)(3)) or in section			· 📙 \Upsilon	es 2	No.
_b	If "Yes," con	nplete the following sch	edule;						
		(a)		(b)		(c) Description of relationship			
		Name of organization		Type of organization		Description of relationship			
	N/A								
									
	·····								
					1				
DAA						Schedule A (Form	990 or 9	90-EZ) 2006

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL

04-6001191

Federal Statements

FYE: 6/30/2007

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

Description	<u>Deduction</u>
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	1,463,414

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	 237,374
Total	\$ 0

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL
Federal Statements

5/15/2008 1:14 PM

FYE: 6/30/2007

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

	ame Iress		ationship .o Org	Class of Activity			
	Date of Gift	Description of Property	Cash Contrib	NonCash Contrib	Book Value	BV Explantn	FMV Explntn
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

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL

Federal Statements

04-6001191 FYE: 6/30/2007

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

5/15/2008 1:14 PM

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL

04-6001191

Federal Statements

FYE: 6/30/2007

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

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

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL

04-6001191 Federal Statements

5/15/2008 1:14 PM

FYE: 6/30/2007	
Statement 8 - Form 990, Part IV-A - Other Revenue Include	ed on Financial Statements
Description	Amount
RENTAL EXPENSES NETTED AGAINST RENTAL REVENUE	\$
Total	\$0
Description ENTAL EXPENSES NETTED AGAINST RENTAL REVENUE	\$
RENTAL EXPENSES NETTED AGAINST RENTAL REVENUE Total	\$ \$ 0
Statement 10 - Form 990, Part IV-B - Other Expense	s included on Return
Description	Amount
Description	Amount
Book / Tax Deprec Difference	\$ 237,374

Financial Statements

June 30, 2007

Table of Contents

		Page
Independent	Auditors' Report	1
Exhibit A -	Statement of financial position as of June 30, 2007	2
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 fina	ancial 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.

March 4, 2008

San Clasby a Company

Statement of Financial Position As of June 30, 2007

<u>Assets</u>

	Models
Current assets: Cash Accounts receivable Total current assets	\$ 420,798
Property, betterments and equipment: Sewer betterments Electric betterments Furniture and futures Less accumulated amortization and de-	6,677,122 498,584 1,893 7,177,599 epreciation 237,374
Net property and betterments	6,940,225
Land and buildings, Note 1 Total Assets	\$ <u>7.473.930</u>
<u>Liabi</u>	lities and Net Assets
Current liabilities: Note payable - current portion Accounts payable Accrued interest Deferred rent collections Total current liabilities	\$ 160,500 366,579 29,315 57,210 613,604
Long term debt, net of current portion Total liabilities	<u>6.142,693</u> <u>6.756.297</u>
Contingencies Net assets: Unrestricted - undesignated Unrestricted - board designated Total net assets	667,633 50,000 717,633
Total Liabilities and Net Assets	\$ <u>7.473,930</u>

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

Statement of Activities

For the Year Ended June 30, 2007

	TT 1 ' . 1	Board	m . 1
	<u>Undesignated</u>	<u>Designated</u>	<u>Total</u>
Support and Revenue: Rents	\$ 1,001,600	\$ -	\$ 1,001,600
Real estate tax collections	507,637	υ - -	507,637
Wastewater overhead and maintenance fees	62,880	_	62,880
Interest income and late charges	11.817	_	11.817
interest moone and rate enarges			
Total support and revenue	1,583,934	···	1,583,934
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>		250
Total expenses	<u>1.041.014</u>		<u>1,041,014</u>
Change in net assets before interest, amortization and depreciation			
and gift to Town of Ipswich Public Schools	542,920		542,920
Interest expense	521,842	-	521,842
Amortization and depreciation	237.374		237,374
,	759,216	_	759,216
Change in net assets before gift to Town of Ipswich Public Schools	(216,296)	_	(216,296)
Change in het assets before gift to Town of Ipswich I dolle behoofs	(210,270)		(210,270)
Gift to Town of Ipswich Public Schools	-		-
Change in net assets	(216,296)	-	(216,296)
Net assets, beginning of year	883,929	50.000	933,929
Net assets, end of year	\$ <u>667.633</u>	\$ <u>50.000</u>	\$ <u>717.633</u>

Statement of Cash Flows

For the Year Ended June 30, 2007

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

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

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	\$ 6,303,193

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.

51-0528943	

FORM PC Page 1

Massachusetts Office of the Attorney General Division of Public Charities

FORM PC

To be filed affidally by all flort-profit character	o organizations serialisting positions and a commonwealth
Report for the Fiscal Period: Beginning 07 /	01 / 07 Ending <u>06 / 30 / 08</u>
	Schedule A2 Schedule RO AG Schedule B
Probate Account Copy of IRS Return X Audited Finance	cial Statements/Review X Filing Fee X Amended Articles/Bylaws
Attorney General's Acct. No:	Federal ID Number: 51-0528943
When did the organization first engage in charitable work in Massac	chusetts? 11 / 14 / 1650
Has the organization applied for or been granted IRS tax exempt st	tatus? Yes No X_
If yes, Date of Application: // / OR Date of De	感觉 对数约 化电路 医形质 提展 医乳粉 医二氯甲基二二甲基二二甲基二二二甲基二甲基
しょうり アンプログラ 大手 はんしょう しゅうけん かいしゅう アンドラ かんきょう 一覧 アファイン	Check box if No IRS Exemption [X]
그는 그 전에 하는 것은 사람들이 되는 것이 되었다. 그 나는 그는 그는 사람들이 되는 그는 그를 모르는 것이다.	그들은 그는 그는 생생님이 있는 이번 생물을 보는 것이 되었다면 살아 그 생활이 하지 않는 것이 되었다면 하는 것이 살아 있다면 생물이 되었다면 했다.
If exempt under 501(c), are contributions to the organization tax de	ductible as charitable contributions? Yes NoN/A
ORGA	ANIZATION DATA
Name: FEOFFEES OF THE GRAMMAR SCHOOL IN TH	HE TOWN OF IPSWICH
Mailing Address: P.O. BOX 166	
City: IPSWICH	State: MA zip: 01938
Phone: (978) 356-5558	Fax: () N/A
E-Mail: N/A	Web Site (ULR): http://www. N/A
·	
In the section below, please enter the appropriate codes from the	corresponding tables found on pages 12 and 13:
	nter up to 2 codes from Table 3 for your organization's main purpose(s) Code
	ganization Purpose Code 1 8
Southly (Table 1)	3
Type of Organization (Table 2) 2 Org	ganization Purpose Code 2
Please check box if final return	Payment Received
Prior to dissolution	Office Use Only



5,	1	0.5	2	Ø	Q,	13	

FORM PC Page 2

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 organ	nization created?	2. Where was the organization created?	
NOVEMBER 14, 1650		IPSWICH, MASSACHUSETTS	
	*		
	3. What is the	form of the organization?	
Corporation	3. What is the	form of the organization? Testamentary trust	
Corporation Unincorporated association	3. What is the		

4.	Was your organization related to any other organization(s) during the reporting year (see definition of "Related Organization")?
	Yes NoXIf yes, please complete the Schedule RO on pages 10 and 11.

	5. Summary of Financial Data	Amounts
Α	Contributions, gifts, grants, and similar amounts received	\$ -
В	Gross Support and Revenue	\$ 154,138
С	Program services and similar amounts paid out	\$ -
D	Fundraising expenses	\$ -
E	Management and general expenses	\$ 376,359
F	Payments to affiliates	\$ -
G	Total Expenses	\$ 376,359
<u></u>	Net assets or fund balances at the end of the year	\$ 498,492

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	JAMES FOLEY	CHAIRMAN	AS NEEDED	53,000	0	0
2	PETER FOOTE	TREASURER & CLERK	AS NEEDED	17,068	0	0
3	DONALD F. WHISTON	MEMBER	AS NEEDED	1,000	0	0 .
4						
5						

7.	Was any compensation provided to any other individuals listed in 6 above which was not quantified in your response to 6?
	Yes NoX If yes, please provide explanation

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51-0528943	

FORM PC

Page 3

 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	MACLEAN, HOLLOWAY DOHERTY ET AL	265,929	LEGAL SERVICES
2	VINE ASSOCIATES, INC.	25,987	ENGINEERING
3	WILLIAM SHEEHAN	10,291	LEGAL SERVICES
4	ALEXANDER & FEMINO	8,800	LEGAL SERVICES
5	DAN CLASBY & COMPANY	8,000	TAX & AUDIT SERVICES

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

Bank		Ado	Iress	Phone Num	nber	
FIRST NATIONAL BAN		31 MARKET ST	, IPSWICH, MA	(800) 834-0046		
INSTITUTION FOR SA	VINGS	2 DEPT SQ, IPS	SWICH, MA	(978) 356-5400		
•	ailing address is a P.C		Accrual X Other organization's full structure.		- Zip	
		<u> </u>			Tarana	
37 BAY ROAD			IPSWICH, MA		01938	
	I telephone number of	Street Address	ingo, kang mer Cit y	r, State, Zip	Telephone Nu	
Name	. <u> </u>					
Name PETER FOOTE	<u> </u>	DLONIAL DR	IPSWICH, MA		(978) 356-4	
PETER FOOTE 13. During the fiscal years behalf?	401 CC	DLONIAL DR	IPSWICH, MA	01938 ve funds solicited on		4411

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	

51-0528943	

FORM PC Page 4

16.	Name	s, addresses (street & P.O.) and telephone numbers of other offices/chapters/branches	/affiliates	(attach	list).	N/A	
17.	List th	e names, titles and addresses (street & P.O.) of officers, directors, trustees, and the pri ization (attach separate sheet). SEE ATTACHED	ncipal sal	aried e	xecuti	ves of	
18.	Attack	separate sheet listing names and addresses (street & P.O.) for all below: SEE ATTA	CHED				
	Individ Individ Individ	dual(s) responsible for custody of funds dual(s) responsible for distribution of funds dual(s) responsible for fund raising dual(s) responsible for custody of financial records dual(s) authorized to sign checks					
19.		ois organization or any of its officers, directors, employees or fund raisers solicited fund state?	ds in any	Yes _		No_	<u> </u>
	other i	attach list of states where solicitation was conducted, including registering agency, dates of re names under which the organization was/is registered, and the dates and type (mail, telephone ation conducted.	gistration, e, door to d	registra door, sp	ation no ecial e	umbers vents,	, any etc) of the
20.	Has th	nis organization or any of its officers, directors, employees: es, please attach an explanation					
	(a)	Been enjoined or otherwise prohibited by a government agency/court from operating or soliciting contributions?		Yes _		_ No _	<u> </u>
	(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 If yes	any restrictions been removed during the year from donor-restricted funds? please attach an explanation		Yes _		_ No _	Χ
22.	Have If yes	donor-restricted funds been loaned to unrestricted funds? please attach an explanation		Yes _		_ No _	X
23.	Partic	question involves "Termination of Employment or Change of Control Compensatory Arr ss" (see instructions and definition sections). Report only if payments made or promised nonths salary or \$100,000, whichever dollar amount is less.	angemen d to any ir	ts" witi ndividu	n certa al are	in 'Rei in exce	ated ess of
	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

FORM PC

Page 5

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 transitions 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

Duri	ng the year, has your organization:	Yes	No
(a)	Sold or transferred assets to or purchased assets from or exchanged assets with a related party?		Х
(b)	Leased assets to or leased assets from a related party?		Х
(c)	Been indebted to a related party?		Х
(d)	Allowed a related party to be indebted to it?		Х
(e)	Made or held an investment in a related party?		X
(f)	Furnished goods, services, or facilities to a related party?		Х
(g)	Acquired goods, services, or facilities from a related party who received compensation or other value in return?		Х
(h)	Paid or became obligated to pay wages, salary or other compensation to a related party?		Х
(i)	Transferred income or assets to or for use by a related party?		Х
(i)	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?		х
(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
(i)	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?		Х

51-0528943	3	4	9	8	2	5	-0	1.	5
------------	---	---	---	---	---	---	----	----	---

FORM PC Page 6

Under penalty of perjury,	declare that the information furnished in this	report, including all attac	chments, is true	and correct to	the best of m	у
Knowledge.						
		y y				
Signature of president or	other authorized officer or trustee	Title			Date	
	DAN CLASBY & COMP	ANY		<u> </u>		
			Y, MA 01915			
Under penalty of perjury, I declare that the information furnished in this report, including all attachments, is true and co Knowledge. Signature of president or other authorized officer or trustee Title DAN CLASBY & COMPANY Name of Preparer 100 CUMMINGS CENTER #238C, BEVERLY, MA 0:1915 Address: (978) 922-9900 Phone Number						
447 A. C. V.	(978) 922-9900	Commence of the second		<u> </u>		
	Ph	one Number				

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

FED ID# 51-0528943

FYE 6/30/08

Q 17 & 18

James Foley

25 Meadowview Lane Ipswich, Ma 01938 Chairman

Alexander B C Mulholland Jr.

PO Box 587

Ipswich, MA 01938

Vice Chairman

Donald F. Whiston

2 Jeffrey's Neck Road Ipswich, MA 01938 Member

Elizabeth Kilcoyne

48 East Street

Ipswich, MA 01938

Member

Patrick McNally

74 Little Neck Road Ipswich, MA 01938

Member

Peter Foote

401 Colonial Drive

Ipswich, MA 01938

Treasurer & Clerk signs checks

signs checks

custody of funds & financial records

distribution of funds

no fundraising

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)

Denoting the section of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

OMB No. 1545-0047

Inte	rnal Rev	enue Service	► The organization may have to	use a copy of this return			direments.	1.0
Ā	For the	e 2007 calendar	year, or tax year beginning 7/01,	/07 , and ending 6	/30/	708		
В	Check if a	applicable: Please	C Name of organization					oyer identification number
\Box	Address o	channe use IRS		GRAMMER SCHO	OOL		51-	-0528943
H		label of	IN THE TOWN OF I	PSWICH			E Telep	ohone number
Ш	Name cha	ange print or type.	Number and street (or P.O. box if mail		iress)	Room/suite		
П	Initial retu		P. O. BOX 166		,		F Accou	unting method: Cash
百	T	Specific					X Accru	~
믬	Termination	Instruc-	City or town, state or country, and ZIP	MA 01938			710070	idi Sirisi (oposiiy)
	Amended	return tions.	IPSWICH					
	Apolicatio	on pending	Section 501(c)(3) organizations and 494	7(a)(1) nonexempt charita	pier and			Yes X No
		,	trusts must attach a completed Schedul	le A (FOIIII 550 OF 550-LZ).		Is this a group return f		
G	Websit	te: N/A			_ Н(b)	if "Yes," enter number	of affiliates	•
		ization type			H(c)	Are all affiliales includ	ed?	Yes No
•	(check	only one) > X	501(c) (3) ∢ (insert no.)	4947(a)(1) or 527		(If "No," attach a list. See it	nstructions.)	
] H(d)	Is this a separate retu	n filed by an	
K	Check h	nere 🕨 💹 ifth	ne organization is not a 509(a)(3) supporting o	organization and its gross	1 ' '	organization covered l		
	receipts	are normally not n	nore than \$25,000. A return is not required, b	ut if the organization chooses	3	Group Exemption I		
	to file a	return, be sure to fi	le a complete return.			Check ► X if th		tion is not required
				1 400 075	1			
L	Gross	receipts: Add line	es 6b, 8b, 9b, and 10b to line 🏗	1,489,075	21	to attach Sch. B (F	orm 990, 9	90-EZ, or 990-PF).
	art I	Revenue	, Expenses, and Changes in	Net Assets or Fund	Bala	nces (See the i	<u>nstrucțio</u>	ns.)
	1	Contributions, o	gifts, grants, and similar amounts received	ved:				
	1				1a			
	a		pport (not included on line 1a)		1b			
	b				1c		_	
	С		support (not included on line 1a)		1d			
	d	Government co	ntributions (grants) (not included on lin	e 1a)L	10		- _	0
	е	Total (add lines	s 1a through 1d) (cash\$	noncash \$			1e	
	2	Program servic	e revenue including government fees a	and contracts (from Part \	√II, line !	93)	2	
	3	Membership du	ies and assessments			.,,	. 3	
	4	Interest on savi	ings and temporary cash investments					3,080
	5		interest from securities				. 5	
	-					1,485,99	5	
	6a	Gross rents	penses See S	tatement 1	6b	1,331,85		
	Ь	Less: rental ex	penses Dec D	<u></u>				154,138
	C		me or (loss). Subtract line 6b from line	oa			7	
<u>o</u>	7		ent income (describe			, , , , , , , , , , , , , , , , , , ,	' 	
'n	8a	Gross amount	from sales of assets other	(A) Securities		(B) Other	→	
Revenue		than inventory			8a		_	
ř	ь	Less: cost or of	ther basis and sales expenses		8b			
	c		attach schedule)		8c			
	d		ss). Combine line 8c, columns (A) and	(B)			8d	
	1	Oi-l events	and activities (attach schedule). If any	amount is from gaming.	check	refe		
	9	•		_	01100112	.•\ <u>•</u>		
	a	Gross revenue	,	of	0-1			
	1	contributions re	eported on line 1b)		9a			
	ь	Less: direct ex	penses other than fundraising expense	s	9b	· · · · · · · · · · · · · · · · · · ·	⊢ ,	
	c		(loss) from special events. Subtract line				. 9c	
	10a	Gross sales of	inventory, less returns and allowances		10a			٠
	ь	Less: cost of a	oods sold		10b		i i	
	C	Gross profit or	oods sold (loss) from sales of inventory (attach s	chedule). Subtract line 1	0b from	line 10a	10c	
	ſ	Other revenue	(from Part VIII line 103)	,			11	
	11	Other revenue	(from Part VII, line 103) . Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c,				12	157,218
_	12							
u.	, 13		ces (from line 44, column (B))					376,359
Expenses	14		and general (from line 44, column (C))					210,339
ā	15	Fundraising (fr	om line 44, column (D))				15	
, X	16		ffiliates (attach schedule)				16	
ц	17		es. Add lines 16 and 44, column (A)					376,359
- ,			ficit) for the year. Subtract line 17 from					-219,141
ď	10	FYCESS OF (GE	fund balances at beginning of year (fro	m line 73. column (A))			19	717,633
Accord	19	inet assets of	fund balances at beginning of year (ifo s in net assets or fund balances (attach	ovolanation)	ای ج	atement 2		0
	<u>5</u> 20	Other change:	s in het assets or fund balances (attacr	revhigharion)	. بد ب.		21	498,492
-	21	Net assets or	fund balances at end of year. Combine erwork Reduction Act Notice, see the	separate		<u> </u>	. 41	Form 990 (2007
F	or Priva Istruction	acy Act and Pap ons.	erwork Reduction Act Notice, see the	Jopaian		•		rorm 330 (2007
Ď.	AA							

DAA

FEOFFEES OF THE GRAMMER

Form 990 (2007)

Form 990 (2007) All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) Statement of Part II Functional Expenses organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.) Do not include amounts reported on line (B) Program (C) Management (D) Fundraising (A) Total services and general 6b, 8b, 9b, 10b, or 16 of Part I. 22a Grants paid from donor advised funds (attach schedule) non-cash \$ 22a If this amount includes foreign grants, check her 22bOther grants and allocations (attach schedule) non-cash \$_ If this amount includes foreign grants, check her 22b 23 Specific assistance to individuals (attach 23 schedule) 24 Benefits paid to or for members (attach 24 schedule) 25aCompensation of current officers, directors. key employees, etc. IIsted in Part V-A See Statement 3 25<u>a</u> b Compensation of former officers, directors, key employees, etc. listed in 25b Part V-B 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)(B25c 26 Salaries and wages of employees not included 26 on lines 25a, b, and c 27 Pension plan contributions not included on lines 25a, b, and c 27 28 Employee benefits not included on lines 28 25a – 27 29 29 Payroll taxes 30 30 Professional fundraising fees 8,000 8,000 31 31 Accounting fees 287,901 287,901 32 32 Legal fees 33 33 Supplies 34 34 Telephone 35 Postage and shipping 35 36 36 Occupancy 37 37 Equipment rental and maintenance 38 38 Printing and publications 39 39 Travel 40 Conferences, conventions, and meetings 40 41 41 Interest 42 42 Depreciation, depletion, etc. (attach schedule) 43 Other expenses not covered above (itemize): 80,458 80,458 a See Statement 4 43a 43b 43c 43d 43e 43f 43g 44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 0 376,359 376,359 13-15) Joint 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 ; (ii) the amount allocated to Program service\$ If "Yes," enter (i) the aggregate amount of these joint coas (iii) the amount allocated to Management and genetal ; and (iv) the amount allocated to Fundraising

If this amount includes foreign grants, check her

0

Form 990 (2007)

Form 990 (2007) FEOFFEES OF THE GRAMMER SCHOOL 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 on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments. Program Service What is the organization's primary exempt purpose? ▶ TO GRANT CASH GIFTS TO THE TOWN OF IPSWICH PUBLIC SCHOOLS Expenses (Required for 501(c)(3) and All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number (4) orgs., and 4947(a)(1) of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) trusts; but optional for organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.) others.) If this amount includes foreign grants, check here If this amount includes foreign grants, check here (Grants and allocations \$ If this amount includes foreign grants, check her If this amount includes foreign grants, check her (Grants and allocations \$

e Other program services (attach schedule)

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

(Grants and allocations \$

P	art IV	Balance Sheets (See the instructions				
	Note:	Where required, attached schedules and amounts v column should be for end-of-year amounts only.	vithin the description	(A) Beginning of year		(B) End of year
	45	Cash—non-interest-bearing		144,535	45	50,196
	46	Savings and temporary cash investments		276,263	46	3,185
		Accounts receivable Less: allowance for doubtful accounts	47a 101,691 47b	112,907	47c	101,691
			48a			
	b	Less: allowance for doubtful accounts	48b		48c	
	49	Grants receivable		····	49	
	50a	Receivables from current and former officers, direct	ors, trustees, and			
		key employees (attach schedule)			50a	
	ь	Receivables from other disqualified persons (as defi		ď		
	1	persons described in section 4958(c)(3)(B) (att. sche	edule)		50b	
	51a	Other notes and loans receivable (attach			ļ	
S		schedule)	51a			
Assets	b	Less: allowance for doubtful accounts	51b		51c	
Αs	52	Inventories for sale or use			52	
	53	Prepaid expenses and deferred charges			53	
	54a	securities	Cost FMV		54a	
	b	Investments—publicly-traded securities Investments—other securities (attach schedule)	Cost FMV		54b	
	55a	Investments—land, buildings, and equipment: basis	55a			
	b	Less: accumulated depreciation (attach			55c	
		schedule)	55b		56	
		Investments—other (attach schedule)	57a 7,197,819		30	
		Land, buildings, and equipment: basis	5/3 /,197,819			
	j b	Less: accumulated depreciation (attach	57b 479,623	6,940,225	576	6,718,196
		borroadio)		0,540,225	3/6	0,710,100
	58	Other assets, including program-related investments			58	
		(describe ► Total assets (must equal line 74). Add lines 45 thro	.:/ -	7,473,930		6,873,268
	59			366,579		138,611
	60	Accounts payable and accrued expenses		33373.5	61	
	61	Grants payable Deferred revenue Se	e Statement 6	57,210		66,596
	62	Loans from officers, directors, trustees, and key em	ployees (attach			
ties	63		ì		63	
_labilities	640	schedule) Tax-exempt bond liabilities (attach schedule)			64a	
Lia		Mortgages and other notes payable (attach schedul			64b	
	65	Other liabilities (describe See Stateme:	nt 7	6,332,508	65	6,169,569
	55	Outof habitator (2000). 12. 12. 12. 12. 12. 12. 12. 12. 12. 12				
	66	Total liabilities, Add lines 60 through 65		6,756,297	66	6,374,776
	Orga	Total liabilities. Add lines 60 through 65 anizations that follow SFAS 117, check hee X a	nd complete lines			
		67 through 69 and lines 73 and 74.				
es	67	Unrestricted		717,633	67	498,492
and	68	Temporarily restricted			68	
Bal		Permanently restricted			69	
þ	Orga	Permanently restrictedanizations that do not follow SFAS 117, check here	and			
Net Assets or Fund Balances		complete lines 70 through 74.				
ō	70	·	, , . ,		70	
ets	71	Paid-in or capital surplus, or land, building, and equ	ipment fund		71	
\ss	72	Retained earnings, endowment, accumulated incom			72	
et/	73	Total net assets or fund balances. Add lines 67 th	rough 69 or lines			
Z	}	70 through 72. (Column (A) must equal line 19 and	column (B) must			
	1	equal line 21)		717,633	73	498,492
	74	Total liabilities and net assets/fund balances. Ad	d lines 66 and 73	7,473,930	74	6,873,268

_	990 (2007) FEOFFEES OF THE GRAMMER SCHOOL	51	-05289	43			Page 5
	n 990 (2007) FEOFFEES OF THE GRAMMER SCHOOL art IV-A Reconciliation of Revenue per Audited Financial S	tateme	ents With	Revenue p	er F	Return (Se	e the
70	instructions.)						
	Total revenue, gains, and other support per audited financial statements			l	а	1.	57,218
a L	Amounts included on line a but not on Part I, line 12:						
0	Net unrealized gains on investments	Ь1					
1	Donated services and use of facilities						
2							
3	Recoveries of prior year grants						
4	Other (specify): See Statement 8	· b4		-			
					b		
	Add lines b1 through b4				С	1	57,218
C	Subtract line b from line a			· · · · · · · · · · · · · · · · · · ·			
d	Amounts included on Part I, line 12, but not on line a:	d1					
1	Investment expenses not included on Part I, line 6b	.		·····			
2	Other (specify):						
		d2					
	Add lines d1 and d2	 .			d	 -	57,218
е	Total revenue (Part I, line 12). Add lines c and d			<u></u> _	<u>e</u>		51,210
Pa	Total revenue (Part I, line 12). Add lines c and d art IV-B Reconciliation of Expenses per Audited Financial	Statem	ents With	ı <u>⊨xpense</u>	s pe	r Return	24 220
a	Total expenses and losses per audited financial statements				<u>a</u>	<u> </u>	34,110
- h	Amounts included on line a but not Part I, line 17:			1			
4	Donated services and use of facilities	b1				1	
2	Prior year adjustments reported on Part I, line 20						
	Losses reported on Part I, line 20						
						1	
4	Other (specify): See Statement 9	b4					
					b		
	Add lines b1 through b4				c	1	34,110
С	Subtract line b from line a						
d	Amounts included on Part I, line 17, but not on line a:	1	i				
1	Investment expenses not included on Part I, line 6b	<u>d1</u>				Į	
2	Other (specify):		_ ا	40 040		1	
	Other (specify): See Statement 1(O <u>d2</u>		42,249			40 040
	Add lines d1 and d2				ď		42,249
e	T / Lawrence (Dort Lling 17) Add lines c and d				e		76,359
P		piovee	S (List each	person who v	vas a	n officer, dire	ctor, trustee,
•	or key employee at any time during the year even if they were not c	compens	ated.) (See t	ne instruction	ıs.)		
			(B)	(C) Compensa (If not paid, en -0)	fior (n)	nployee benefit	(E) Expense
	(A) Name and address	week dev	oted to position	-0)	COL	ans & deterred npensation plans	allowances
	LEXANDER B C MULHOLLAND, JR IPSWICH		CHAIR		T		
	01030	1			ol	ol	0
	TROUTCH	CHAI	RMAN				
	AMES FOLEY IPSWICH	40			0	ol	53,000
2	5 MEADOWVIEW LANE MA 01938	+	S., CLK		1	- 1	
. P	ETER FOOTE IPSWICH		5., CIA		0	0	17,068
4	01 COLONIAL DR. MA 01938	15			4-		2.,,000
D	ONALD F. WHISTON IPSWICH	MEMB	EK				1,000
2	JEFFREY'S NECK R MA 01938	2			의_	0	1,000
E	LIZABETH KILCOYNE TPSWICH	MEMB	ER		1	_	_
	8 EAST STREET MA 01938	1			<u> </u>	0	0
	ATRICK MCNALLY IPSWICH	MEMB	ER		Į		
	4 LITTLE NECK ROAD MA 01938	1			0	0	0
	THE THE PROPERTY AND ADDRESS A					i	
				1	1		
		.			1		
		 		-	_		
		·		1	}		
		+		 	+		

Form 990 (2007)

m 990 (2007) FEOFFEES OF THE GRAMMER SCHOOL	51-0528	943			Р	age (
Part V-A Current Officers, Directors, Trustees, and Key Em					Yes	
Enter the total number of officers, directors, and trustees permitted to vote on	organization busines	s at board				
meetings	,,.,,., >					
Are any officers, directors, trustees, or key employees listed in Form 990, Part	V-A, or highest com	pensated			1 1	
employees listed in Schedule A, Part I, or highest compensated professional a	nd other independer	it				
contractors listed in Schedule A, Part II-A or II-B, related to each other through	family or business					
relationships? If "Yes," attach a statement that identifies the individuals and ex	plains the relationshi	p(s)		75b		<u> X</u>
					1 1	
Do any officers, directors, trustees, or key employees listed in Form 990, Part V	/-A, or highest					
compensated employees listed in Schedule A, Part I, or highest compensated	orofessional and oth	er		ŀ		
independent contractors listed in Schedule A, Part II-A or II-B, receive compensation	sation from any othe	г				
organizations, whether tax exempt or taxable, that are related to the organization	on? See the instructi	ons for				
the definition of "related organization."				75c		X
If "Yes," attach a statement that includes the information described in the instru						
Does the organization have a written conflict of interest policy?		 		75d		<u> </u>
art V-B Former Officers, Directors, Trustees, and Key Emp	loyees That Re	ceived Co	mpensation	or (Other	Be
(If any former officer, director, trustee, or key employee received co					the ye	ar, lis
person below and enter the amount of compensation or other bene-						
(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid,	(D) Contributions to employee benefit		E) Expe	
(A) Name and address	(D) Coalis and Advances	enter -0-)	employee benefit plans & deferred compensation plans		allowan	
(A						
	1					
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	1					
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				+		
art VI Other Information (See the instructions.)	<u> </u>		h		Yes	No
Did the organization make a change in its activities or methods of conducting a	ctivities? If "Yes " att	ach a			,,,,,,	
				76		X
detailed statement of each change Were any changes made in the organizing or governing documents but not rep				77		X
If "Yes," attach a conformed copy of the changes.	orted to the into:		• • • • • • • • • • • • • • • • • • • •		 	
	during the year cove	red by				
				78a		X
this return?				78b		
				700	\vdash	
Was there a liquidation, dissolution, termination, or substantial contraction during	•			70		v
a statement				79	 	X
Is the organization related (other than by association with a statewide or nation						
common membership, governing bodies, trustees, officers, etc., to any other ex						
				80a		<u> </u>
organization?						
If "Yes," enter the name of the organizatio▶						
If "Yes," enter the name of the organizatio▶	hether it is exem		nexempt 0			

Form **990** (2007)

Eore	990 (2007) FEOFFEES OF THE GRAMMER SCHOOL 51-0528943		Р	age 7
	irt VI Other Information (continued)		Yes	No
82a	the state of the s			
uza	or at substantially less than fair rental value?	82a		X
h	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.)			
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			
	diffs were not tax deductible? N/A	84b		
85a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?	85a		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b		
	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.			
С	Dues, assessments, and similar amounts from members 85c]]		
d	Section 162(e) lobbying and political expenditures 85d			
е	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 85f]]		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A	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			
	Gross receipts, included on line 12, for public use of club facilities			
37	501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a			
	Gross income from other sources. (Do not net amounts due or paid to other			
_	sources against amounts due or received from them.)			
B8a	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
ь	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			
ь	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 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
С	Enter: Amount of tax imposed on the organization managers or disqualified			
-	persons during the year under sections 4912, 4955, and 4958			
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization			
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	1		
Ū	supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings			
		89g		X
90a	at any time during the year? List the states with which a copy of this return is file MA			
L	Number of employees employed in the pay period that includes March 12, 2007 (See			
	instructions.)			0
91a	instructions.) The books are in care of ▶ PETER FOOTE 401 COLONIAL DR.	356	-44	11
	401 COLONIAL DR.			
	Located at ► IPSWICH, MA 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		Yes	No
	account)?	91b		X
	If "Yes," enter the name of the foreign counting			
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank			
	and Financial Accounts.	<u> </u>	Ĺ	
DAA		For	ո 99	(200

Form 990 (20	007) FEOFFEES OF TH	HE GRAMMER	SCHOOL	51-0	528943			F	age 8
Part VI	Other Information (cor	ntinued)						Yes	
c At any	time during the calendar year, did	the organization ma	intain an office	outside of the Un	iled States?) 	91c	<u> </u>	_X_
If "Yes,	" enter the name of the foreign cou	ıntr }							
32 Section	" enter the name of the foreign count 1 4947(a)(1) nonexempt charitable ter the amount of tax-exempt intere	trusts filing Form 99	0 in lieu of For	m 1041—Check	here				
and en	ter the amount of tax-exempt intere	est received or accru	ed during the t	ax year	<u></u>	▶ 92 ∤			
Part VII	Analysis of Income-Pr	oducing Activit	ies (See the	e instructions					
Note: Enter g	gross amounts unless otherwise		Unrelated t	ousiness income		y section 512, 513, or 514	Re	(E) lated or	
ndicated.		i.	(A) Business code	(B) Amount	(C) Exclusion	(D) Amount		pt funct	
93 Program	m service revenue:	<u> </u>	543111666 6646		code		ir	come	
a				~ 	 				
b									
c									
					 				
e									
f Medica	re/Medicaid payments	·			- 				
	nd contracts from government age								
94 Membe	ership dues and assessments								
	t on savings and temporary cash ir				14	3,080			
	nds and interest from securities								
97 Net ren	ital income or (loss) from real estat	e:							
a debt-fin	nanced property				 	7.54.700			
b not deb	ot-financed property				16	154,138			
98 Net ren	ital income or (loss) from personal	property		· - · · ·					
99 Other in	ivestment income				4		3,777		
00 Gain or	(loss) from sales of assets other t	han inventory			+				
	ome or (loss) from special events				1				
02 Gross p	profit or (loss) from sales of invento	ory							
03 Other n	evenue: a								
b									
					 -				
									
е						1 = 0 1 0			
	al (add columns (B), (D), and (E))					157,218			07.0
	add line 104, columns (B), (D), and					🟲 📖	<u>T</u>	57,	215
lote: Line 10	05 plus line 1e, Part I, should equa	I the amount on line	12, Part I.			<u> </u>			
Part VIII	Relationship of Activit	ies to the Acco	<u>mplishmen</u>	t of Exempt I	urposes?	(See the instruc	ctions	.)	
Line No.	Explain how each activity for v	which income is repo	orted in column	(E) of Part VII co	ntributed im	portantly to the acco	mplishr	nent	
	of the organization's exempt p	ourposes (other than	by providing it	inds for sacir par	poses).	·· ···································			
N/A									
	<u> </u>		· · · · · · · · · · · · · · · · · · ·			/O 4 1 4		`	
Part IX	Information Regarding	Taxable Subsi	idiaries and	Disregarded	Entitles	(See the instruc	tions.) (F)	
Name, a	ddress, and EIN of corporation, ership, or disregarded entity	(B) Percentage of ownership interes		(C) ture of activities		(D) Fotal income	End- as	(E) of-yea ssets	r [:]
N/	A		%						
			%						
			%						
			%						
Part X	Information Regarding	Transfers Ass	ociated wit	h Personal B	enefit Co	ntracts (See th	<u>e instr</u>	<u>uctio</u>	<u>ņs.)</u>
(a) Did t	the organization, during the year, nather organization, during the year, p	eceive any funds, di	rectly or indirec	tly, to pay premiu	ıms on a pe	rsonal benefit contra	ct?	∕es ∑ ∕es ∑	No
	"Yes" to (b), file Form 8870 and Fo							·	
	3. W						For	m 990	(200

Form 990 (200	O7) FEOFFEES OF THE GRAMM	ER SCHOOL	51-0528943			age 9
Part XI	Information Regarding Transfers	To and From Con	trolled Entities. Complete	only if the organ	nizatio	on
	is a controlling organization as def	ned in section 512	2(b)(13).		VT	NI-
106 Did the	e reporting organization make any transfers to a	controlled entity as def	ined in section 512(b)(13) of		Yes	No X
the Co	ode? If "Yes," complete the schedule below for ea		(6)	T	LL	
	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	Amoun	(D) t of tra	ınsfer
a			<u> </u>			
D						
C				·		·
	Totals				,	
107 Did the	e reporting organization receive any transfers fro (13) of the Code? If "Yes," complete the schedu	om a controlled entity as le below for each contro	s defined in section illed entity.		Yes	No_X
0 (2(5)	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	Amoun	(D) it of tra	ınsfer
b	· · · · · · · · · · · · · · · · · · ·					
с						
	Totals					
rents.	e organization have a binding written contract in royalties, and annuities described in question 10)7 above?			Yes	No
Please Sign	Under penalties of perjury, I declare that I have examinand belief, it is true, correct, and complete. Declaration	ned this return, including ac	cer) is based on an information. Or which	and to the best of my learner has any know	knowled wledge.	ge
Here	PETER FOOTE Type or print name and title	- 	TREASURER			
Paid	Preparer's signature Daniel E. Clasby		Date Check if self- 5/13/09 employed	Preparer's (See Gen. 029-3	Instr. X 6 – 4) 7 <u>53</u>
Preparer's Use Only	Let the second Dail Crabby	& Company s Center Su	ite 238C	Phone 978-92		

Form **990** (2007)

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

2007

Employer identification number

Schedule A (Form 990 or 990-EZ) 2007

OMB No. 1545-0047

Department of the Treasury Internal Revenue Service Name of the organization

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

Part I	S OF THE GRAMMER SCHOOL IN THE TOWN Compensation of the Five Highest Paid Employ	N OF IPSWICH		51-052894: rs. and Trus	
1 4111	(See page 1 of the instructions. List each one. If	there are none, ent	er "None.")	rs, and rius	1000
<u></u>	(a) Name and address of each employee paid more than \$50,000	(b) Title and average hou per week devoted to posit	ırs , , , ,	(d) Contributions to empl. benefit plans & deferred comp.	(e) Expense account and other allowances
ONE					
		 			
tal number o	of other employees paid over \$50,000			· · · · · · · · · · · · · · · · · · ·	
Part II-A		dent Contractors f	or Profession	al Services	
	(See page 2 of the instructions. List each one (w	hether individuals o	r firms). If ther	e are none,	enter "Nor
	(a) Name and address of each independent contractor paid more than		(b) Type of s		Compensation
ACLEAN HOI	LLOWAY PEABODY		······································		
	WIER DRIVE MA 01970		LEGAL SERVICE	s	265,929
		,,	•		
					· ·
otal number (of others receiving over \$50,000 for				
rofessional s	ervices	0			
Part II-B	(List each contractor who performed services oth firms. If there are none, enter "None." See page	ner than professiona 2 of the instructions	al services, wh	ether individ	
	(a) Name and address of each independent contractor paid more than	\$50,000	(b) Type of s	ervice (c)	Compensation
ONE					
Fotal number	of other contractors receiving over				

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

Sch	nedule A (Form 990 or 990-EZ) 2007FEOFFEES OF THE GRAMMER SCHOOL 51-0528943		!	Page 2
P	rart III Statements About Activities (See page 2 of the instructions.)		Yes	No
1	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		х
	Organizations that made an election under section 501(h) by filling 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.)			
а	Sale, exchange, or leasing of property?	2a		x
ь	Lending of money or other extension of credit?	2b		x
С	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	
е	Transfer of any part of its income or assets?	2e		X
Ва	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
С	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
la	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		
С	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		
đ	Enter the total number of donor advised funds owned at the end of the tax year			
е	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	
_	Enter the programme value of proofs hold in all funds or accounts included on line Af at the and of the tay year.			Λ

P	art l	IV Reason for Non-Private Found	dation Status (Se	ee pages 4 throug	gh 8 of the	instructions.)			
cer 5	tify t	hat the organization is not a private foundation A church, convention of churches, or associat	because it is: (Please ion of churches. Secti	check only ONE applion 170(b)(1)(A)(i).	icable box.)					
3		A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)								
,		A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).								
;		A federal, state, or local government or govern	nmental unit. Section	170(b)(1)(A)(v).						
)		A medical research organization operated in o	conjunction with a hos	pital. Section 170(b)(1)(A)(iii). Enter	the hospital's	name, city,			
		and state								
)		An organization operated for the benefit of a c (Also complete the Support Schedule in Part		wned or operated by a	governmenta	l unit. Section 17	70(b)(1)(A)(iv).			
la		An organization that normally receives a subs 170(b)(1)(A)(vi). (Also complete the Support			al unit or from	the general pub	olic. Section			
lb		A community trust. Section 170(b)(1)(A)(vi). (A	Also complete the Sup	oport Schedule in Par	t IV-A.)					
2	An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions-subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)									
3		An organization that is not controlled by any derequirements of section 509(a)(3). Check the	isqualified persons (o box that describes the Type III-Functionally li	type of supporting org	nanagers) and ganization: se III-Other	otherwise meel	ts the			
		Provide the following inform	nation about the sup	ported organizations.						
		(a)	(b)	(c)	(c		(e)			
		Name(s) of supported organization(s)	Employer	Type of		apported	Amount of			
		ł	identification	organization	_	on listed in porting	support			
		,	number (EIN)	(described in lines 5 through 12		zation's				
				above or IRC section)	_	documents?				
					Yes	No				
					100		ART			
_					-					
			······································		<u> </u>					
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_				1	<u> </u>					
of	al		<u></u>	· · · · · · · · · · · · · · · · · · ·						
4		An organization organized and operated to te	est for public safety. S	ection 509(a)(4). (See	page 8 of the		orm 990 or 990-FZ\ 20			

solid or services performed, or furnishing of facilities in any activity that is related to be organizations' characteristic in any activity that is related to the organizations' characteristic in any activity that is related to the property of the prope	Pa	art IV-A Support Schedule (C	omplete only if you ch	necked a box on line	10, 11, or 12.) Use ca	ish method of acco	ounting.
Gille, general, and controllutions research (Din set highde unque) greater (See 18th 28th 18th 18th 18th 18th 18th 18th 18th 1	Note	: You may use the worksheet in the inst	ructions for convertin	g from the accrual to		ccounting.	
ne incuste invasual grants. See the 28.) Morphashiff is the received	Cale	ndar year (or fiscal year beginning in)	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
19. Methodolis disaster any advantage of the service of the comparison of the comparis	15	Gifts, grants, and contributions received. (Do					
17 Gross reactios from admissions, menthandles and in services parformed, of femiliating of femiliation and in section of the programment of membrane growth or section of the programment of the programm		not include unusual grants. See line 28.)					
sold or services performed, of Armishing of facilities in any activity that in treating to the opposition of the company of th	16	Membership fees received			ļ		_
facilities in any activity that is related to the organization's charability, etc., horizon in control to the organization's charability, etc., horizon in control to the c	17	Gross receipts from admissions, merchandise					
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description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.	20	prepare a list for your records to show	, for each year, the n	ame of the contributo	or, the date and amour	nt of the grant, and	a brief
		description of the nature of the grant	Do not file this list w	vith your return. Do	not include these gran	ts in line 15.	

Schedule A (Form 990 or 990-EZ) 2007FEOFFEES OF THE GRAMMER SCHOOL 51-0528943 Page 5 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) Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, Yes Νo 29 29 other governing instrument, or in a resolution of its governing body? Does the organization include a statement of its racially nondiscriminatory policy toward students in all its 30 brochures, catalogues, and other written communications with the public dealing with student admissions, 30 programs, and scholarships? 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 31 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.) Does the organization maintain the following: Records indicating the racial composition of the student body, faculty, and administrative staff? 32a Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory 32b Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? 32c 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.) Does the organization discriminate by race in any way with respect to: Students' rights or privileges? 33a 33b Admissions policies?

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.)	
4a	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

Employment of faculty or administrative staff?

Scholarships or other financial assistance?

33c

33d

33e

3

Part VI-A Lobbying Expend (To be completed	litures by Electi	THE GRAMME ng Public Char gible organization	ities (See pag	e 11 of the	instructio 1/A	ons.)
Check a if the organization below	ngs to an affiliated gr	oup. Check	b if you c	necked "a" and	l "limited co	ntrol" provisions apply.
	Lobbying Expe			(a) Affiliated totals	group	(b) To be completed for all electing organizations
(The term "expendit						
6 Total lobbying expenditures to influence	e public opinion (gra	ssroots lobbying)	36_			
7 Total lobbying expenditures to influence	e a legislative body (direct lobbying)	37			
8 Total lobbying expenditures (add lines						
9 Other exempt purpose expenditures			39			
O Total exempt purpose expenditures (ad	ld lines 38 and 39)		40			
1 Lobbying nontaxable amount. Enter the	amount from the fo	llowing table-				
If the amount on line 40 is-	The lobbying no	ontaxable amount is	7		i	
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 \$10	000.000			
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10%	of the excess over \$1.50	00,000			·
Over \$1,500,000 but not over \$17,000,000	\$225,000 pids 5 % 0	A THE EXCESS OVER \$1,500			.]	
Over \$17,000,000 12 Grassroots nontaxable amount (enter 2			42			
3 Subtract line 42 from line 36. Enter -0-	if line 42 is more tha	n line 36	43			
42 Subtract line 42 from line 38. Enter -0-	if line 41 is more tha	n line 38	44			
4 Subtract line 41 from line 56. Ernor 5	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,					
Caution: If there is an amount on eithe	r line 43 or line 44, v	ou must file Form 47	720.			
	4-Year Aver	aging Period U	nder Section	501(h)		
(Some organizatio	ns that made a secti	on 501(h) election d	o not have to com	plete all of the	five column	s below.
·	ee the instructions for	or lines 45 through 5	0 on page 13 of th	ne instructions.	.)	
		Lobbying Exp	enditures During	4-Year Avera	ging Period	d
Calendar year (or	(a)	(b)	(c)	(d)	(e)
fiscal year beginning in)▶	2007	2006	2005	20	004	Total
					1	•
45 Lobbying nontaxable amount						
46 Lobbying ceiling amount (150% of				1	1	
line 45(e))						
47 Total lobbying expenditures						
48 Grassroots nontaxable amount						
49 Grassroots ceiling amount (150% of						
line 48(e))						
			1			
50 Grassroots lobbying expenditures			<u> </u>			
50 Grassroots lobbying expenditures . Part VI-B Lobbying Activity	y by Nonelectin	g Public Chariti	es			of the instructions

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

Schedule A (Form 990 or 990-EZ) 2007

Pa	art VII	Exempt Organiz	zations (S	ee page 14 of the instruc	tions.)			
 51	Did the rep	orting organization di	rectly or indir	ectly engage in any of the follow	ing with any other organization described in sect	ion		
	501(c) of th	ne Code (other than s	ection 501(c)	(3) organizations) or in section 5	27, relating to political organizations?	r		
а	Transfers f	rom the reporting orga	anization to a	noncharitable exempt organizat	ion of:		Yes	No
_						51a(i)		X
	(ii) Other assets							
ь	Other trans							
	(i) Sales	or exchanges of ass	ets with a no	ncharitable exempt organization		b(i)		<u> </u>
						b(ii)		X
	. ,					b(iii)		X
						b(iv)		X
	, ,					b(v)		X
	(v) Loan	s or loan guarantees	r membershii	or fundraising solicitations		b(vi)		X
	(vi) Perfo	rmance of services of	mailina liete	other assets or paid employees		С		X
С	Sharing of	facilities, equipment, i	maming iists,	malete the following schedule.	olumn (b) should always show the fair market va			
d	If the answ	er to any of the above	e is "Yes, co	mpiete the following schedule. C	anization received less than fair market value in	anv	•	
	goods, other	er assets, or services	given by the	reporting organization. If the org	allization received less than lan market value in	arry		
	transaction	or sharing arrangeme	ent, show in		s, other assets, or services received:			
	(a)	(b)	Name of	(c) noncharitable exempt organization	(d) Description of transfers, transactions, and share	ring arrand	ement	s
	Line no.	Amount involved	Name of	Monchantable exempt organization	Dodon priem of darketer, we have			
N/	A		ļ					
			ļ					
			<u> </u>					
			T-***					
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		-						
		 	-					
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		<u> </u>	 					
		·	<u> </u>					
			 					
			1					
52a	Is the orga	nization directly or inc	directly affiliat	ed with, or related to, one or mo	re tax-exempt organizations		I=	3
	described	in section 501(c) of th	e Code (othe	er than section 501(c)(3)) or in se	ction 527?	►	es <u>[≥</u>	No
ь	If "Yes." co	implete the following	schedule:					
		(e)		(b)	(c)			
		Name of organization		Type of organization	Description of relationship			
	N/A							
	-1/44							
			···					
_								
-								
_								
	 							
								
				<u> </u>				-7\ n

5/13/2009 10:35 AM

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL

Federal Statements

FYE: 6/30/2008

51-0528943

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

Description	Deduction
COTTAGES Interest REAL ESTATE Depreciation BEACH SAMPLING DOCK REMOVAL & STORAGE ENGINEERING CONSULTING INSPECTIONS INSURANCE POLICE DETAIL REPAIRS & UPKEEP UTILITIES	479,663 432,291 242,249 800 2,325 37,432 7,456 6,348 9,294 95,829 18,170
Total	1,331,857

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

Description	 Amount
Book / Tax Deprec Difference DEPRECIATION INCLUDED IN EXPENSES	\$ 242,249 -242,249
Total	\$ 0

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL 5/13/2009 10:35 AM **Federal Statements** 51-0528943 FYE: 6/30/2008 Form 990, Part II, Line 22b - Other Grants and Allocations Relationship to Org Class of Name Activity Address Cash NonCash Book ΒV FMV Description of Date of Value Expl Property Contrib Contrib Expl Gift NONE EDUCATIONAL TOWN OF IPSWICH 0 \$ 0 \$ 0 Total Statement 3 - Form 990, Part II, Line 25a - Compensation of Current Officers Management & Program General Fundraising Services Name \$ Expenses \$ 0 0 0 Total

5/13/2009 10:35 AM

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL

Federal Statements

51-0528943 FYE: 6/30/2008

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

Description	Total Expense	Program s Service	Mgt Gene	
Expenses COMM OF MASS FILING FEES MANAGEMENT FEES MEDIATION SERVICES OFFICE EXPS OTHER PROFESSIONAL FEES	\$ 71,0 1,6 6,1 1,5	300 .32	1 6	\$,068 ,600 ,132 ,588
Total	\$ 80,4	158 \$	0 \$ 80	,458 \$ 0

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL

51-0528943 Federa

FYE: 6/30/2008

Federal Statements

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

Description				
	Beginning of Year	Accum Depr	End of Year	Accum Depr
SEWER CONSTRUCTION COSTS	\$ 6,238,709 \$	237,374	\$ 6,258,929 \$	479,623
SEWER SOFT COSTS	438,413		438,413	
ELECTRIC BETTERMENTS	498,584		498,584	
FURNITURE & FIXTURES	1,893		1,893	
Total	\$ <u>7,177,599</u> \$	237,374	\$ 7,197,819 \$	479,623

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

Description	Beginning of Year	End of Year
DEFERRED RENT	\$ 57,210	\$ 66,596
Total	\$ 57,210	\$ <u>66,596</u>

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

Description	Beginning of Year	End of Year
NOTES PAYABLE ACCRUED INTEREST	\$ 6,303,193 29,315	\$ 6,142,674 26,895
Total	\$ 6,332,508	\$ 6,169,569

FEO1191 FEOFFEES OF THE GRAMMER SCHOOL 51-0528943 Federal Statements

51-0528943 FYE: 6/30/2008

Description	Amount
RENTAL EXPENSES NETTED AGAINST RENTAL REVENUE	\$
Total	\$
Statement 9 - Form 990, Part IV-B - Other Expenses include	d on Financial Statement
Description	Amount
TUDINORG NEWERR ACAINCE DENTAL DEVENUE	\$
RENTAL EXPENSES NETTED AGAINST RENTAL REVENUE	
Total	\$
	ş included on Return
Total	\$included on Return Amount
Statement 10 - Form 990, Part IV-B - Other Expenses	

Financial Statements

June 30, 2008

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Exhibit A - Statement of financial position as of June 30, 2008	2
Exhibit B - Statement of activities for the year ended June 30, 2	008 3
Exhibit C - Statement of cash flows for the year ended June 30,	2008 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, 2008, 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, 2008, 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.

March 6, 2009

San Clasby & Company

Statement of Financial Position June 30, 2008

Assets

11000	
Current assets: Cash	\$ 53,381
Accounts receivable	<u> 101,691</u>
Total current assets	<u> 155,072</u>
Property, betterments and equipment:	6 607 242
Sewer betterments	6,697,342
Electric betterments	498,584 1,893
Furniture and futures	7,197,819
Less accumulated amortization and depreciation	479,623
Dess accumulated amortization and depreciation	
Net property betterments and equipment	<u>6,718,196</u>
Land and buildings, Note 1	
Total Assets	\$ <u>6,873,268</u>
Total Assets	Ψ <u>0.07.2,200</u>
Liabilities and Net Assets	
Current liabilities:	
Note payable - current portion	\$ 176,000
Accounts payable	138,611
Accrued interest	26,895
Deferred rent collections	66,596
Total current liabilities	408,102
Total current habilities	100,202
Long term debt, net of current portion	<u>5,966,674</u>
Total liabilities	6,374,776
Contingencies	-
Net assets unrestricted:	
Undesignated	448,492
Designated	50,000
Total net assets	498,492
Total Liabilities and Net Assets	\$ <u>6.873.268</u>

See accompanying notes to the financial statements.

Statement of Activities

For the Year Ended June 30, 2008

	<u>Undesignated</u>	Board Designated	<u>Total</u>
Support and Revenue:	m 1 007 770	rr.	Ø 1 006 660
Rents	\$ 1,006,660	\$ -	\$ 1,006,660
Real estate tax collections	414,535	-	414,535
Wastewater overhead and maintenance fees	64,800	-	64,800
Interest income and late charges	3.080	<u>-</u>	3.080
Total support and revenue	1.489,075		1,489,075
Expenses:	400.001		422.201
Real estate taxes	432,291	-	432,291
Legal	287,901	-	287,901
Repairs and upkccp	95,829	-	95,829
Management fees	71,068	-	71,068
Engineering consulting	37,432	-	37,432
Utilities	18,170	-	18,170
Police details	9,294	-	9,294
Accounting	8,000	-	8,000
Inspections	7,456	-	7,456
Insurance	6,348	-	6,348
Office expense	6,132	-	6,132
Dock removal and storage	2,325	-	2,325
Mediation services	1,600	-	1,600
Other professional fees	1,588	-	1,588
Beach sampling	800	-	800
State fees	<u>70</u>		70
Total expenses	<u>986,304</u>	_	986,304
Change in net assets before interest, amortization and depreciation			500 551
and gift to Town of Ipswich Public Schools	502,771		502,771
Interest expense	479,663	-	479,663
Amortization and depreciation	<u>242,249</u>		<u> 242,249</u>
	721,912	<u> </u>	<u>721,912</u>
Change in net assets before gift to Town of Ipswich Public Schools	(219,141)	-	(219,141)
Gift to Town of Ipswich Public Schools			
Change in net assets	(219,141)	-	(219,141)
Net assets, beginning of year	667.633	50.000	717,633
Net assets, end of year	\$ <u>448.492</u>	\$ <u>50,000</u>	\$ <u>498,492</u>

See accompanying notes to the financial statements.

Statement of Cash Flows

For the Year Ended June 30, 2008

Cash flows from operating activities: Change in net assets Adjustments to reconcile changes in net assets	\$(219,141)
to net cash provided by operating activities: Amortization and depreciation Changes in operating assets and liabilities:		242,249
Decrease in accounts receivable		11,216
Decrease in accounts payable	(227,968)
Decrease in accrued expenses	(2,420)
Increase in deferred rent collections	_	9,386
Net cash used by operating activities	(_	186,678)
Cash flows from investing activities:		
Betterments made	(_	20,220)
Net cash used by investing activities	(_	20,220)
Cash flows from financing activities: Debt repayment	(_	160,519)
Net cash used by financing activities	(_	160,519)
Net change in cash	(367,417)
Cash, beginning of year	-	420,798
Cash, end of year	\$ _	53,381
Supplemental cash flow information:		
Interest paid	\$ _	482,083

FEOFFEES OF THE GRAMMAR SCHOOL

Notes to Financial Statements

June 30, 2008

(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.

(d) Basis of presentation

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

FEOFFEES OF THE GRAMMAR SCHOOL

Notes to Financial Statements

June 30, 2008

(1) Continued

(e) 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, 2008 is a receivable of \$64,872 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, 2008 is \$160,500.

Maturities of long-term debt at June 30, 2008 is as follows:

Year	<u>Amount</u>
2009	\$ 176,000
2010	190,000
2011	204,000
2012	219,000
2013	235,000
Thereafter	<u>5.118,674</u>
Total	\$ <u>6.142,674</u>

FEOFFEES OF THE GRAMMAR SCHOOL

Notes to Financial Statements
June 30, 2008

(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, 2008 under a Stipulation Agreement entered into by the parties on March 6, 2008. Trustees of this account are legal counsel for each of the parties. This account is not reflected on the financial statements.

51	-052	89	43	

FORM PC Page 1

Massachusetts Office of the Attorney General Division of Public Charities

FORM PC

To be filed annually by all i	non-profit charitable orga	nizations conducting t	ousiness in the Com	nmonwealth	
Report for the Fiscal Period: Be	ginning <u>07 / 01</u>	/ 08 Ending	06 / 30 /	09	
Check all items attached: Form PC X Sch				· ·	
Probate Account Copy of IRS Return X	Audited Financial S	tatements/Review _>	Filing Fee X	Amended Articles	s/Bylaws
Attorney General's Acct. No. 042372		Federal ID Numbe	W Bid Mandagartin of A San in Education	13	
When did the organization first engage in charitate Has the organization applied for or been granted					
If yes, Date of Application:		ARETTER BELLEVILLE TO THE SECTION			
IRS Exemption under 501(c): []		neck box if No IRS Exe			
				No	N/A
		a tarihin balan ba Santan			
	ORGANIZ	ATION DATA	gráfigas acidinais a conju	SVAN HELEC AC AS SALES	Server et et en e
Name: FEOFFEES OF THE GRAMMAR	Biller of the first of the section o	agan garan sa kalindarka nggitating dar	<u> </u>		
Mailing Address: P.O. BOX 166					
City: IPSWICH	S	tate: MA	the second secon	zip:	01938
Phone: (978) 356-5558		Fax: ()	N/A		
E-Mail: N/A	William Control of the Control of th	Web Site (ULR): h	ttp://www.	N/A	
n the section below, please enter the appropriat	e codes from the corre	sponding tables foun	d on pages 12 and	i 13:	
Category	Code Enter ur	to 2 codes from Table	e 3 for your organiza	ation's main purpose(s) Code
County (Table 1)	5 Organiza	tion Purpose Code 1			8
Type of Organization (Table 2)	2 Organiza	tion Purpose Code 2			
					•
Please check box if final return Prior to dissolution			Payment Rec Office Use Or		



51	-0528	943	

FORM PC

Page 2

Corporation

Unincorporated association

Other (please describe):

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.

NOVEMBED 44 4660	IDENTICH MASSACHUSETTS
NOVEMBER 14, 1650	IPSWICH, MASSACHUSETTS

Testamentary trust

Inter Vivos trust

				•	
4.	Was you	ur organ	izatio	n related to any other organization(s) during the reporting year (see definition of "Related Organization")?	?
	Yes	No	Х	If yes, please complete the Schedule RO on pages 10 and 11	

VOTE OF TOWN MEETING ON 11/14/1650

St.M Straig	5. Summary of Financial Data:	Amounts
Α	Contributions, gifts, grants, and similar amounts received	\$ -
В	Gross Support and Revenue	\$ 1,167,403
С	Program services and similar amounts paid out	\$ 918,220
D	Fundraising expenses	\$ -
E	Management and general expenses	\$ 277,650
F	Payments to affiliates	\$ -
G	Total Expenses	\$ 1,195,870
н	Net assets or fund balances at the end of the year	\$ 414,980

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	JAMES FOLEY	CHAIRMAN	AS NEEDED	54,000		0
2	PETER FOOTE	TREASURER & CLERK	AS NEEDED	18,450	0	0
3	DONALD F. WHISTON	MEMBER	AS NEEDED	2,125	0	0
4						
5						

1.	was any compensation provided to any other individuals listed in 6 above which was not quantified in your response to 6?
	YesNoXIf yes, please provide explanation

51-0528943	

FORM PC

Page 3

 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	MACLEAN, HOLLOWAY DOHERTY P.C.	1	LEGAL SERVICES				
2	VINE ASSOCIATES, INC.	6,490	ENGINEERING				
3	LANDVEST INC.	10,669	APPRAISAL SERVICES				
4	AMERICAN WATER	10,653	BILLING SERVICES				
5	DAN CLASBY & COMPANY	10,000	TAX & AUDIT SERVICES				

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

	Bank	Adı	iress	Phone Num	ber
FIRS	T NATIONAL BANK OF IPSW	TICH 31 MARKET ST	, IPSWICH, MA	(800) 834-0046	
INST	ITUTION FOR SAVINGS	2 DEPT SQ, IP	SWICH, MA	(978) 356-5400	
10.	What is the organization's account of organization's mailing address			eet address: N/A	o∾ato Zipona
37 l	BAY ROAD Name address and telephone nu		IPSWICH, MA		01938
	Name	Street Address	City	r, State, Zip	Telephone Numb
PETE	R FOOTE	401 COLONIAL DR	IPSWICH, MA	01938	(978) 356-441
13. 14.	During the fiscal year reported hits behalf? At any time during the fiscal year its behalf, have solicited contrib	r following the year reported		Yestion, or others acting on	No <u>X</u>

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.

	T
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	
an organization which (a) does not take the base that be a second of the	
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	1

51-05	28943

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6.	Name	s, addresses (street & P.O.) and telephone numbers of other offices/chapters/branches	s/affiliates (attach list).	N/A
7.		ne names, titles and addresses (street & P.O.) of officers, directors, trustees, and the pri ization (attach separate sheet). SEE ATTACHED	incipal salaried execut	ives of
8.	Attacl	separate sheet listing names and addresses (street & P.O.) for all below: SEE ATTA	ACHED	
	Indivi Indivi Indivi	dual(s) responsible for custody of funds dual(s) responsible for distribution of funds dual(s) responsible for fund raising dual(s) responsible for custody of financial records dual(s) authorized to sign checks		
9.		nis organization or any of its officers, directors, employees or fund raisers solicited fund state?		NoX
	other	attach list of states where solicitation was conducted, including registering agency, dates of renames under which the organization was/is registered, and the dates and type (mail, telephonomonoconducted.	egistration, registration r le, door to door, special	numbers, any events, etc) of the
0.		nis organization or any of its officers, directors, employees: es, please attach an explanation		
	(a)	Been enjoined or otherwise prohibited by a government agency/court from operating or soliciting contributions?	Yes	_ NoX
	(b)	Ever been refused registration or had its registration or tax exemption denied, suspended, modified or revoked by a governmental agency?	Yes	NoX
	(c)	Been the subject of a proceeding regarding any solicitation or registration?	Yes	_ NoX
	(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	_ NoX
1		any restrictions been removed during the year from donor-restricted funds? please attach an explanation	Yes	_ NoX
2.		donor-restricted funds been loaned to unrestricted funds? please attach an explanation	Yes	_ No <u>X</u>
3.	Partie	uestion involves "Termination of Employment or Change of Control Compensatory Arr s" (see instructions and definition sections). Report only if payments made or promised nonths 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

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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 transitions 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

Durin	Sold or transferred assets to or purchased assets from or exchanged assets with a related party?	Х
(a)	Sold of translation assets to or purchased assets from or exchanged assets with a related partyr	
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?	×
g)	Acquired goods, services, or facilities from a related party who received compensation or other value in return?	Х
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
I)	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

51_	n	5	2	Д	a	Λ	3

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Under penalty of perjury, Knowledge,	I declare that the information furnished in this report; including all attachments, is true and com	ect to the best of my
	en e	
Signature of president	or other authorized officer or trustee	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# 51-0528943

FYE 6/30/09

Q 17 & 18

Alexander B C Mulholland Jr.

Chairman

PO Box 587

Ipswich, MA 01938

James Foley

Member

25 Meadowview Lane Ipswich, Ma 01938

Donald F. Whiston

2 Jeffrey's Neck Road Ipswich, MA 01938 Member

Elizabeth Kilcoyne

48 East Street

Ipswich, MA 01938

Member

Patrick McNally

74 Little Neck Road

Ipswich, MA 01938

Member

Ingrid Miles

58 N. Main Street

Ipswich, MA 01938

Member

Peter Foote

401 Colonial Drive

Ipswich, MA 01938

Treasurer & Clerk

signs checks

custody of funds & financial records

distribution of funds

no fundraising

Form 8868

Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

Donardment of	the Treasury	h. Eile a concrete application for each return	
Department of Internal Reven		File a separate application for each return.	
		utomatic 3-Month Extension, complete only Part I and check this box	
If you are	e filing for an A	dditional (Not Automatic) 3-Month Extension, complete only Part II (on page 2 of this	form).
	plete Part II ur	less you have already been granted an automatic 3-month extension on a previously file	d Form 8868.
Part	Automat	c 3-Month Extension of Time. Only submit original (no copies neede	: a).
A corporation Part I only		e Form 990-T and requesting an automatic 6-month extension—check this box and comp	lete
		" and 400 0 5 law) and to achieve DENIOn and development upo Form 7004 to request on	ovtoppion of
	orations (inclu come tax retur	ding 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an	extension of
		enerally, you can electronically file Form 8868 if you want a 3-month automatic extension	of time to file
one of the re	turns noted he	ow (6 months for a corporation required to file Form 990-T). However, you cannot file For	rm 8868
		the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or	
returns, or a	composite or c	onsolidated Form 990-T. Instead, you must submit the fully completed and signed page 2	2 (Part II) of Form
		e electronic filing of this form, visit www.irs.gov/efile and click on e-file for Charities & No	
Type or	1		mployer identification number
print		ES OF THE GRAMMER SCHOOL	
File by the	IN THE	TOWN OF IPSWICH 5	1-0528943
due date for	Number, str	eet, and room or suite no. If a P.O. box, see instructions.	
filing your return. See	P. O.	BOX 166	
instructions.	City, town o	post office, state, and ZIP code. For a foreign address, see instructions. H MA 01938	·
	of return to be	filed (file a separate application for each return):	
X Form 9		Form 990-T (corporation)	Form 4720
Form 9		Form 990-T (sec. 401(a) or 408(a) trust)	Form 5227
Form 9		Form 990-T (trust other than above)	Form 6069
Form 9	90-PF	Form 1041-A	☐ Form 8870
Telephor If the org If this is f for the whole a list with the	ne No.▶ 978 anization does or a Group Ret group, checkt names and El	Ns of all members the extension will cover.	
		3-month (6 months for a corporation required to file Form 990-T) extension of time	a io
	4./.エラ/.エリ. organization's	, to file the exempt organization return for the organization named above. The extension	1 15
·	•	or	
▶ X	tax vear begin	ning 7/01/08, and ending 6/30/09.	
نشق -	,		
2 If this to	ax year is for le	ss than 12 months, check reason: Initial return Final return Change in a	accounting period
		Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax,	20 6
		e credits. See instructions. Form 990-PF or 990-T, enter any refundable credits and estimated tax	3a \$
		de any prior year overpayment allowed as a credit.	3b \$
		t line 3b from line 3a. Include your payment with this form, or, if required,	
		on or, if required, by using EFTPS (Electronic Federal Tax Payment	
	n). See instruct		3c \$
		make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8	3879-EO
for payment	instructions.		

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form 8868 (Rev. 4-2009)

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 2008 Open to Public Unspection

Department of the Treasury Internal Revenue Service

A	For the 200	B calendar year, or tax year beg	ginning //U1/U0 , and c		30/09					
	Check if applicable: use IRS label or IN THE TOWN OF IPSWICH									entification number
$\bar{\sqcap}$	Name change	print or Doing Business As			<u>-0528</u>					
\equiv	Initial return	type. Number and street (or	te I	E Telep	hone nur	mber				
\equiv		See P.O.BO								1 167 403
\equiv	Termination	Instruc- City or town, state	or country, and ZIP + 4	01020			F.	G Gross re	ceipts\$	1,167,403
Ц	Amended return	tions. IPSWICH	<u>MA</u>	01938			——	U/a\ la #b;		alum for
Ш	Application per	F Name and address of princ PETER FOOTE	іраі опісег:				1	affilia	s a group re	Yes X No
		401 COLONIA	T. NP				1	H(b) Are a inclu	ill affiliates	Yes No
		IPSWICH	MA 019	938						list. (see Instructions)
	Tax-exempt		◀ (insert no.) 4947(a)(1) or	527					,	
j_	Website:		() ()					H(c) Grou	p exemptio	n number
	Type of organi		Association Other		LY	ear of form	ation: 16			of legal domicile: MA
	Partile:	Summary								
1000	1 Brief	describe the organization's r	mission or most significant activiti	ies:						
9	To	hold certain rea	l property in the T	own of I	oswich	and	manag	ge th	e	
au	p:	operty through th	e collection of ren	ts and pa	yment	s of	exper	ises :	with.	the
Activities & Governance	ne	t earnings to be	distributed to the	Town of :	Ipswic	n Sch	ool	epar:	tment	, , ,
300			zation discontinued its operations		of more the	an 25%	of its as	seţs.	ı _	
ళ			governing body (Part VI, line 1a)						7	
ies			nbers of the governing body (Par							
Ĭ			, line 2a)						Ŏ O	
Act	į.	number of volunteers (estima						- 1	0	
	1	_	enue from Part VIII, line 12, colun							0
	b Net i	nrelated business taxable inco	ome from Form 990-T, line 34	· · · · · · · · · · · · · · · · · · ·	·····	· · · · · · · · · · · · · · · · · · ·	Prior Yea	<u>, 7b</u> r		Current Year
	8 Cont	ibutions and grants (Part VIII.	line 1h)							
nne		am service revenue (Part VIII			1				1	L,166,569
(I)	9 Program service revenue (Part VIII, line 2g) 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)									834
\$	10 inve	ment income (Part VIII, colun	nn (A), lines 3, 4, and 7d)		L			,080		0.54
Revenue			nn (A), lines 3, 4, and 7d) A), lines 5, 6d, 8c, 9c, 10c, and 11				154	,138		
Rev	11 Othe	revenue (Part VIII, column (A		le)			154			L,167,403
Revi	11 Othe 12 Tota 13 Grar	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (F	A), lines 5, 6d, 8c, 9c, 10c, and 11 n 11 (must equal Part VIII, column Part IX, column (A), lines 1-3)	le)			154	,138		
Revi	11 Othe 12 Tota 13 Grar 14 Bene	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (F fits paid to or for members (Pa	x), lines 5, 6d, 8c, 9c, 10c, and 11 n 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) art IX, column (A), line 4)	le) n (A), line 12)			154	,138		
	11 Othe 12 Tota 13 Grar 14 Bene	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (F fits paid to or for members (Pa es, other compensation, emp	A), lines 5, 6d, 8c, 9c, 10c, and 11 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) art IX, column (A), line 4) loyee benefits (Part IX, column (A)	(e) n (A), line 12) A), lines 5–10)			154	,138		
	11 Othe 12 Tota 13 Grar 14 Bene	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part	A), lines 5, 6d, 8c, 9c, 10c, and 11 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) art IX, column (A), line 4) loyee benefits (Part IX, column (A), IX, column (A), line 11e)	(e) n (A), line 12) A), lines 5–10)			154	,138		
	11 Othe 12 Tota 13 Grar 14 Bene 15 Sala 16a Profi b Tota	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part fundraising expenses (Part IX	A), lines 5, 6d, 8c, 9c, 10c, and 11 of 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) or IX, column (A), line 4) or IX, column (A), line 11c) or IX, column (A), line 11e) or IX, column (D), line 25)	1e) n (A), line 12) A), lines 5–10)			154 157	,138 ,218		L,167,403
Expenses	11 Othe 12 Tota 13 Grar 14 Bene 15 Sala 16a Profi b Tota 17 Othe	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part IX expenses (Part IX, column (A expenses (Part IX, column (A	A), lines 5, 6d, 8c, 9c, 10c, and 11 of 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) of IX, column (A), line 4) of IX, column (A), line 11e) of IX, column (A), line 11e) of IX, column (D), line 25)	1e) n (A), line 12) A), lines 5–10)			154 157 157 376	,138 ,218 ,359		L,167,403
	11 Othe 12 Tota 13 Grar 14 Bend 15 Sala 16a Profi b Tota 17 Othe 18 Tota	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part fundraising expenses (Part IX expenses (Part IX, column (A expenses. Add lines 13-17 (mexpenses.)	A), lines 5, 6d, 8c, 9c, 10c, and 11 in 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) and IX, column (A), line 4) and IX, column (A), line 11e) and IX, column (A), line 11e) and IX, column (D), line 25) and IX, lines 11a-11d, 11f-24f) and the equal Part IX, column (A), lines the equal Part IX, column (A), lines 11a-11d, 11f-24f) and IX.	1e) n (A), line 12) A), lines 5–10)			154 157 157 376 376 376	,138 ,218 ,359 ,359		L,167,403 L,167,403 L,195,870 L,195,870
Expenses	11 Othe 12 Tota 13 Grar 14 Bene 15 Sala 16a Profi b Tota 17 Othe 18 Tota 19 Reve	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part IX expenses (Part IX, column (A expenses (Part IX, column (A	A), lines 5, 6d, 8c, 9c, 10c, and 11 in 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) and IX, column (A), line 4) and IX, column (A), line 11e) and IX, column (A), line 11e) and IX, column (D), line 25) and IX, lines 11a-11d, 11f-24f) and the equal Part IX, column (A), lines the equal Part IX, column (A), lines 11a-11d, 11f-24f) and IX.	1e) n (A), line 12) A), lines 5–10)			154 157 157 376	,138 ,218 ,359 ,359 ,141		L,167,403
Expenses	11 Othe 12 Tota 13 Grar 14 Bene 15 Sala 16a Profi b Tota 17 Othe 18 Tota 19 Reve	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part fundraising expenses (Part IX expenses (Part IX, column (A expenses. Add lines 13-17 (In nue less expenses. Subtract I	A), lines 5, 6d, 8c, 9c, 10c, and 11 in 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) art IX, column (A), line 4)	1e) (A), line 12) (A), lines 5–10)		Be	154 157 376 376 376 -219 ginning of	,138 ,218 ,359 ,359 ,141 Year	1	1,167,403 1,195,870 1,195,870 -28,467
Expenses	11 Othe 12 Tota 13 Grar 14 Bene 15 Sala 16a Profi b Tota 17 Othe 18 Tota 19 Reve	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part fundraising expenses (Part IX expenses (Part IX, column (A expenses. Add lines 13-17 (In nue less expenses. Subtract I	A), lines 5, 6d, 8c, 9c, 10c, and 11 in 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) and IX, column (A), line 4) and IX, column (A), line 11e) and IX, column (A), line 11e) and IX, column (D), line 25) and IX, lines 11a-11d, 11f-24f) and the equal Part IX, column (A), lines the equal Part IX, column (A), lines 11a-11d, 11f-24f) and IX.	1e) (A), line 12) (A), lines 5–10)		Be 6	154 157 157 376 376 -219	,138 ,218 ,359 ,359 ,141 Year ,268		1,167,403 1,195,870 1,195,870 -28,467 End of Year
Expenses	11 Othe 12 Tota 13 Grar 14 Bene 15 Sala 16a Profi b Tota 17 Othe 18 Tota 19 Reve	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part fundraising expenses (Part IX expenses (Part IX, column (A expenses. Add lines 13-17 (mue less expenses. Subtract I assets (Part X, line 16)	A), lines 5, 6d, 8c, 9c, 10c, and 11 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) art IX, column (A), line 4) art IX, column (A), line 4) art IX, column (A), line 11e) art IX, column (A), line 11e) art IX, column (D), line 25) art IX, column (D), line 25) art IX, column (A), lines 11a-11d, 11f-24f) art IX, column (A), line 18 from line 12	1e) (A), line 12) (A), lines 5–10)		Be 6	154 157 376 376 219 ginning of , 873 , 374	,138 ,218 ,359 ,359 ,141 Year ,268		L,167,403 L,167,403 L,195,870 L,195,870 -28,467 End of Year 5,660,244
Expenses	11 Othe 12 Tota 13 Grar 14 Bene 15 Sala 16a Profi b Tota 17 Othe 18 Tota 19 Reve	revenue (Part VIII, column (A revenue—add lines 8 through s and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part fundraising expenses (Part IX expenses (Part IX, column (A expenses. Add lines 13-17 (mue less expenses. Subtract I assets (Part X, line 16) liabilities (Part X, line 26) ssets or fund balances. Subtr Signature Block	A), lines 5, 6d, 8c, 9c, 10c, and 11 1 (must equal Part VIII, column Part IX, column (A), lines 1-3) art IX, column (A), line 4) (loyee benefits (Part IX, column (A), line 11e) (C, column (D), line 25) (C, column (D), line 25) (D), lines 11a-11d, 11f-24f) (D) (Loyen Equal Part IX, column (A), line 18 from line 12	1e) n (A), line 12) A), lines 5–10) ne 25)		8e 6	154 157 376 376 -219 ginning of ,873 ,374 498	,138 ,218 ,359 ,359 ,141 Year ,268 ,776 ,492		1,167,403 1,195,870 1,195,870 -28,467 End of Year 5,660,244 6,245,264 414,980
Net Assets of Expenses	11 Othe 12 Tota 13 Grar 14 Bene 15 Sala 16a Profi b Tota 17 Othe 18 Tota 19 Reve 20 Tota 21 Tota 22 Net	revenue (Part VIII, column (Arevenue—add lines 8 throughs and similar amounts paid (Fits paid to or for members (Pates, other compensation, empssional fundraising fees (Part IX expenses (Part IX, column (Arexpenses Add lines 13-17 (In nue less expenses. Subtract I liabilities (Part X, line 16) liabilities (Part X, line 26) seets or fund balances. Subtract Signature Block	A), lines 5, 6d, 8c, 9c, 10c, and 11 in 11 (must equal Part VIII, column Part IX, column (A), lines 1-3) and IX, column (A), line 4) aloyee benefits (Part IX, column (A), line 11e) (A, column (D), line 25) (A), lines 11a-11d, 11f-24f) anust equal Part IX, column (A), line 18 from line 12	A), lines 5–10)	nying sched	Be 6 6	154 157 376 376 376 -219 ginning of , 873 , 374 498	, 138 , 218 , 359 , 359 , 141 Year , 268 , 776 , 492	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	L,167,403 L,195,870 L,195,870 -28,467 End of Year 5,660,244 5,245,264 414,980 of my knowledge
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Checklist of Required Schedules Yes No Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," Χ complete Schedule A Χ Is the organization required to complete Schedule B, Schedule of Contributors? 2 2 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I Χ Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete 4 Χ 4 Schedule C, Part II Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Χ Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 7 Χ Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," Χ complete Schedule D, Part III 8 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV Χ Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 10 10 Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable 11 Χ Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII 12 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E 13 13 14a Did the organization maintain an office, employees, or agents outside of the U.S.? 14a Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I 14b Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any 15 organization or entity located outside the United States? If "Yes," complete Schedule F, Part II 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance 16 to individuals located outside the United States? If "Yes," complete Schedule F, Part III 16 Χ Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I 17 17 Χ Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II 18 18 Χ Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III 19 19 Did the organization operate one or more hospitals? If "Yes," complete Schedule H 20 20 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II 21 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III Χ 22 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete 23 Χ Schedule J 24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25. b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? 24c d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? 24d 25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I Χ 25a b Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I Χ Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or 26 Χ disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or 27 substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III

E:39:40	until and the control of the quite of the qu		Yes	No
28 a	During the tax year, did any person who is a current or former officer, director, trustee, or key employee: Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? If "Yes," complete Schedule L, Part IV	28a	es de la companya de	X
b	1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A			
	complete Schedule L, Part IV	28b		<u>X</u>
С	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a			
	professional corporation) doing business with the organization? If "Yes," complete Schedule L, Part IV	28c		<u>X</u>
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified			
	conservation contributions? If "Yes," complete Schedule M	30		<u>X</u>
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N,			
	Part I	- 31		<u>X</u>
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete			
	Schedule N, Part II	32		<u>X</u>
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations			
	sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33		<u>X</u>
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II,			
	III, IV, and V, line 1	34		<u>X</u>
35	is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete			
	Schedule R, Part V, line 2	35		<u>X</u>
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related			
	organization? If "Yes," complete Schedule R, Part V, line 2	36		<u>X</u>
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization			
	and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part			
	VI	37		<u>X</u>
		Earn	. uuii	(2008)

Pa	irt₩ Statements Regarding Other IRS Filings and Tax Compliance					
				Eroseseni	Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of		2			
	U.S. Information Returns. Enter -0- if not applicable	1a	<u>3</u> 0			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b				
C	Did the organization comply with backup withholding rules for reportable payments to vendors an	а геро	itable	1 1	History	X
_	gaming (gambling) winnings to prize winners?	1		1c	ineni:	RIBERT V
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax	2a	0			
1_	Statements, filed for the calendar year ending with or within the year covered by this return If at least one is reported on line 2a, did the organization file all required federal employment tax r			2b	isionii ii	HEIER SERVICE
b	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (s	See	?:			
	instructions)	000				
32	Did the organization have unrelated business gross income of \$1,000 or more during the year cov	vered l	bv			
- Ou	this return?			3a	en sant	Χ
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other	her au	thority			
	over, a financial account in a foreign country (such as a bank account, securities account, or othe	r finan	icial			
	account)?			4a		X
b	If "Yes," enter the name of the foreign country:▶					
	See the instructions for exceptions and filling requirements for Form TD F 90-22.1, Report of Fore	ign Ba	ınk			
	and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year		<u>.</u>	<u>5a</u>		X
ь	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transfer and the state of the state		on?	5b		X
С	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Er			-		
•	Regarding Prohibited Tax Shelter Transaction?			5c		X
6a ⊾	Did the organization solicit any contributions that were not tax deductible? If "Yes," did the organization include with every solicitation an express statement that such contributions.			ba		$\overline{}$
D	gifts were not tax deductible?	Juliona	, OI	6b		
7	Organizations that may receive deductible contributions under section 170(c).					
и а	Did the organization provide goods or services in exchange for any quid pro quo contribution of m	nore th	an			
<u> </u>	\$75?			7a	THE CONTRACT	X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
С	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which	it was	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
	required to file Form 8282?			7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
е	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on	a per	sonal			
	benefit contract?			7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit or		t?	7f		X
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as requir			7g		X
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 109	98-C a	ıs	7h		Х
0	required? Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and			7h 別職間	History	Main.
	509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a s					
	organization, have excess business holdings at any time during the year?			8	entaine!	X
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?				ALISING.	X
b	The state of the s			1 1		Χ
10	Section 501(c)(7) organizations. Enter:					
а	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	Section 501(c)(12) organizations. Enter:	, ,				
а	Gross income from members or shareholders	11a	***************************************			
· b	Gross income from other sources (Do not net amounts due or paid to other sources against					
	amounts due or received from them.)	11b	2446			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of F	! 1	J41?	12a	1315313211	nd the table
<u>b</u>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		P. Tribution	- 1000 000	SHEE

Form 990 (2008) FEOFFEES OF THE GRAMMER SCHOOL 51-0528943 Page 6
Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Sec	tion A. Governing Body and Management					
				(FIRSTER)	Yes	No
	For each "Yes" response to lines 2-7b below, and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and for a "No" response to lines 8 or 9b below, design and the lines 8 or 9b below, design and the lines 8 or 9b below.	cribe t	he			
	circumstances, processes, or changes in Schedule O. See instructions.		_			
1a	Enter the number of voting members of the governing body	1a	7			
b	Enter the number of voting members that are independent	1b				
2	Did any officer, director, trustee, or key employee have a family relationship or a business relation	ship v	vith			
	any other officer, director, trustee, or key employee?			2		X
3	Did the organization delegate control over management duties customarily performed by or under					
	supervision of officers, directors or trustees, or key employees to a management company or other			3		X
4	Did the organization make any significant changes to its organizational documents since the prior			4		X
5	Did the organization become aware during the year of a material diversion of the organization's as	sets?		5		X
6	Does the organization have members or stockholders?		·	6		X
7a	Does the organization have members, stockholders, or other persons who may elect one or more	mem	bers			
	of the governing body?			7a		X
b	Are any decisions of the governing body subject to approval by members, stockholders, or other p			7b	10122:1991.5	X
8	Did the organization contemporaneously document the meetings held or written actions undertake	en dur	ing			
	the year by the following:					
а	The governing body?			8a	X	
b	Each committee with authority to act on behalf of the governing body?			8b	X	
9a	Does the organization have local chapters, branches, or affiliates?			9a		X
b	If "Yes," does the organization have written policies and procedures governing the activities of suc	h cha	pters,			
	affiliates, and branches to ensure their operations are consistent with those of the organization?			9b		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All	orgar	nizations			
	must describe in Schedule O the process, if any, the organization uses to review the Form 990			10		<u>X</u>
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot b					
	the organization's mailing address? If "Yes," provide the names and addresses in Schedule O			11		<u>X</u>
Sec	tion B. Policies				Γ	
				40	Yes	No
	Does the organization have a written conflict of interest policy? If "No," go to line 13			12a		X
b	Are officers, directors or trustees, and key employees required to disclose annually interests that of	coula (give	401		
	rise to conflicts?		_ ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	12b		
С	Does the organization regularly and consistently monitor and enforce compliance with the policy?			40-		
	describe in Schedule O how this is done	• • • • •		12c		
13	Does the organization have a written whistleblower policy?	· · · · · ·		_	_	X
14	Does the organization have a written document retention and destruction policy?			14	itenteri.	Harricare
15	Did the process for determining compensation of the following persons include a review and approint independent persons, comparability data, and contemporaneous substantiation of the deliberation					
		ano	acasion.	港區級	energe 	
	The organization's CEO, Executive Director, or top management official?			15a 15b		X
D	Other officers or key employees of the organization?	,		130	inidika	
10-	Describe the process in Schedule O. (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangements.	ame,	nt .			
гоа	with a taxable entity during the year?	9011161	11.	16a	michi	X
L	If "Yes," has the organization adopted a written policy or procedure requiring the organization to e			HIERII	inighter.	
a	its participation in joint venture arrangements under applicable federal tax law, and taken steps to					
	the organization's exempt status with respect to such arrangements?			16b	ilianis:	
800	tion C. Disclosure			100	L	
	List the states with which a copy of this Form 990 is required to be file MA					
17 18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990		11(c)(3)c oph)			
10	available for public inspection, Indicate how you make these available. Check all that apply.)-1 (30	or(c)(o)s orny)			
	Own website Another's website X Upon request					
19	Describe in Schedule O whether (and if so, how), the organization makes its governing document.		flict of interest			
. 3	policy, and financial statements available to the public.	J, UUII	mot of little cot			
20	State the name, physical address, and telephone number of the person who possesses the books	and	ecords of the			
40	b DDBED DOOMD					
Τī	organization: ► PETER FOOTE 401 COLONIAL PSWICH M		<i></i>	3-35	6-4	417
		<u> U</u>		<u>ں ب</u>	<u> </u>	<u> </u>

Part VIII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

- 1a Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.
- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and current key employees. Enter -0- In columns (D), (E), and (F) if no compensation was paid.
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations. List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if the	organization did not comp	ens	ate	any	offic	er, d	irec	or, trustee, or key employ	ee.	
					C) k all	that a			(E) Reportable	(F) Estimated
	hours per week	Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	compensation from the organization (W-2/1099-MISC)	compensation from related organizations (W-2/1099-MISC)	amount of other compensation from the organization and related organizations
JAMES FOLEY MEMBER	1	Х						54,000	0	0
PETER FOOTE	2	Х						18,450	0	0
MEMBER	HISTON 1	Х						2,125	0	0
ALEXANDER B CHAIRMAN	1	р , Х	JI	R 	·			0	0	0
ELIZABETH K MEMBER	1	Χ						0	0	0
PATRICK MCN MEMBER	1	Х						0	0	0
INGRID MILE MEMBER	S 1	Х						0	0	0
• • • • • • • • • • • • • • • • • • • •										

		III Statement of Revenue		(A) Total revenue	(B) Related or exempt	(C) Unrelated business	(D) Revenue excluded from tax
					function revenue	revenue	under sections 512, 513, or 514
115	1 <i>3</i> 2103	Federated campaigns 1a	price in the second way.				
grai		Membership dues 1b					
is, (Fundraising events 1c					
gift		Related organizations 1d					
ns,		Government grants (contributions) 1e					
itio er s		All other contributions, gifts, grants.					
햞		and similar amounts not included above 1f					
ngu	g	Noncash contributions included in lines 1a-1f: \$					
O a	h	Total. Add lines 1a-1f		Lizos Pilitory o Galabert (U.Stern Francisca, M. A.) Sind			
nue			Busn. Code				
Şev(2a	PROGRAM RENTAL INCOME		1,166,569			1,166,569
93	b						
ervi	С						
ıı S	đ						
grai	e	All other program service revenue					
Program Service Revenue Contributions, and other sim		Total. Add lines 2a–2f	L	1,166,569		iankanaliankankanka	
-	3	Investment income (including dividends, inte		1,100,303			
	Ŭ	other similar amounts)	, ooi, aa ▶	834			834
	4	Income from investment of tax-exempt bond	proceed				
	5	Royalties					
			ersonal				
	6a	Gross Rents					
	b	Less: rental exps.					
	C	Rental inc. or (loss					
	d 7a	Net rental income or (loss) Gross amount from (i) Securities (ii)	.	40744034445392434445974427453974723	18643144683334234848464844444	1141151010110114101910191019101911911 11411510101110114101919101919191919191	
	/ a	sales of assets (i) Securities (ii)	Other				
		other than inventory					
Ì	þ	Less: cost or other					
	_	basis & sales exps					
		Gain or (loss) Net gain or (loss)	b			31216144444416416415444244644164	
		Gross income from fundraising events	· · · · · · · · · · · · · · · · · · ·				
9	Ju	(not including \$					
le/		of contributions reported on line 1c).					
Re		See Part IV, line 18 a					
Other Revenue	b	Less: direct expenses b					
퓝	С	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities.					
		See Part IV, line 19 a					
		Less: direct expenses b					
		Net income or (loss) from gaming activities	▶	ingparanger designation	***************************************	ianamententantentant	spenikan prinspirantarian in
	Tua	Gross sales of inventory, less					
	h	returns and allowances a Less: cost of goods sold b					
		Net income or (loss) from sales of inventory	>				
	<u>~</u>		Busn. Code				
Ì	11a			in the state of th	ALL AND DESCRIPTION OF THE PARTY OF THE PART	Company of the Property Company of the Party	MANAGEMENT STORES AND ASSESSMENT OF THE PROPERTY OF THE PROPER
į	b						
	С						
	d	All other revenue				TO CONTRACTOR OF THE PARTY OF T	
		Total. Add lines 11a–11d					
	12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d,			_	_	
		9c, 10c, and 11e		1,167,403	0	0	1,167,403
		•					Form 990 (2008)

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do	not include amounts reported on lines 6b,	(A) Total expenses	(B) Program service	(C) Management and	(D) Fundraising
7b	, 8b, 9b, and 10b of Part VIII.		expenses	general expenses	expenses
1	Grants and other assistance to governments and				
	organizations in the U.S. See Part IV, line 21				
2	Grants and other assistance to individuals in	,			
	the U.S. See Part IV, line 22				
3	Grants and other assistance to governments				
	organizations, and individuals outside the				
	U.S. See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors,				
	trustees, and key employees				
6	Compensation not included above, to disqualified				
	persons (as defined under section 4958(f)(1)) and				
	persons described in section 4958(c)(3)(B)				
7	Other salaries and wages				
8	Pension plan contributions (include section 401(k)				
	and section 403(b) employer contributions)				
9	Other employee benefits	,			
10	Payroll taxes				
11	Fees for services (non-employees):				
	Management	74.575		74 575	
b		74,575 191,505		74,575 191,505	
	Accounting	20,653	10,653	10,000	
d		201000	10,000	20,000	
	Professional fundraising services. See Part IV, line	7			
	Investment management fees		- Charles and the second secon	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
	04	17,159	17,159		
	Advertising and promotion	11,100	17,100		
12	Office expenses	4,303	4,303		
14	Information technology	1,303	1,303		
15	Royalties				
	Occupancy				
	T1				
	Payments of travel or entertainment expense	S			
	for any federal, state, or local public officials	•			
19	Conferences, conventions, and meetings				
	Interest	468,562	468,562		
	Payments to affiliates	100,002	,		
	Depreciation, depletion, and amortization	240,243	240,243		
	Insurance	5-668	5.668		***************************************
24	Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below				
	covered above. (Expenses grouped together				
	and labeled miscellaneous may not exceed				
	5% of total expenses shown on line 25 below				
а	WASTEWATER HAULAGE FEES	91,193	91,193		
b	REPAIRS & UPKEEP	27,310	27,310		
С	REAL ESTATE TAXES	19,194	19,194		
ď	UTILITIES	18,658	18,658		The same statement of
e	INSPECTIONS	6,787	6,787		
	All other expenses	10,060	8,490	1,570	· · · · · · · · · · · · · · · · · · ·
25	Total functional expenses. Add lines 1 through 24		918,220	277,650	
26	Joint Costs. Check here ▶ if following				
	SOP 98-2. Complete this line only if the		·		
	organization reported in column (B) joint cost from a combined educational campaign and	S			
	fundraising solicitation				

\$554 8 +	unter	Durano onos	(A)		(B)
			Beginning of year		End of year
	1	Cash—non-interest bearing	50,196		97,032
	2	Savings and temporary cash Investments	3,185		3,208
	3 1	Pledges and grants receivable, net	101 601	3	00 051
	4	Accounts receivable, net	101,691	4	82,051
	5	Receivables from current and former officers, directors, trustees, key	,		
		employees, or other related parties. Complete Part II of Schedule L	workiditionalitiesmenteerommistel	5 200555141	
	6	Receivables from other disqualified persons (as defined under section			
		4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete			
		Part II of Schedule L		6	
ţ	7	Notes and loans receivable, net		7	
Assets	8	Inventories for sale or use		8	
Ä	9	Prepaid expenses and deferred charges	Managaran ya Yanga anda ba pingaya ya tanga anga anga anga anga anga anga an	9	mingraphic and the district of the second property.
	10a	Land, buildings, and equipment: cost basis 10a 7,197,819			
	b	Less: accumulated depreciation. Complete			
		Part VI of Schedule D 10b 719,866	6,718,196	10c	6,477,953
	11	Investments—publicly traded securities		11	
	12	Investments—other securities. See Part IV, line 11		12	
	13	Investments—program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11		15	
	16	Total assets. Add lines 1 through 15 (must equal line 34)	6,873,268		6,660,244
	17	Accounts payable and accrued expenses	138,611	17	185,096
**	18	Grants payable		18	
	19	Deferred revenue	66,596	19	59,447
	20	Tax-exempt bond liabilities		20	
ě	21	Escrow account liability. Complete Part IV of Schedule D		21	THE CONTROL OF THE PROPERTY AND THE PROPERTY OF THE PROPERTY O
Liabilities	22	Payables to current and former officers, directors, trustees, key		鯔	
ab		employees, highest compensated employees, and disqualified			
I		persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable		24	
	25	Other liabilities. Complete Part X of Schedule D	6,169,569		6,000,721
c	26	Total liabilities. Add lines 17 through 25	6,374,776	26	6,245,264
Balances		Organizations that follow SFAS 117, check he 💹 and			
an		complete lines 27 through 29, and lines 33 and 34.			
3al	27	Unrestricted net assets	498,492	27	414,980
ш	28	Temporarily restricted net assets		28	
Fund	29	Permanently restricted net assets	man i working a china a china a china di banda in Donda in mana banda a ma	29	ىرىن ئارىدى دۇرىدى ئارىدى
		Organizations that do not follow SFAS 117, check he▶e			
o		and complete lines 30 through 34.			
ţs	30	Capital stock or trust principal, or current funds		30	
Net Assets	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
Ą	32	Retained earnings, endowment, accumulated income, or other funds		32	
et	33	Total net assets or fund balances	498,492	33	414,980
	34	Total liabilities and net assets/fund balances	6,873,268	34	6,660,244
P	art)	Financial Statements and Reporting			
					Yes No
1		Southing manner access to broken and a series	ther		
28	a We	ere the organization's financial statements compiled or reviewed by an independent acc	countant?		
ŧ		ere the organization's financial statements audited by an independent accountant? \dots			2b X
(: If "	Yes" to lines 2a or 2b, does the organization have a committee that assumes responsit	bility for oversight of		
		e audit, review, or compilation of its financial statements and selection of an independe			2c X
3	a As	a result of a federal award, was the organization required to undergo an audit or audits	s as set forth in		
		Single Audit Act and OMB Circular A-133?			3a X
<u>l</u>) If "	Yes," did the organization undergo the required audit or audits?			3b
					Form 990 (2008)

SCHEDULE D (Form 990)

Supplemental Financial Statements

Attach to Form 990. To be completed by organizations that

OMB No. 1545-0047

Department of the Treasury answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12. Internal Revenue Service Name of the organization Employer identification number FEOFFEES OF THE GRAMMER SCHOOL IN THE TOWN OF IPSWICH 51-0528943 Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6. (a) Donor advised funds (b) Funds and other accounts Total number at end of year Aggregate contributions to (during year) Aggregate grants from (during year) Aggregate value at end of year _____ Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit? Partill Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7 Purpose(s) of conservation easements held by the organization (check all that apply). Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically important land area Protection of natural habitat Preservation of certified historic structure Preservation of open space Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year. 圈圖 Held at the End of the Year a Total number of conservation easements Total acreage restricted by conservation easements Number of conservation easements on a certified historic structure included in (a) Number of conservation easements included in (c) acquired after 8/17/06 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year Number of states where property subject to conservation easement is locate

______ Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds? Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year______ Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year\$ ___ _ _ _ _ _ Does each conservation easement reported on line 2(d) above satisfy the requirements of section In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements. Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8. 1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service. provide, in Part XIV, the text of the footnote to its financial statements that describes these items. b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1 (ii) Assets included in Form 990, Part X If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the

following amounts required to be reported under SFAS 116 relating to these items:

a Revenues included in Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

	edule D (Form 990) 2008 FEOFFEES	OF THE GRAMM	ER SCHOOI	51-0	<u> 528943</u>		Page 2
Secretar Pro-	irt Organizations Maintainin						(continued)
3	Using the organization's accession and other items (check all that apply):	er records, check any of t	he following that a	ire a significant use	of its collection	n	
а	Public exhibition	d Loan o	or exchange progra	ams			
b	Scholarly research	e 💹 Other				_	
С	Preservation for future generations						
4	Provide a description of the organization's of Part XIV.	collections and explain ho	w they further the	organization's exer	mpt purpose in		
5	During the year, did the organization solicit assets to be sold to raise funds rather than	or receive donations of a	rt, historical treasu	res, or other similar	r .	Yes	□No
EP:	Trust, Escrow and Custo				swered "Ye		
	Part IV, line 9, or reported	an amount on Forr	n 990, Part X,	line 21.		3 10 1 011	
1a	Is the organization an agent, trustee, custoo					\Box	Г
	included on Form 990, Part X?					. L Yes	∐ No
b	If "Yes," explain the arrangement in Part XIV	✓ and complete the follow	ing table:		[
						Amoı	unt
	Beginning balance				1c		
d	Additions during the year				1d		
е	Distributions during the year				1e		
f	Ending balance				1f		
2a	Did the organization include an amount on F	Form 990, Part X, line 21	?			Yes	No
	If "Yes," explain the arrangement in Part XI\				**************************************		
∦Pa	武义 Endowment Funds. Comp	olete if organization					
	·	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years	s back (e) Fo	our years back
	Beginning of year balance						
b	Contributions	Î					
C	Investment earnings or losses	1					
ď	Grants or scholarships						
	Other expenditures for facilities						
	and programs	11					
f	Administrative expenses						
	End of year balance						
2	Provide the estimated percentage of the year	ar end balance held as:					
а	Board designated or quasi-endowment		•				
	Permanent endowment ▶ %						
	Term endowment ▶%						
	Are there endowment funds not in the posse	ession of the organization	that are held and	administered for th	e		
	organization by:						Yes No
	(i) unrelated organizations					3a(i	
	(ii) related organizations		• • • • • • • • • • • • • • • • • • • •			3a(i	
h	(ii) related organizations If "Yes" to 3a(ii), are the related organization	s listed as required on Sc				3b	1
	Describe in Part XIV the intended uses of the				• • • • • • • • • • • • • • • • • • • •		
	rtVII Investments—Land, Build			990 Part X lin	na 10		
	Description of investment	(a) Cost or other basis	(b) Cost or ot		preciation	(d) Po	ok value
	Boodipadir of arroading.	(investment)	basis (other)		(4) 500	
	Land						
b	Buildings						
C	Leasehold improvements						
	Equipment						
е	Other			,819	719,866	6,4	77,953
Total	. Add lines 1a-1e. (Column (d) should equal	Form 990, Part X, colum					77,953

Schedule D (Form 990) 2008 FEOFFEES OF THE GRAMI	MEK SCHOOL	51-0528943 Page 3
Part VIII Investments—Other Securities. See Form 9		
(a) Description of security or category	(b) Book value	(c) Method of valuation:
(including name of security)		Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other		
Total. (Column (b) should equal Form 990, Part X, col. (B) line 12.)	000 Dart V line 13	
Part VIII Investments—Program Related. See Form	990, Part X, line 13	(c) Method of valuation:
(a) Description of investment type	(b) Book value	Cost or end-of-year market value
		Cook of the of your market value
	1	
T / I (O-lune /h) should revel Form 200 Port V and /P) line 12 \		
Total. (Column (b) should equal Form 990, Part X, col. (B) line 13.)		
Par例X Other Assets. See Form 990, Part X, line 15		PARKET NEW TOTAL PROPERTY OF THE PARKET OF T
Total. (Column (b) should equal Form 990, Part X, col. (B) line 13.) ト Partix Other Assets. See Form 990, Part X, line 15		(b) Book value
Par例X Other Assets. See Form 990, Part X, line 15		PARKET NEW TOTAL PROPERTY OF THE PARKET OF T
Par例X Other Assets. See Form 990, Part X, line 15		PARKET NEW TOTAL PROPERTY OF THE PARKET OF T
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Par例X Other Assets. See Form 990, Part X, line 15		PARKET NEW TOTAL PROPERTY OF THE PARKET OF T
Par例X Other Assets. See Form 990, Part X, line 15		PARKET NEW TOTAL PROPERTY OF THE PARKET OF T
Par例X Other Assets. See Form 990, Part X, line 15		PARKET NEW TOTAL PROPERTY OF THE PARKET OF T
Par例X Other Assets. See Form 990, Part X, line 15		PARKET NEW TOTAL PROPERTY OF THE PARKET OF T
Part X Other Assets. See Form 990, Part X, line 15 (a) Description		PARKET NEW TOTAL PROPERTY OF THE PARKET OF T
Part X Other Assets. See Form 990, Part X, line 15 (a) Description Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.)		(b) Book value
Part X Other Assets. See Form 990, Part X, line 15 (a) Description Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.)		(b) Book value
Part X Other Assets. See Form 990, Part X, line 15 (a) Description Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X Other Liabilities. See Form 990, Part X, line (a) Description of liability	25.	(b) Book value
Part X: Other Assets. See Form 990, Part X, line 15 (a) Description Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, line (a) Description of liability Federal income taxes	25. (b) Amount	(b) Book value
Part X: Other Assets. See Form 990, Part X, line 15 (a) Description Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, line (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount	(b) Book value
Part X: Other Assets. See Form 990, Part X, line 15 (a) Description Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, line (a) Description of liability Federal income taxes	25. (b) Amount 5, 966, 66	(b) Book value
Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, ine (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount 5, 966, 66	(b) Book value
Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, ine (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount 5, 966, 66	(b) Book value
Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, ine (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount 5, 966, 66	(b) Book value
Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, ine (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount 5, 966, 66	(b) Book value Control of the second
Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, ine (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount 5, 966, 66	(b) Book value Control of the second
Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, ine (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount 5, 966, 66	(b) Book value
Part X: Other Assets. See Form 990, Part X, line 15 (a) Description Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, line (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount 5, 966, 66 34, 05	(b) Book value O D D D D D D D D D D D D D D D D D D
Total. (Column (b) should equal Form 990, Part X, col. (B) line 15.) Part X: Other Liabilities. See Form 990, Part X, ine (a) Description of liability Federal income taxes NOTES PAYABLE	25. (b) Amount 5, 966, 66 34, 05	(b) Book value

uncertain tax positions under FIN 48.

	edule D (Form 990) 2008 FEOFFEES OF THE GRAMMER SCHOOL 5	1-0528943		Page 4
Pa	Reconciliation of Change in Net Assets from Form 990 to Financia			
1	Total revenue (Form 990, Part VIII, column (A), line 12)		1	1,167,403
2	Total expenses (Form 990, Part IX, column (A), line 25)		2	1,195,870
3	Excess or (deficit) for the year. Subtract line 2 from line 1		3	-28,467
4	Net unrealized gains (losses) on investments		4	
5	Donated services and use of facilities		5	
6	Investment expenses		6	
7	Prior period adjustments		7	
8	Other (Describe in Part XIV)		8	
9	Total adjustments (net). Add lines 4-8		9	
	Excess or (deficit) for the year per financial statements. Combine lines 3 and 9		10	-28,467
Рa	IrtXIII Reconciliation of Revenue per Audited Financial Statements With I	Revenue per F	Retu	
1	Total revenue, gains, and other support per audited financial statements		1	1,617,374
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
а	Net unrealized gains on investments 2a	ŽĮ.		
b	Donated services and use of facilities 2b			
С	Recoveries of prior year grants 2c			
d	Other (Describe in Part XIV)	449,971		
	Add lines 2a through 2d		2e	449,971
3	Subtract line 2o from line 1		3	1,167,403
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:	ĒN.		
	Investment expenses not included on Form 990, Part VIII, line 7b 4a			
		2		
	Add lines 4a and 4b	1 4	c	
	Total revenue. Add lines 3 and 4c. (This should equal Form 990, Part 1, line 12.)		5	1,167,403
Pa	Reconciliation of Expenses per Audited Financial Statements With			
	Total expenses and losses per audited financial statements		1	1,645,841
	Amounts included on line 1 but not on Form 990, Part IX, line 25:	EG		
	Donated services and use of facilities 2a	100		
	Prior year adjustments 2b			
	Losses reported on Form 990, Part IX, line 25 2c			
	Other (Describe in Part XIV)	449,971		
	Add lines 2a through 2d		e	449,971
3	Subtract line 2e from line 1		3 .	1,195,870
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	1201	DESES.	1,130,070
	Investment expenses not included on Form 990, Part VIII, line 7b			
	Other (Describe in Part XIV)			
	And the second at		C	
	Total expenses. Add lines 3 and 4c. (This should equal Form 990, Part I, line 18.)		5	1,195,870
	Total expenses. Add lines 3 and 4c. (This should equal Form 990, Farth, line 70.)	<u></u>	<u> </u>	1,100,010
	plete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4	· Part IV/ lines 1h		
	the trils part to provide the descriptions required to Part II, lines 3, 5, and 9, Part III, lines 1a and 4 2b; Part V, line 4; Part X; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b.	, rattiv, mies ib		
	Part XI, Line 8 - Reconcilation of Changes - Othe			
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F	<u>REAL ESTATE TAXES COLLECTED NETTED AGAINST EXPENS</u>	E	_ \$_	<u>449,971</u>
r	<u>REAL ESTATE TAXES COLLECTED NETTED AGAINST EXPENS</u>		_ 오	·442,2/1
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E	<u> Part XII, Line 2d - Revenue Amounts Included in E</u>	TudicTaTa		<u> </u>
F	REAL ESTATE TAXES COLLECTED NETTED AGAINST EXPENS	E	\$	<u> </u>

Schedule Part	D (F	orm Su	990) ppl	200 em	8] enta	FE(OF nfo	FE rm	ES atio	on)F (con	TF	HE ed)	G.	RAI	MM	ER	. S	СН	100)L		į	51-	05	28:	94.	3					F	age	5
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Federal Statements

Form 990 - Federal General Footnote

Description

THIS 990 IS PREPARED FOR FORM PC PURPOSES ONLY.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

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Consolidated Statement of Activities for the year ended June 30, 2009	3
Consolidated Statement of Cash Flows for the year ended June 30, 2009	4
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DAN CLASBY & COMPANY

Certified Public Accountants

-1-

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Feoffees of the Grammar School and Affiliate P.O. Box 166 Ipswich, MA 01938

We have audited the accompanying consolidated statement of financial position of Feoffees of the Grammar School (a nonprofit organization) and Affiliate as of June 30, 2009, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Feoffees of the Grammar School and Affiliate as of June 30, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

January 22, 2010

San Clasby a Company

Consolidated Statement of Financial Position

June 30, 2009

Assets

<u>Assets</u>	
Current assets: Cash Accounts receivable Total current assets	\$ 100,240 <u>82,051</u> <u>182,291</u>
Property, betterments and equipment: Sewer betterments Electric betterments Furniture and fixtures Less accumulated amortization and depreciation Net property, betterments and equipment	6,697,342 498,584 1,893 7,197,819 719,866 6,477,953
	4
Land and buildings, Note 1 Total Assets	\$ <u>6,660,244</u>
Liabilities and Net Assets	
Current liabilities: Current portion of long-term debt Accounts payable Accrued interest Payments received in advance Total current liabilities	\$ 190,000 185,096 34,055 59,447 468,598
Long-term debt, net of current portion	5,776,666
Total liabilities	6,245,264
Commitments and contingencies	
Net assets: Net assets - unrestricted	414,980
Total net assets	414,980
Total Liabilities and Net Assets	\$ <u>6,660,244</u>

See notes to consolidated financial statements.

Consolidated Statement of Activities

For the year ended June 30, 2009

	Unrestricted
Support and Revenue: Tenant and leaseholder rents Real estate tax collections - tenants Wastewater revenues Wastewater overhead and maintenance fees - tenants Interest income and late charges Total support and revenue	\$ 1,006,660 449,971 95,109 64,800 <u>834</u> 1,617,374
Expenses: Real estate taxes Legal Wastewater haulage fees Management fees Repairs and upkeep Utilities Other professional fees Billing services Accounting Inspections Engineering - consulting Police details Insurance Office expense Dock removal and storage State fees Beach sampling Total expenses	469,165 191,505 91,193 74,575 27,310 18,658 10,669 10,653 10,000 6,787 6,490 5,983 5,668 4,303 2,057 1,570 450 937,036
Change in net assets before interest, amortization and depreciation and gift to Town of Ipswich Public Schools	680,338
Interest expense Amortization and depreciation	468,562 240,243 708,805
Change in net assets before gift to Town of Ipswich Public Schools	(28,467)
Gift to Town of Ipswich Public Schools	
Change in net assets	(28,467)
Net assets, beginning of year	443,447
Net assets, end of year	\$ <u>414,980</u>

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended June 30, 2009

Cash flows from operating activities: Change in net assets Adjustments to reconcile changes in net assets to net cash provided by operating activities:	\$(28,467)
Amortization and depreciation		240,243
Changes in operating assets and liabilities:		
Increase in accounts receivable	(32,355)
Increase in accounts payable		38,575
Increase in accrued expenses	,	7,160
Decrease in deferred rent collections	(7,149)
Net cash provided by operating activities		218,007
Cash flows from investing activities	سست	-
Cash flows from financing activities: Principal payments on long-term debt	(_	176,008)
Net cash used by financing activities	(_	176,008)
Net change in cash and cash equivalents		41,999
Cash and cash equivalents, beginning of year	_	58,241
Cash and cash equivalents, end of year	\$_	100,240
Supplemental cash flow information: Interest paid	\$_	<u>461,402</u>

Notes to Consolidated Financial Statements

June 30, 2009

(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 of the tenants who have not executed a long-term lease.

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.

LNWS, LLC was established in 2006 to operate, maintain and improve a wastewater collection system for the Feoffees of the Grammar School and Affiliate.

(b) Basis of consolidation

The accompanying consolidated financial statements include the accounts of Feoffees of the Grammar School and it's wholly owned affiliate LNWS, LLC. All material intercompany transactions and balances have been eliminated.

(c) 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.

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Notes to Consolidated Financial Statements

June 30, 2009

(1) Continued

(d) Cash and equivalents

For purposes of the statement of cash flows, cash and equivalents include checking and savings accounts, time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

(e) Rents receivable from owners and allowance for doubtful accounts

Accounts receivable from owners are reported net of any allowance for doubtful accounts. The Trust provides for doubtful accounts based on experience and analysis of individual accounts. Since management considered all receivables to be collectible at June 30, 2009, no allowance was established at that time.

(f) Property, betterments and equipment

Sewer betterments, 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.

(g) Use of estimates

The preparation of the financial statements in conformity with 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 expenses during the reporting period. Actual results could differ from those estimates.

FEOFFEES OF THE GRAMMAR SCHOOL AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2009

(2) Long-term debt

Long-term debt as of June 30, 2009 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, 2009 is \$190,000.

Maturities of long-term debt at June 30, 2009 is as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 190,000
2011	204,000
2012	219,000
2013	235,000
2014	250,000
Thereafter	4,868,666
Total	\$ <u>5,966,666</u>

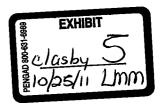
(3) Contingencies and litigation

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. Under this agreement certain amounts paid by the tenants to the Trust for rent over and above their previously existing lease agreements are held in escrow until such time a final agreement is reached between the Trust and the tenants. There was \$1,120,077 held in escrow at June 30, 2009. Trustees of this account are legal counsel for each of the parties. This account is not reflected on the financial statements.

ALTERNATIVE 1A NO SALE PERMITTED NO REFINANCE OF IFS LOAN ADDITIONAL LOAN OF \$900,000 FOR EROSION REMEDY

	<u>2011</u>	<u>2012</u>	<u>2013</u>	2014	<u>2015</u>
Support and revenue: Tenant and leaseholder rents Wastewater revenues Wastewater overhead and maintenance fees - tenants	\$ 1,075,536 \$	1,075,536 \$	1,075,536 \$	1,075,536 \$	1,075,536
Investment income Interest income on purchase note	_	-	-	-	_
Mortgage interest income	 		<u> </u>		•
Total support and revenue	 1,075,536	1,075,536	1,075,536	1,075,536	1,075,536
Interest expense on bank notes:					
Eastern Bank note	12,750	17,250	17,250	18,000	18,000
Insitution for Savings note	433,264	416,926	399,280	380,222	359,639
Erosion note	 39,500	49,047 483,223	44,677 461,207	40,037 438,259	35,111 412,750
	 485,514	403,223	401,207	436,239	412,730
Net support and revenue before operating expenses	 590,022	592,313	614,329	637,277	662,786
Operating expenses:					
Legal fees - general	120,000	120,000	120,000	120,000	120,000
Legal fees - Superior Court litigation	300,000	300,000	150,000		
Accounting fees	10,000	10,500	11,025	11,576	12,155
investment management expenses	-	-	-	-	-
Loan servicing fees	-	-	-	•	-
Management fees	44,000	46,200	48,510	50,936	53,482
Real estate taxes - common areas	20,000	20,500	21,000	21,500	22,000
Utilities	17,000	17,850	18,743	19,680	20,664
Other professional fees	5,000	5,250	5,513	5,788	6,078
Billing services	25 000	27 200	39,690	41,675	43,758
Repairs and maintenance	36,000	37,800	39,090	41,075	45,750
Inspections	6,000	6,300	6,615	6,946	7,293
Insurance Police details	6,000	6,300	6,615	6,946	7,293
Engineering consulting costs (included in other professional fees)	-	-			· <u>-</u>
Office expense	6,000	6,300	6,615	6,946	7,293
Beach sampling	720	756	794	833	875
Collection costs	-	-	-	-	-
Other expenses	 6,000	6,300	6,615	6,946	7,293
Total expenses	 576,720	584,056	441,734	299,770	308,184
Operating income before provision for loan losses and					
depreciation and amortization	13,302	8,257	172,595	337,507	354,602
	•				
Provision for loan losses	 ·····				
Income before depreciation and amortization	13,302	8,257	172,595	337,507	354,602
Depreciation and amortization	 315,243	330,243	330,243	330,243	330,243
Net income (loss)	\$ (301,941) \$	(321,986) \$	(157,648) \$	7,264 \$	24,359



ALTERNATIVE 1B NO SALE PERMITTED REFINANCE OF IFS LOAN ADDITIONAL LOAN OF \$900,000 FOR EROSION REMEDY

	2011	<u>2012</u>	2013		<u>2014</u>	2015
Support and revenue: Tenant and leaseholder rents Wastewater revenues Wastewater overhead and maintenance fees - tenants	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536	\$	1,075,536	\$ 1,075,536
Investment income						
Interest income on purchase note	-	-	-		-	-
Mortgage interest income	 	 	 		-	
Total support and revenue	 1,075,536	1,075,536	 1,075,536		1,075,536	1,075,536
Interest expense on bank notes:						
Eastern Bank note	680	•	-		-	-
Cambridge Savings Bank mortgage	330,000	325,769	316,208		363,148	353,605
Erosion note	 39,500	 49,047	 44,677		40,037	 35,111
	 370,180	 374,816	 360,885		403,185	 388,716
Net support and revenue before operating expenses	 705,356	 700,720	 714,651		672,351	 686,820
O contract contracts						
Operating expenses: Legal fees - general	120,000	120,000	120,000		120,000	120,000
Legal fees - Superior Court litigation	300,000	300,000	150,000		.20,000	,
Accounting fees	10,000	10,500	11,025		11,576	12,155
Investment management expenses	-	-	•		-	
Loan servicing fees	-	-	-		-	_
Management fees	44,000	46,200	48,510		50,936	53,482
Real estate taxes - common areas	20,000	20,500	21,000		21,500	22,000
Utilities	17,000	17,850	18,743		19,680	20,664
Other professional fees	5,000	5,250	5,513		5,788	6,078
iling services						
epairs and maintenance	36,000	37,800	39,690		41,675	43,75B
Inspections	6.000	6 200	6,615		6.046	7 000
Insurance	6,000 000,8	6,300 6,300	6,615		6,946 6,946	7,293 7,293
Police details	6,000	0,300	0,015		0,940	7,293
Engineering consulting costs (included in other professional fees)	6,000	6,300	6,615		6,946	7,293
Office expense Beach sampling	720	756	794		833	875
Collection costs	-	-	-		•	-
Other expenses	6,000	 6,300	 6,615		6,946	 7,293
Total expenses	 576,720	 584,056	441,734		299,770	308,184
Operation income before provision for loan losses and						
Operating income before provision for loan losses and depreciation and amortization	128,636	116,664	272,917		372,581	378,636
depredation and amortization	120,000	110,004			0.2,00.	0,0,000
Provision for loan losses	 <u>-</u>	 <u> </u>	 		-	
Income before depreciation and amortization	128,636	116,664	272,917		372,581	378,636
Depreciation and amortization	 315,243	 330,243	 330,243	-	330,243	 330,243
Net income (loss)	\$ (186,607)	\$ (213,579)	\$ (57,326)	\$	42,338	\$ 48,393

ALTERNATIVE 1C NO SALE PERMITTED REFINANCE OF IFS LOAN NO EROSION REMEDIATION

	<u>2011</u>	<u>2012</u>	2013	<u>2014</u>	<u>2015</u>
Support and revenue: Tenant and leaseholder rents Wastewater revenues Wastewater overhead and maintenance fees - tenants	\$ 1,075,536	\$ 1,075,536 \$	1,075,536 \$	1,075,536 \$	1,075,536
Investment income					
Interest income on purchase note	-	-	-	-	-
Mortgage interest income	 	 			<u> </u>
Total support and revenue .	 1,075,536	 1,075,536	1,075,536	1,075,536	1,075,536
Interest expense on bank notes:					
Eastern Bank note	680	-	-	-	-
Cambridge Savings Bank mortgage	 330,000	 325,769	316,208	363,148	353,605
•	 330,680	 325,769	316,208	363,148	353,605
Net support and revenue before operating expenses	 744,856	 749,767	759,328	712,388	721,931
Operating expenses:					
Legal fees - general	120,000	120,000	120,000	120,000	120,000
Legal fees - Superior Court litigation	300,000	300,000	150,000	-	-
Accounting fees	10,000	10,500	11,025	11,576	12,155
Investment management expenses	-	-	-	•	-
Loan servicing fees	-		-		-
Management fees	44,000	46,200	48,510	50,936	53,482
Real estate taxes - common areas	20,000	20,500	21,000	21,500	22,000
Utilities	17,000	17,850	18,743	19,680	20,664
Other professional fees	5,000	5,250	5,513	5,788	6,078
Billing services	36 000	37,800	39,690	41,675	43,758
Repairs and maintenance	36,000	37,000	35,050	41,010	43,750
Inspections	6,000	6,300	6,615	6,946	7,293
Insurance	6,000	6,300	6,615	6,946	7,293
Police details	0,000	5,500		-	-
Engineering consulting costs (included in other professional fees)	6,000	6,300	6,615	6,946	7,293
Office expense	720	756	794	833	875
Beach sampling Collection costs		-	-	-	-
Other expenses	6,000	6,300	6,615	6,946	7,293
	576,720	584,056	441,734	299,770	308,184
Total expenses	 	 ············			
Operating income before provision for loan losses and					
depreciation and amortization	168,136	165,711	317,594	412,618	413,747
espiration, and announced					
Provision for loan losses	 	 		<u> </u>	
Income before depreciation and amortization	168,136	165,711	317,594	412,618	413,747
Depreciation and amortization	 240,243	 240,243	240,243	240,243	240,243
Net income (loss)	\$ (72,107)	\$ (74,532) \$	77,351 \$	172,375 \$	173,504

ALTERNATIVE 2A SALE OF ALL UNITS AS OF 11/1/11 10% CASH AT CLOSING

		<u>2011</u>	2012	<u>2013</u>	2014	<u>2015</u>
Support and revenue: Tenant and leaseholder rents Wastewater revenues Wastewater overhead and maintenance fees - tenants	\$	1,075,536	\$ -	\$ -	\$ - \$	-
Investment income Interest income on purchase note		-	93,906 1,488,550	91,297 1,488,550	88,527 1,488,550	85,586 1,488,550
Mortgage interest income			 1,400,000	 1,400,550	 1,400,000	1,100,000
Total support and revenue		1,075,536	 1,582,456	 1,579,847	 1,577,077	1,574,136
Interest expense on bank notes:						
Eastern Bank note		680	-	242.000	278,015	270,709
Cambridge Savings Bank mortgage		330,000	 249,399	 242,080 242,080	 278,015	270,709
56		330,680	 249,399	 242,000	 270,013	270,703
Net support and revenue before operating expenses		744,856	 1,333,057	 1,337,767	 1,299,062	1,303,427
Operating expenses:				40 500	44.005	11,576
Legal fees - general		120,000	10,000	10,500	11,025	11,570
Legal fees - Superior Court litigation		10,000	-	- 10,500	11,025	11,576
Accounting fees		10,000	10,000	1,090	1,686	2,319
Investment management expenses		-	529	93,034	93,034	132,534
Loan servicing fees			137,274	93,034	95,054	102,354
Management fees		44,000	۲	_		
Collection costs		00.000		_	_	-
Real estate taxes - common areas		20,000	-	_	_	
Utilities		17,000	-	_	-	-
Other professional fees		5,000	-			
Billing services		36,000	_	_	-	_
Repairs and maintenance		30,000				
Inspections		6,000	_	-	_	•
Insurance		6,000	-	_	-	-
Police details		-	-	-	-	-
Engineering consulting costs (included in other professional fees)		6,000	_	-	-	-
Office expense		720	-	-	-	-
Beach sampling		-	-	-	-	-
Collection costs		6,000	6,300	6,615	6,946	7,293
Other expenses	_	286,720	164,103	121,739	 123,716	165,299
Total expenses	_					
Operating income before provision for loan losses and					=	
depreciation and amortization		458,136	1,168,954	1,216,027	1,175,346	1,138,128
depreciation and amortization						
Provision for loan losses			 74,427	 74,427	 74,427	74,427
Income before depreciation and amortization		458,136	1,094,526	1,141,600	1,100,918	1,063,701
Depreciation and amortization		240,243	 <u> </u>	 	 <u></u>	-
Net income	<u>\$</u>	217,893	\$ 1,094,526	\$ 1,141,600	\$ 1,100,918	\$ 1,063,701

ALTERNATIVE 2B SALE OF ALL UNITS AS OF 11/1/11 30% CASH AT CLOSING

		2011	<u>2012</u>		2013	2014	<u>2015</u>
Support and revenue:				•		•	
Tenant and leaseholder rents	\$	1,075,536	\$ -	\$	-	\$ - \$	-
Wastewater revenues							
Wastewater overhead and maintenance fees - lenants			00.004		20.000	24 620	33,156
Investment income			28,861		30,208	31,638	33,136 85,586
Interest income on purchase note		-	93,096		91,297	88,527	1,157,761
Mortgage interest income			1,157,761		1,157,761	 1,157,761	1,137,701
Total support and revenue		1,075,536	1,279,717		1,279,266	 1,277,926	1,276,503
L. L. selven							
Interest expense on bank notes:		680	_		-	-	-
Eastern Bank note		330,000			-	_	
Cambridge Savings Bank mortgage		330,680	 			 -	
		000,000	 			 	
Net support and revenue before operating expenses		744,856	 1,279,717		1,279,266	 1,277,926	1,276,503
Overeting expenses:							
Operating expenses: Legal fees - general		120,000	10,000		10,500	11,025	11,576
Legal fees - Superior Court litigation		10,000	-		-	-	-
Accounting fees		10,000	10,000		10,500	11,025	11,576
Investment management expenses			10,870		11,319	11,796	12,302
can servicing fees		-	116,600		72,360	72,360	111,860
Management fees		44,000	-		-	-	-
Collection costs							
Real estate taxes - common areas		20,000	-		-	-	-
Utilities		17,000	_		_	-	-
Other professional fees		5,000	-		-	-	-
Billing services							
Repairs and maintenance		36,000	-		-	-	-
Inspections							
Insurance		6,000	_		-	-	-
Police details		6,000	-		_	-	-
Engineering consulting costs (included in other professional fees)		· <u>-</u>	-		-	-	-
Office expense		6,000	-		-	-	-
Beach sampling		720	_		_	-	-
Collection costs		-	-		-	=	-
Other expenses		6,000	 6,300		6,615	 6,946	7,293
·	-	286,720	153,770		111,294	113,152	154,608
Total expenses	-	-,	 				
Operating income before provision for loan losses and							
depreciation and amortization		458,136	1,125,947		1,167,971	1,164,774	1,121,896
·							
Provision for loan losses		-	 57,888		57,888	 57,888	57,888
Income before depreciation and amortization		458,136	1,068,059		1,110,083	1,106,886	1,064,007
Depreciation and amortization		240,243	 •		-	 	<u> </u>
Net income	\$	217,893	\$ 1,068,059	\$	1,110,083	\$ 1,106,886	1,064,007

ALTERNATIVE 2C SALE OF ALL UNITS AS OF 11/1/11 50% CASH AT CLOSING

	<u>2011</u>	<u>2012</u>	<u>2013</u>	2014	<u>2015</u>
Support and revenue: Tenant and leaseholder rents Wastewater revenues	\$ 1,075,536	\$ -	\$ -	\$ -	\$ -
Wastewater overhead and maintenance fees - tenants Investment income Interest income on purchase note Mortgage interest income	-	194,255 93,905 826,972	195,602 91,297 826,972	197,032 88,527 826,972	198,551 85,586 826,972
Total support and revenue	 1,075,536	 1,115,132	 1,113,871	 1,112,531	 1,111,109
Interest expense on bank notes: Eastern Bank note Cambridge Savings Bank mortgage	 680 330,000 330,680	 -	<u>-</u>	<u>.</u>	<u>-</u>
Net support and revenue before operating expenses	 744,856	 1,115,132	 1,113,871	1,112,531	1,111,109
Operating expenses: Legal fees - general Legal fees - Superior Court litigation Accounting fees Investment management expenses Loan servicing fees Management fees Collection costs Real estate taxes - common areas Utilities Other professional fees	120,000 10,000 10,000 - 44,000 20,000 17,000 5,000	10,000 - 10,000 46,126 95,926 - - -	10,500 - 10,500 46,350 51,686 - - -	11,025 - 11,025 46,589 51,686 - - -	11,576 - 11,576 46,842 91,186 - - -
Billing services Repairs and maintenance Inspections Insurance	36,000 6,000	-	-	-	-
Police details Engineering consulting costs (included in other professional fees) Office expense Beach sampling Collection costs Other expenses	 6,000 - 6,000 720 - 6,000	 - - - - 6,300	 - - - - - 6,615	 - - - - - 6,946	- - - - - 7,293
Total expenses	 286,720	 168,352	 125,651	 127,270	168,473
Operating income before provision for loan losses and depreciation and amortization	458,136	946,780	988,220	985,261	942,636
Provision for loan losses	 -	 41,349	 41,349	41,349	41,349
Income before depreciation and amortization	458,136	905,432	946,871	943,913	901,287
Depreciation and amortization	 240,243	 	 	 <u>.</u>	 <u>-</u>
Net income	\$ 217,893	\$ 905,432	\$ 946,871	\$ 943,913	\$ 901,287

ALTERNATIVE 1A NO SALE PERMITTED NO REFINANCE OF IFS LOAN ADDITIONAL LOAN OF \$900,000 FOR EROSION REMEDY

Cash S Z5,000 S 3,729 S 647 S 887 S 341		<u>2011</u>	<u>2012</u>	<u>2013</u>	2014	<u>2015</u>
Add: Net income before depreciation and amortization Net income before depreciation and amortization Erosion note proceeds Change in accounts payable Principal payments on purchase note Principal payments on mortgages receivable Deduct: Principal payments on Eastern Bank note Erosion remediation disbursements Principal payments on Institution for Savings note Principal payments on institution for Savings note Principal payments on institution for Savings note Principal payments on erosion note Transfers to Investments Distributions to Ipswich Public School System Accounts Payable Opening balance Accounts Payable Opening balance Change in accounts payable per above Accounts payable per above Accounts Payable Principal payments on Estern Bank note \$20,000 \$240,000 \$520,000 \$661,000 \$660,000 \$7,900 \$660,000 \$7,900 \$661,000 \$660,000 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,900 \$7,90	Cash					
Nel income before depreciation and amortization 900,000 Erosion note proceeds 900,000 280,000 141,000 (1,000) 7,900 200,000 141,000 (1,000) 7,900 200,000 141,000 (1,000) 7,900 200,000 280,000 141,000 (1,000) 7,900 200,000 280,000	Opening balance	\$ 25,000 \$	3,729 \$	647 \$	887 \$	341
Change in accounts payable 220,000 280,000 141,000 (1,000 7,900 7,900 141,000	Net income before depreciation and amortization		8,257	172,595	337,507	354,602
Principal payments on purchase note Principal payments on mortgages receivable 1,133,302 288,257 313,595 336,507 362,502 Deduct: Principal payments on Eastern Bank note Erosion remediation disbursements 900,000 220,484 238,130 257,188 277,771 Principal payments on Institution for Savings note Principal payments on Institution for Savings note Principal payments on erosion note Transfers to Investments 70,855 75,225 79,865 84,791 Transfers to Investments Distributions to Ipswich Public School System 1,154,673 291,339 313,365 337,053 362,562 Ending Balance \$ 3,729 \$ 647 \$ 887 \$ 341 \$ 281 Opening balance 20,000 240,000 520,000 661,000 660,000 Change in accounts payable per above 220,000 240,000 520,000 661,000 7,900	Change in accounts payable	220,000	280,000	141,000	(1,000)	7,900
Principal payments on mortgages receivable 1,133,302 288,257 313,595 336,507 362,502	Principal payments on purchase note	•	-	-	•	•
Deduct: Principal payments on Eastern Bank note 900,000	Principal payments on mortgages receivable	1,133,302	288,257	313.595	336.507	362,502
Opening balance 20,000 240,000 520,000 661,000 660,000 Change in accounts payable per above 220,000 280,000 141,000 (1,000) 7,900	Principal payments on Eastern Bank note Erosion remediation disbursements Principal payments on Institution for Savings note Principal payments on erosion note Transfers to Investments Distributions to Ipswich Public School System	204,146 50,427 - 1,154,573	70,855 - - - 291,339	75,225 - - - 313,355	79,865 - - - 337,053	84,791 - - 362,562
Ending balance 240,000 520,000 661,000 660,000 667,900	Opening balance	220,000	280,000	141,000	(1,000)	7,900
	Ending balance	240,000	520,000	661,000	660,000	667,900

EXHIBIT

OF CLOSE OF THE PROPERTY OF THE PROPE

ALTERNATIVE 1B NO SALE PERMITTED REFINANCE OF IFS NOTE ADDITIONAL LOAN OF \$900,000 FOR EROSION REMEDY

		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash						
	\$	25,000	\$ 1,209 \$	1,508_\$	129	117
Opening balance						
Add: Net income before depreciation and amortization		128,636 900,000	116,664	272,917	372,581	378,636
Erosion note proceeds		500,000	124,000	(20,000)	(104,000)	-
Change in accounts payable		-	-	-	•	-
Principal payments on purchase note			 <u> </u>	<u> </u>		
Principal payments on mortgages receivable		1,028,636	 240,664	252,917	268,581	378,636
			•			•
Deduct: Principal payments on Eastern Bank note		32,000	•	-	-	
Erosino remediation disbursements		900,000	169,510	179,071	142,478	152,021
Principal payments on Cambridge Savings Bank mortgage		70,000	-	-	46,250	141,900
Provision for sinking fund reserve		50,427	70,855	75,225	79,865	84,791
Principal payments on erosion note			-	-	-	-
Transfers to investments Distributions to Ipswich Public School System			 	· · · · · · · · · · · · · · · · · · ·		
Distributions to participation of the control of th		1,052,427	 240,365	254,296	268,593	378,712
Ending Balance	\$_	1,209	\$ 1,508 \$	129 \$	117	\$ <u>41</u>
Choing Balance						
Accounts Payable				444.000	404.000	20,000
Opening balance		20,000	20,000	144,000 (20,000)	124,000 (104,000)	20,000
Change in accounts payable per above			 124,000	(20,000)	(104,000)	
ng balance	<u></u>	20,000	 144,000	124,000	20,000	20,000
••						

ALTERNATIVE 1C NO SALE PERMITTED REFINANCE OF IFS LOAN NO EROSION REMEDIATION

Cash	<u>2011</u>		2012	<u>2013</u>	<u>2014</u>	2015
Opening balance	\$ 25,000	\$_	25,000	\$ 21,201	\$ 21,201	\$ 21,201
Add: Net income before depreciation and amortization Principal payments on purchase note Principal payments on mortgages receivable	 168,136 - - 168,136		165,711 - - - 165,711	 317,594 - - 317,594	 412,618	 413,747
Deduct: Principal payments on Eastern Bank note Principal payments on Cambridge Savings Bank mortgage Provision for sinking fund reserve Transfers to investments Distributions to Ipswich Public School System	 32,000 - 120,000 - 16,136 168,136	-	169,510 - - - 169,510	 179,071 120,000 - 18,523 317,594	142,478 180,000 - 90,140 412,618	 152,021 180,000 - 81,726 413,747
Ending Balance	\$ 25,000	\$	21,201	\$ 21,201	\$ 21,201	\$ 21,201

ALTERNATIVE 2A SALE OF ALL UNITS AS OF 11/1/11 10% CASH AT CLOSING

			<u>2011</u>	2012	<u>2013</u>	2014	2015
: Cash							
Opening balance			\$ 25,000 \$	25,000 \$	25,000 \$	25,000 \$	25,000
Add:			458,136	1,094,526	1,141,600	1,100,918	1,063,701
Nel income before depreciation and amortization Principal payments on purchase note			•	42,2 9 7	44,905	47,875 -	50,016
Principal payments on mondywes receivable			450,136	1,136,023	1,186,506	1,148,593	1,114,317
Deduct:			32,000		-		
Principal payments on Eastern Bank note Principal payments on Cambridge Savings Bank mortgage			•	129,772 42,297	137,091 44,906	109,077 47,575	116,383 50,616
Transfers to investments			426,136	964,754	1,004,509	991,841	947.318
Distributions to ipswich Public School System			458,136	1,136,823	1,186,506	1,148,593	1.114,317
Ending Balance		:	\$ 25,000 \$	25,000 s	25,000 \$	25,000 \$	25,000
Cash From Sale of Units							
Gross sales price		29,150,000 1,584,266					
Less purchse price note	-	27,565,734					
Cash at closing (10%)		2,756,573					
Expenses paid al closing	-	1,350,000					
Cash available at closing		1,406,573					
Debl reduction:	1,406,573						
Cambridge Savings Bank Eastern Bank	<u> </u>	1,406,573					
	. –	1,400,010					
Cash evallable for investments	=	•					
Investments							4-1
Opening balance reassers from investments			·	42,297	42,297 44,906	87,203 47,675	134,878 50,616
.lal available for earnings			•	42.297	87,203	134,878	185,494
Investment return rate			3.00%	3.00%	4.00%	4,00%	5.00%
Investment earnings		,	· · · · · · · · · · · · · · · · · · ·	1,269	3,488	5,395	9,275
Investment earnings Interest Income from Notes Receivable		,	<u> </u>	1,269	3,488	5,395	9,275
				1,269	3,48B 91,297	5,395 88,527	9,275 85,586
Interest Income from Notes Receivable Purchase price notes: Per amortization schedule				93,906	91.297	B8.527	85,586
Interest Income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes: Principal		:	· · · · · · · · · · · · · · · · · · ·	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest Income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes:			-	93,906 24,809,161	91.297	88,527 24,809,161	85,586 24,809,161
Interest income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes: Principal Interest rate on notes Net Assets			-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots:			-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest Income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sele of lots: Gross sales price: Units under purchase and sale (158)		27,585,734 1,584,286	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes: Principal interest rate on notes Net Assets Gain on sale of lots: Gross sales price:	-	27,585,734 1,584,266 29,150,000	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest income from Notes Receivable Purchase price notes: Per amortization schedule Unliholder notes: Principal interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note	-	1,584,266	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest income from Notes Receivable Purchase price notes: Per amortization schedule Unlikholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Unlis under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legat	400,000 220,000	1,584,266	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing"	400,000 220,000 730,000	1,584,266 29,150,000	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest Income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sele of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legal Contingencies Monies to lessees	220,000	1,584,266 29,150,000 1,350,000 27,800,000	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest income from Notes Receivable Purchase price notes: Per amortization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies	220,000	1,350,000 27,800,000 27,800,000 5,937,406	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest income from Notes Receivable Purchase price notes: Per amortization schedule Unliholder notes: Principal interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legal Contingencies Monies to lessees	220,000	1,584,266 29,150,000 1,350,000 27,800,000	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Interest Income from Notes Receivable Purchase price notes: Per amortization schedule Unliholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc.	220,000	1,350,000 27,800,000 27,800,000 5,937,406	-	93,906 24,809,161 6.00%	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Purchase price notes: Per amortization schedule Unitholder notes: Principal interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees	220,000	1,350,000 27,800,000 27,800,000 5,937,406	-	93,906 24,809,161 6,00% 1,488,550	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6.00%
Purchase price notes: Per amortization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up fees	220,000	1,350,000 27,800,000 27,800,000 5,937,406	-	93,906 24,809,161 6.00% 1,488,550	91,297 24,809,161 5.00% 1,488,550	88,527 24,809,161 5.00% 1,488,550	85,586 24,809,161 6,00% 1,489,550
Interest income from Notes Receivable Purchase price notes: Per amodization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Montes to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up fees Exit fees Monthly servicing fees: Average principal outstanding	220,000	1,350,000 27,800,000 27,800,000 5,937,406		93,906 24,809,161 6,00% 1,488,550 44,240	91.297 24,809,161 6.00%	88,527 24,809,161 6.00%	85,586 24,809,161 6,00% 1,488,550
Purchase price notes: Per amortization schedule Unlitholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legal Contingencies Montes to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up fees Exit fees Monthly servicing fees:	220,000	1,350,000 27,800,000 27,800,000 5,937,406		93,906 24,809,161 6.00% 1,488,550	91,297 24,809,161 6,00% 1,488,550	88,527 24,809,161 5.00% 1,488,550	85,586 24,809,161 6,00% 1,488,550 39,500
Interest income from Notes Receivable Purchase price notes: Per amodization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Montes to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up fees Exit fees Monthly servicing fees: Average principal outstanding	220,000	1,350,000 27,800,000 27,800,000 5,937,406		93,906 24,809,161 6,00% 1,488,550 44,240 24,809,161 0,3750%	91.297 24,809,161 6.00% 1,488,550 24,809,161 0.3750%	88,527 	85.586 24,809,161 6,00% 1,488,550 39,500 24,809,161 9,3750%
Purchase price notes: Per amortization schedule Unliholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legal Contingencies Montes to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up fees Exit fees Monthly servicing fees: Average principal outstanding Rate	220,000	1,350,000 27,800,000 27,800,000 5,937,406	0.3750%	93,906 24,809,161 6,00% 1,488,550 44,240 24,809,161 0,3750% 93,034 137,274	91,297 24,809,161 6,00% 1,488,550 24,809,161 0,3750% 93,034	24,809,161 5.00% 1,488,550 24,809,161 0.3750% 93,034	85,586 24,809,161 6,00% 1,488,550 39,500 24,809,161 0,3750% 93,034 132,534
Purchase price notes: Per amortization schedule Unitholder notes: Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid al "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up fees Extl fees Monthly servicing fees: Average principal outstanding Rate :	220,000	1,350,000 27,800,000 27,800,000 5,937,406	0.3750%	93,906 24,809,161 6,00% 1,488,550 44,240 24,809,161 0,3750% 93,034	91,297 24,809,161 6.00% 1,488,550 24,809,161 0.3750% 93,034	88,527 24,809,161 5.00% 1,488,550 24,809,161 0.3750% 93,034	85,586 24,809,161 6,00% 1,488,550 39,500 24,809,161 0,3750% 93,034

ALTERNATIVE 2B SALE OF ALL UNITS AS OF 11/1/11 30% CASH AT CLOSING

•				8044	2012	0040		0045
Cash				<u>2011</u>	2012	<u>2013</u>	2014	2015
08317			_	2 000 5	35 000 6	51 000 A	01.000	05.500
Opening balance			-2	25,000 S	25,000 \$	25,000 \$	25,000 \$	25,000
Add:				4EB 42C	1.050.050	4 4 4 0 0 0 0 0	4 400 000	1,054,007
Nel income before depreciation and amortization				458,136	1,058,059 42,297	1,110,083 44,905	1,106,886 47,675	50,616
Principal payments on purchase note Principal payments on mortgages receivable					1,110,356			
				458,136	7,110,356	1,154,988	1,154,561	1,114,623
Deduct:								
Principal payments on Eastern Bank note				32,000	•	•	•	•
Principal payments on Cambridge Savings Bank mortgage Transfers to investments				•	42,297	44.905	47,675	50,616
Distributions to Ipswich Public School System				426,136 458,136	1,058,059	1,110,083 1,154,988	1,106,886 1,154,581	1,054,007
						1,104,000	1,104,001	
Ending Balance			\$	25,000 \$	25.000 s	25,000 \$	25,000 \$	25,000
Cash From Sale of Units								
GESTY TO THE GET OF COMME		** 450 000						
Gross sales price		29,150,000 1,584,266						
Less purchse price note	_	27,565,734	-					
Cash at closing (30%)		8,269,720						
Expenses paid at closing	_	1,350,000						
CAPOLISUS POR II	•	C 010 700						
Cash available al closing Dabt reduction:		6,919,720						
Cambridge Savings Bank	6,000,000							
Eastern Bank		6,000,000						
	-		•					
Cash available for investments	=	919,720	-					
Investments								
					919,720	962,017	1,006,922	1,054,597
Opening balance *-ansters from investments				-	42,297	44,905	47,675	50,616
. available for earnings				•	962,017	1,006,922	1,054,597	1,105,213
investment return rate				3.00%	3.00%	3.00%	3.00%	3.00%
Investment earnings					28.861	30,208	31,638	33,156
Interest Income from Notes Receivable								
Purchase price notes:				- 				
Per amortization schedule				•	93,905	91.297	88.527	85,586
Unitholder notes:				,				
Unitholder notes: Principal				•	19,296,014	19,296,014	19,296,014	19,296,014
					19,296,014 6.00% 1,157,761	19.296,014 6.00% 1.157,761	19,296,014 6.00% 1,157,761	19,296,014 6.00% 1,157,761
Principal Interest rate on notes					6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets					6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes					6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158)		27,565,734 1,584,266			6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price:	_	27,565,734 1,584,266 29,150,000	-		6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note		1,584,266			6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash pald at "closing"	 400,000	1,584,266			6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash pald at "closing" Engineering and legal Contingencies	220,000	1,584,266	-		6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash pald at "closing" Engineering and legal		1,584,266	-		6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees	220,000	1,584,266 29,150,000 1,350,000 27,000,000	_		6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash pald at "closing" Engineering and legal Contingencies	220,000	1,584,266 29,150,000 1,350,000	_		6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees	220,000	1,584,266 29,150,000 1,350,000 27,000,000	-		6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc.	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-		6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash pald at "closing" Engineering and legal Contingencies Monies to lessees	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-		6.00%	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-		6.00% 1.157,761	6.00%	6.00%	6.00%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees Net book value of belierments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up foes	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-		6.00% 1.157,761	6.00%	6.00%	6.00% 1,157,761
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up foes	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-		6.00% 1.157,761 44.240	6.00% 1,157,761	6.00% 1.157,781 19,296,014	5.00% 1,157,761 39,500
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to tessees Net book value of betterments transferred to Homaowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up focs Exit fees Monthly servicing fees:	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-		6.00% 1.157,761 44.240 19.296,014 0.3750%	6.00% 1.157.761 1.157.761	6.00% 1.157,781 1.157,781	39,500 1,256,014 0,3750%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up foes Exil fees Monthly servicing fees; Average principal outstanding	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-	0.3750%	6.00% 1.157,761 44.240 44.240 19.296,014 0.3750% 72,360	6.00% 1.157,761 1.157,761 19,296,014 0.3750% 72,360	6.00% 1.157,781 19,296,014 0.3750% 72,360	39,500 19,296,014 0.3750% 72,360
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up foes Exil fees Monthly servicing fees; Average principal outstanding	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-	0.3750%	6.00% 1.157,761 44.240 19.296,014 0.3750%	6.00% 1.157.761 1.157.761	6.00% 1.157,781 1.157,781	39,500 1,256,014 0,3750%
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homeowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up focs Exit fees Monthly servicing fees; Average principal outstanding Rate	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-	0.3750%	6.00% 1.157,761 44.240 18.296,014 0.3750% 72,360 116,600	6.00% 1.157,761 19,296,014 0.3750% 72,360	6.00% 1.157,781 19,296,014 0.3750% 72,360	39,500 19,296,014 0.3750% 72,350
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to tessees Net book value of betterments transferred to Homaowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up focs Exit fees Monthly servicing fees: Average principal outstanding Rate	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-	0.3750%	6.00% 1.157,761 44.240 44.240 19.296,014 0.3750% 72,360	6.00% 1.157,761 1.157,761 19,296,014 0.3750% 72,360	6.00% 1.157,781 19,296,014 0.3750% 72,360	39,500 19,296,014 0.3750% 72,360
Principal Interest rate on notes Net Assets Gain on sale of lots: Gross sales price: Units under purchase and sale (158) Purchase price note Cash paid at "closing" Engineering and legal Contingencies Monies to lessees Net book value of betterments transferred to Homaowners Assoc. Net increase in net assets from sale Loan Servicing Fees Initial set-up foes Exit fees Monthly servicing fees: Average principal outstanding Rate Investment Management Fees	220,000	1,584,266 29,150,000 1,350,000 27,800,000 5,937,406	-	0.3750%	6.00% 1.157,761 44.240 18.296,014 0.3750% 72,360 116,600	6.00% 1.157,761 19,296,014 0.3750% 72,360	6.00% 1.157,781 19,296,014 0.3750% 72,360	39,500 19,296,014 0.3750% 72,350

ALTERNATIVE 2C SALE OF ALL UNITS AS OF 11/1/11 50% CASH AT CLOSING

			<u>2011</u>	2012	2013	2014	2015
Cash			\$ 25,000_ \$	25,000 \$	25,000 \$	£ 25,000 \$	25,000
Opening balance			\$ 25,000 \$	23,000 3	25,000 3	25,000 \$	23,000
Add: Net income before depreciation and amortization Principal payments on purchase note			458,136 -	905,432 42,297	946,871 44,905	943,913 47,575	901,287 50,616
Principal payments on mortgages receivable		•	458,136	947,729	991,776	991,588	951,903
Deduct: Principal payments on Eastern Bank note			32,000	•	•		
Principal payments on Cambridge Savings Bank mongage Transfers to investments			426,136	42,297 905,432	44,905 946,871	47,575 943,913	50,616 901,287
Distributions to Ipswich Public School System			458,136	947,729	991,776	991,588	851,903
Ending Balance			\$ 25,000 \$	25,000 \$	25,000 \$	25,000 \$	25,000
Cash From Sale of Units							
Gross sales price		29,150,000					
Less purchse price note	-	1,584,266 27,565,734 13,782,867					
Cash at closing (50%)		1,350,000					
Expenses paid at closing	•	12,432,867					
Cash avallable at closing Debt reduction:		12,432,007					
Cambridge Savings Bank Easlern Bank	6,000,000	6,000.000					
O al avallable for bunctmonle		6,432,867					
Cash available for investments							
Investments			_	6,432,867	6,475,164	6,520,069	6,567,744
Opening balance Transfers from investments				42,297	44,905	47,675	50,616
Total available for earnings			•	6,475,164	6,520,069	6,567,744	6,618,360
siment return rate		•	3.00%	3,00%	3,00%	3,00%	3.00%
vesiment earnings				194,255	195,602	197,032	198,551
interest income from Notes Receivable							
Purchase price nolas: Per amortization schedule		-		93,905	91,297	88,527	85,586
Unliholder notes: Principal				13,782,867	13,782,867	13,782,867	13,782,867
interest rate on notes		-		6,00% 826,972	6.00% 826,972	6.00% 826,972	6.00% 826,972
Reserve for Legal and Engineering Fees		•					
Opening balance			268,000	268,000	268,000	268,000	268,000
Charges to reserve							
Ending balance			268,000	268,000	268,000	268,000	268,000
Net Assets							
Gain on sale of lois:							
Gross sales price: Units under purchase and sale (158) Purchase price note		27,565,734 1,584,266 29,150,000					
		23,130,000					
Cash paid al "closing" Engineering and legal	400,000						
Contingencies Monies to lessees	220,000 730,000						
		1,350,000	•				
Nel book value of betterments transferred to Homeowners Assoc.	~	5,937,406	-				
Net increase in net assets from sale		21,862,594	•				
Loan Servicing Fees				44,240			
Initial set-up fees							39,500
Exil leas							
Monthly servicing lees: Average principal outstanding			0.3750%	13,782,867 0.3750%	13,782,867 0.3750%	13,782,867 0.3750%	13,782,867 0,3750%
Rate				51,686	51,686	51,686	51,686
			·	95.92A	51,686	51 686	91.186
Investment Management Fees				6,475,164	6,520,089	6,567,744	6,618,360
Principal under management			_	46,126	46,350	46,589	46,842
Fee .				,			** *

ALTERNATIVE 1A NO SALE PERMITTED NO REFINANCE OF IFS LOAN ADDITIONAL LOAN OF \$900,000 FOR EROSION REMEDY

	<u>2011</u>	2012	2013	<u>2014</u>	2015
Net income (loss)	(301,941)	(321,986)	(157,648)	7,264	24,359
Deduct principal payments on Eastern Bank note	(32,000)	-	-	-	-
Deduct principal payments on Institution for Savings note	(204,146)	(220,484)	(238,130)	(257,188)	(277,771)
Deduct reduction in accounts payable				(1,000)	-
Deduct principal payments on erosion note	(50,427)	(70,855)	(75,225)	(79,865)	(84,791)
Add depreciation and amortization	315,243	330,243	330,243	330,243	330,243
Balance available for distribution to Ipswich Public School System	\$ (273,271) \$	(283,082) \$	(140,760) \$	(546) \$	(7,960)

EXHIBIT

SEES CLASBY

TOOS/11 LMM

ALTERNATIVE 1B NO SALE PERMITTED REFINANCE OF IFS LOAN ADDITIONAL LOAN OF \$900,000 FOR EROSION REMEDY

	<u>2011</u>	<u>2012</u>	2013	2014	<u>2015</u>
Net income (loss)	(186,607)	(213,579)	(57,326)	42,338	48,393
Deduct principal payments on Eastern Bank note	(32,000)	•	-	-	-
Deduct principal payments on Cambridge Savings Bank mortgage	-	(169,510)	(179,071)	(142,478)	(152,021)
Deduct provison for sinking fund reserve	(70,000)	-	-	(46,250)	(141,900)
Deduct reduction in accounts payable	-	-	(20,000)	(104,000)	-
Deduct principal payments on erosion note	(50,427)	(70,855)	(75,225)	(79,865)	(84,791)
Add depreciation and amortization	315,243	330,243	330,243	330,243	330,243
Balance available for distribution to Ipswich Public School System	(23,791) \$	(123,701) \$	(1,379) \$	(12) \$	(76)

ALTERNATIVE 1C NO SALE PERMITTED REFINANCE OF IFS LOAN NO EROSION REMEDIATION

	2011	2012	2013	2014	2015
Net income (loss)	(72,107)	(74,532)	77,351	172,375	173,504
Deduct principal payments on Eastern Bank note	(32,000)	-		-	-
Deduct principal payments on Cambridge Savings Bank mortgage		(169,510)	(179,071)	(142,478)	(152,021)
Deduct provision for sinking fund reserve	(120,000)	-	(120,000)	(180,000)	(180,000)
Add depreciation and amortization	240,243	240,243	240,243	240,243	240,243
Balance available for distribution to Ipswich Public School System	\$ 16,136 \$	(3,799) \$	18,523 \$	90,140 \$	81,726

ALTERNATIVE 2A SALE OF ALL UNITS AS OF 11/1/11 10% CASH AT CLOSING

	<u>2011</u>	2012	2013	2014	<u>2015</u>
Net income	217,893	1,094,526	1,141,600	1,100,918	1,063,701
Deduct principal payments on Eastern Bank note	(32,000)	-		-	-
Deduct principal payments on Cambridge Savings Bank mortgage	-	(129,772)	(137,091)	(109,077)	(116,383)
Add depreciation and amortization	240,243				
Balance available for distribution to Ipswich Public School System	\$ 426,136 \$	964,754 \$	1,004,509 \$	991,841 \$	947,318

ALTERNATIVE 2B SALE OF ALL UNITS AS OF 11/1/11 30% CASH AT CLOSING

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net income	217,893	1,068,059	1,110,083	1,106,886	1,064,007
Deduct principal payments on Eastern Bank note	(32,000)	-	-	-	
Deduct principal payments on Cambridge Savings Bank mortgage	-	•	-	-	-
Add depreciation and amortization	240,243	<u> </u>	<u>-</u>	-	
Balance available for distribution to Ipswich Public School System	\$ 426,136	\$ 1,068,059	\$ 1,110,083	\$ 1,106,886	1,064,007

ALTERNATIVE 2C SALE OF ALL UNITS AS OF 11/1/11 50% CASH AT CLOSING

	<u>2011</u>	2012	<u>2013</u>	2014	<u>2015</u>
let income	217,893	905,432	946,871	943,913	901,287
educt principal payments on Eastern Bank note	(32,000)	-	-	-	-
reduct principal payments on Cambridge Savings Bank mortgage	-	-	-	-	-
.dd depreciation and amortization	240,243		<u></u>		
alance available for distribution to Ipswich Public School System	\$ 426,136 \$	905,432 \$	946,871 \$	943,913 \$	901,287

COMMONWEALTH OF MASSACHUSETTS

ESSEX, SS.

PROBATE & FAMILY COURT NO. ES09E0094QC

ALEXANDER B.C. MULHOLLAND, JR, et als., as they are THE FEOFFEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH

Plaintiffs.

v.

ATTORNEY GENERAL of the Commonwealth of Massachusetts; IPSWICH SCHOOL COMMITTEE; and RICHARD KORB, as he is Superintendent of Schools in the Town of Ipswich

Defendants

DAVID A TRUE COPY AND D. AYLES, PROCESS FROCESS SERVER PERSON

SUBPOENA DUCES TECUM

To: Daniel Clasby

Dan Clasby & Company

181 Elliot Street

100 Cummings Center, Suite 238C

Beverly, MA 01915

You are hereby commanded in the name of the Commonwealth of Massachusetts in accordance with the provisions of Rules 30 and 45 of the Massachusetts Rules of Civil Procedure to appear and testify before a Notary Public of the Commonwealth, at the offices of Casner & Edwards, LLP, 303 Congress Street, Boston, Massachusetts, at 10:00 AM on October 11, 2011 as to your knowledge, at the taking of the deposition in the above-entitled action. You are further required to bring with you the materials listed in the attached schedule A.

HEREOF FAIL NOT, as failure by any person without adequate cause to obey a subpoena served upon him may be deemed to be in contempt of the court in which the action is pending.

Respectfully submitted,

Ipswich School Committee By its attorneys,

Richard C. Allen, BBO # 015720 Stephen M. Perry, BBO # 395955 Donna M. Brewer, BBO #545254 CASNER & EDWARDS, LLP

303 Congress Street Boston, MA 02210 Phone: 617-426-5900

allen@casneredwards.com perry@casneredwards.com brewer@casneredwards.com

Dated: September <u>الم</u>, 2011

Notate Public

My commission expires:

SCHEDULE A

Definitions:

"Documents" - means all writings of any kind, including the originals and all non-identical copies, whether different from the originals by reason of any notation made on such copies or otherwise (including, without limitation, correspondence, memoranda, notes, diaries, statistics, letters, emails, telegrams, minutes, contracts, reports, studies, checks, statements, receipts, returns, summaries, pamphlets, books, prospectuses, interoffice and intraoffice communications, offers, notations of any sort of conversations, telephone calls, meetings or other communications, bulletins, printed matter, computer printouts, teletypes, telefax, invoices, worksheets, and all drafts, alterations, modifications, changes and amendments of any of the foregoing), graphic or aural records or representations of any kind (including, without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings, motion pictures), electronic, mechanical, or electric records and representations of any kind (including, without limitation, tapes, cassettes, discs, recordings).

Documents Requested:

1. All documents you reviewed, relied on or took into account in preparing the Pro Forma financial statements of the Feoffees of the Ipswich Grammar School and your affidavit which were included as exhibits to the Plaintiffs' Motion for Partial Summary Judgment in the above captioned case.

7428./514719.1

RETURN OF SERVICE

I this day summoned the within named DANIEL CLASBY DAN CLASBY & COMPANY

to appear as within directed by delivering to MARGARET HENSLEY, RECEPTIONIST, 9:35 AM

<u>X</u> in hand leaving at last and usual place of abode, to wit:

No. 181 ELLIOT STREET, 100 CUMMINGS CTR SUITE 238C in the BEVERLY District of said ESSEX County an attested copy of the subpoena together with \$11 fees for attendance and travel

Service and travel 28

Paid Witness 11

it being necessary I actually used a motor vehicle in the distance of 25 miles in the service of this process

Bemand

Process Server

********* TX REPORT ********

TRANSMISSION OK

TX/RX NO

3150

4

OK

CONNECTION TEL

6177701700

CONNECTION ID

ST. TIME USAGE T

09/16 11:06 00'33

PGS. SENT

RESULT



303 Congress Street Boston, Massachusetts 02210

Telephone (617) 426-5900 Facsimile (617) 426-8810 www.casneredwards.com

FACSIMILE COVER SHEET

PLEASE DELIVER:

4

PAGES (INCLUDING COVER)

TO:

Quickserv

FAX NO.:

617.770.1700

FROM: Stephen M. Perry, Esq.

FAX NO.:

617.426.8810

DATE: September 16, 2011

CLIENT NO.: 7428.0

MESSAGE/INSTRUCTIONS:

Please see that the attached subpoena is served upon the following:

Daniel Clasby Dan Clasby & Company 181 Elliot Street 100 Cummings Center, Suite 238C Beverly, MA 01915

Thank you. If you have any questions, please do not hesitate to contact me.

Best, Lisa Mogan Secretary to Stephen M. Perry, Esq.

7428.0/515385.1

COMMONWEALTH OF MASSACHUSETTS

ESSEX, SS. PROBATE & FAMILY COURT NO. ES09E0094QC ALEXANDER B.C. MULHOLLAND, JR, et als., as they are THE FEOFFEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH Plaintiffs, v. ATTORNEY GENERAL of the Commonwealth of Massachusetts: IPSWICH SCHOOL COMMITTEE; and RICHARD KORB, as he is Superintendent of Schools in the Town of Ipswich **Defendants**

SUBPOENA DUCES TECUM

To: Daniel Clasby
Dan Clasby & Company
181 Elliot Street
100 Cummings Center, Suite 238C
Beverly, MA 01915

You are hereby commanded in the name of the Commonwealth of Massachusetts in accordance with the provisions of Rules 30 and 45 of the Massachusetts Rules of Civil Procedure to appear and testify before a Notary Public of the Commonwealth, at the offices of Casner & Edwards, LLP, 303 Congress Street, Boston, Massachusetts, at 10:00 AM on October 11, 2011 as to your knowledge, at the taking of the deposition in the above-entitled action. You are further required to bring with you the materials listed in the attached schedule A.

HEREOF FAIL NOT, as failure by any person without adequate cause to obey a subpoena served upon him may be deemed to be in contempt of the court in which the action is pending.

Respectfully submitted,

Ipswich School Committee By its attorneys,

Richard C. Allen, BBO # 015720 Stephen M. Perry, BBO # 395955 Donna M. Brewer, BBO #545254 CASNER & EDWARDS, LLP

303 Congress Street

Boston, MA 02210 Phone: 617-426-5900 allen@casneredwards.com

perry@casneredwards.com brewer@casneredwards.com

Dated: September <u></u>\$\lorerrightarrow\lorerrigh

Notary Public

My commission expires:

SCHEDULE A

Definitions:

"Documents" - means all writings of any kind, including the originals and all non-identical copies, whether different from the originals by reason of any notation made on such copies or otherwise (including, without limitation, correspondence, memoranda, notes, diaries, statistics, letters, emails, telegrams, minutes, contracts, reports, studies, checks, statements, receipts, returns, summaries, pamphlets, books, prospectuses, interoffice and intraoffice communications, offers, notations of any sort of conversations, telephone calls, meetings or other communications, bulletins, printed matter, computer printouts, teletypes, telefax, invoices, worksheets, and all drafts, alterations, modifications, changes and amendments of any of the foregoing), graphic or aural records or representations of any kind (including, without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings, motion pictures), electronic, mechanical, or electric records and representations of any kind (including, without limitation, tapes, cassettes, discs, recordings).

Documents Requested:

1. All documents you reviewed, relied on or took into account in preparing the Pro Forma financial statements of the Feoffees of the Ipswich Grammar School and your affidavit which were included as exhibits to the Plaintiffs' Motion for Partial Summary Judgment in the above captioned case.

7428./514719.1

COMMONWEALTH OF MASSACHUSETTS

ESSEX, SS. PROBATE & FAMILY COURT NO. ES09E0094OC ALEXANDER B.C. MULHOLLAND, JR, et als., as they are THE FEOFFEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH Plaintiffs, ٧. ATTORNEY GENERAL of the Commonwealth of Massachusetts; **IPSWICH SCHOOL COMMITTEE;** and RICHARD KORB, as he is Superintendent of Schools in the Town of Ipswich Defendants

NOTICE OF TAKING DEPOSITION

TO: William H. Sheehan, Esq.
MacLean, Holloway, Doherty, Ardiff & Morse, P.C.
8 Essex Center Drive
Peabody, MA 01960

Johanna Soris, Esq.
Commonwealth of Massachusetts
Office of the Attorney General
Public Charities Division
One Ashburton Place
Boston, MA 02108

PLEASE TAKE NOTICE that on October 11, 2011 at 10:30 a.m., Counsel for Defendant, Ipswich School Committee will take the deposition of **Daniel Clasby** before a Notary Public in and for the Commonwealth of Massachusetts, or before some other officer authorized by law to administer oaths. The deposition will take place at the offices of Casner & Edwards, LLP, 303 Congress St., Boston, MA 02210. The witness is requested to provide the documents set forth in Schedule "A."

You are invited to attend and cross-examine. The deposition will continue from day to day until completed.

Respectfully submitted,

Ipswich School Committee By its attorneys,

Richard C. Allen, BBO # 015720 Stephen M. Perry, BBO # 395955 Donna M. Brewer, BBO #545254 Andrew T. Imbriglio, BBO #676049 CASNER & EDWARDS, LLP

303 Congress Street Boston, MA 02210 Phone: 617-426-5900

allen@casneredwards.com perry@casneredwards.com brewer@casneredwards.com imbriglio@casneredwards.com

Dated: September 2, 2011

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the above document was served upon counsel for all parties by first class mail, postage pre-paid on September 2, 2011.

Andrew T. Imbriglio

SCHEDULE A

Definitions:

"Documents" - means all writings of any kind, including the originals and all non-identical copies, whether different from the originals by reason of any notation made on such copies or otherwise (including, without limitation, correspondence, memoranda, notes, diaries, statistics, letters, emails, telegrams, minutes, contracts, reports, studies, checks, statements, receipts, returns, summaries, pamphlets, books, prospectuses, interoffice and intraoffice communications, offers, notations of any sort of conversations, telephone calls, meetings or other communications, bulletins, printed matter, computer printouts, teletypes, telefax, invoices, worksheets, and all drafts, alterations, modifications, changes and amendments of any of the foregoing), graphic or aural records or representations of any kind (including, without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings, motion pictures), electronic, mechanical, or electric records and representations of any kind (including, without limitation, tapes, cassettes, discs, recordings).

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7428./514719.1