

IPSWICH

-- Depo - Daniel Clasby

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Monday, October 31, 2011

**Invoice #**

32585FR

Stephen M. Perry  
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Boston, MA 02210

Phone:

Fax:

**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 #:**

28977FR

Item	Description	Each	Quan	Total
OE	Original Transcript	\$3.50	76	\$266.00
CTCA	Condensed Transcript/Media Package	\$0.00	1	\$0.00
DE	Delivery	\$12.00	1	\$12.00
<b>Sub Total</b>				<b>\$278.00</b>
<b>Payments</b>				<b>\$0.00</b>
<b>Balance Due</b>				<b>\$278.00</b>

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Need ASAP ☐ YES ☒ NO

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**CASNER & EDWARDS, LLP**

**REBILLABLE CLIENT EXPENDITURES**

Client/Matter No. 7428 - 0

Client Name Ipswich

Requesting Person's Initials SMP

Expense Code 60

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

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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.



VOL. 1

PAGES 1 - 76

EXHIBITS 1 - 7

COMMONWEALTH OF MASSACHUSETTS

Essex, ss.

Probate & Family Court

Docket No. ES09E0094QC

-----  
ALEXANDER B.C. MULHOLLAND, JR., et )

al., )

Plaintiffs )

v. )

ATTORNEY GENERAL OF THE COMMONWEALTH )

OF MASSACHUSETTS, et al., )

Defendants )  
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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

\*\*\*\*\*

Reporter: Lauren M. Mitchell, CSR, RPR, CRR

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17 Town of Ipswich and Richard Korb,

18 Superintendent

I N D E X

WITNESS

PAGE

DANIEL E. CLASBY

BY MR. PERRY:

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E X H I B I T S

Exhibit 1, Form PC, 7/01/05 through  
6/30/06

18

Exhibit 2, Form PC, 7/01/06 through  
6/30/07

18

Exhibit 3, Form PC, 7/01/07 through  
06/30/08

18

Exhibit 4, Form PC, 7/01/08 through  
06/30/09

18

Exhibit 5, income statement, year ended  
October 31

49

Exhibit 6, subschedule of numbers

60

Exhibit 7, schedule showing balance  
available for distribution

68

\*\*\*EXHIBITS MARKED DURING THIS DEPOSITION

WERE RETAINED BY ATTORNEY PERRY.

Daniel E. Clasby

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PROCEEDINGS

DANIEL E. CLASBY

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

This witness does not at present have adequate documentation attesting to his identity that satisfies the standards required by the State of Massachusetts for Notaries Public in administering oaths.

The parties in this action, therefore, agree to hold harmless this Notary Public if this witness is later discovered to have falsified his identity.

EXAMINATION BY MR. PERRY:

Q. State your name, please.

A. Daniel E. Clasby.

Q. What's your residential address?

A. 4 Mill Road, Ipswich, Mass.

Q. How long have you been a resident of Ipswich?

A. 55 years.

Q. What's your date of birth?

A. 11/5/55.

Q. Sounds like you spent a couple of years

1 somewhere else.

2 A. Well college, I mean. I'll be 56. I live  
3 in the same house I was born in.

4 Q. Which part of Ipswich is 4 Mill Road in?

5 A. It's about, I'd say it's about one and a  
6 half miles from the railroad tracks in the center of  
7 town, out toward Topsfield. And Mill Road is a road  
8 that goes to Hamilton and Wenham.

9 Q. Did you go to Ipswich High School?

10 A. Yes, I did.

11 Q. And what year did you graduate?

12 A. 1973.

13 Q. Were you in high school with any of the  
14 Feoffees?

15 A. No.

16 Q. How does Jim Foley compare to you in his  
17 age?

18 A. Offhand, I don't know his age.

19 Q. What kind of schooling did you have after  
20 you graduated from high school?

21 A. Four years of undergraduate school at Boston  
22 College, and a master's degree in taxation at  
23 Bentley University.

24 Q. What year did you graduate from BC?

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 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?

Daniel E. Clasby

8

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  
12 practice you've carried out?

13 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.

19 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



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  
12 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?

1           A. The American Institute of Certified Public  
2 Accountants.

3           Q. During what period of time were you a member  
4 of the American Institute of Certified Public  
5 Accountants?

6           A. From the time I passed the CPA exam and had  
7 met the experience requirements through 2007, I  
8 believe. I'm not sure of the exact time.

9           Q. And what led to your no longer being a  
10 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  
18 company in the early 2000s. I issued an opinion on  
19 the June 30, 2004 statements of this company. And I  
20 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. 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  
7 with the PCAOB?

8 A. You would go through their normal peer  
9 review procedures.

10 Q. What does that mean?

11 A. That means that you would -- they would  
12 review your firm and review certain workpapers.  
13 It's a process.

14 Q. Have you ever applied to be approved by the  
15 PCAOB?

16 A. I have not.

17 Q. When you did your public company audit in  
18 2004, were you aware of the requirement that you  
19 register with the PCAOB?

20 A. I was aware of the requirement as of a  
21 certain date. And the date was incorrect.

22 Q. If you could just explain that, because I  
23 didn't understand what you meant by that.

24 A. To issue --

Daniel E. Clasby

12

1 Q. If you could be a little more concrete about  
2 it.

3 A. Yes. I mean, at the time, we issued an  
4 opinion on statements, financial statements as of  
5 June 30, 2004.

6 Q. Right.

7 A. And it was my understanding that because  
8 they were an unlisted company, that the effective  
9 date of Sarbanes-Oxley and the registration process  
10 was for audits performed for December 31, 2004, not  
11 June 30.

12 Q. All right. So you were aware that there was  
13 a requirement, but you didn't think it applied to  
14 you under the circumstances of the case?

15 A. That is correct.

16 Q. Was there any problem found with the audit  
17 itself?

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  
22 audited by a second accountant?

23 A. They decided not to pursue that.

24 Q. "They" being?

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  
6 so-called life Feoffees?

7                     Do you know what I mean by the --

8           A.   I don't understand -- I understand what a  
9 life Feoffee is, but I don't understand what you  
10 mean by, did you know them.

11          Q.   Were you personally acquainted with Don  
12 Whiston before you became engaged by the Feoffees in  
13 1998?

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  
24 with him?

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,  
5 but you weren't friends with any of them, correct,  
6 at the time?

7 MR. SHEEHAN: Objection.

8 A. I was not friends with any of them, no.

9 Q. And you hadn't had any dealings with any of  
10 them?

11 A. At that time, no.

12 Q. Okay. So who was it that brought you in to  
13 work with the Feoffees?

14 A. Don Whiston.

15 Q. Do you know how he came to engage you as  
16 opposed to somebody else?

17 A. I'm not aware.

18 Q. Had you done work with the attorney for the  
19 Feoffees, Mr. Greenough?

20 A. Periodically.

21 Q. Who did you succeed as the Feoffees'  
22 accountant, if anyone?

23 A. I'm not -- I'm not aware of anyone before  
24 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.

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  
5 his professional opinion based on certain tests and  
6 procedures about the fairness of the financial  
7 statements, correct?

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  
17 since 1998?

18 A. Yes.

19 Q. Now at the time you first audited the  
20 Feoffees, did they have financial statements?

21 A. Mr. Whiston prepared financial statements.

22 Q. Had there been any accountant or auditor  
23 before you in 1998, that you were aware of?

24 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

18

1 identification as Exhibits 1 through 4 documents  
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.

22 (Discussion off the record.)

23 Q. The first thing I'd like to do, Mr. Clasby,  
24 is to identify what we have here.

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

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

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

8 Do you know who signed this?

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  
14 that you prepared this Form 990 as an attachment to  
15 the Form PC, but, in fact, it was never, to your  
16 understanding, filed?

17 A. You'll have to clarify what you mean by  
18 "filed."

19 Q. Yes. Thank you.

20 If we look at the attachment, the Form  
21 990 that is attached to this Form PC --

22 A. Yes.

23 Q. -- did this Form 990 ever get filed with the  
24 IRS?

1           A.   No.

2           Q.   And Form 990s, are they normally filed with  
3 the IRS?

4           A.   For tax-exempt organizations that fit under  
5 one of the categories of the, 501 of the Code.

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

9                   MR. SHEEHAN:  Objection to the form.

10          Q.   Do you know whether there's a tax-exempt  
11 category for charities that are regarded as public  
12 entities?

13          A.   I think you'd have to be more -- a charity  
14 isn't a public entity.

15          Q.   What categories of exemptions are you aware  
16 of under Section 501 that you referenced?

17          A.   I'm not sure of how many categories.  There  
18 are approximately 25 that I am aware -- that I  
19 recall.  I don't know the exact number offhand.

20          Q.   When you were engaged in 1998 to do work for  
21 the Feoffees, did you discuss with anybody there  
22 what the scope of your engagement would be?

23          A.   I would say yes.

24          Q.   With whom did you have those discussions?

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  
13 and the present whether the Feoffees were supposed  
14 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.

17               My question was, did you investigate at  
18 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.   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  
10   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  
15   the history of the organization and your review of  
16   the Code sections, what was your conclusion about  
17   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. 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  
10      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.

17                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  
23      an organization that was classified as a public  
24      entity not to file tax returns?



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  
13 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  
17 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  
22 allow the Feoffees not to file tax returns if they  
23 were a private entity?

24          A. Not specifically referenced by the Code.

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  
11 with your Form PC. And if you look at Page 2, it  
12 shows revenue in this fiscal year of 759,000 and  
13 program services of 588,000.

14 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,  
24 of any other component of the 588,000 in that line,

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  
9 expenses of \$65,431, right?

10 A. That's correct.

11 Q. So is it fair to say that there was some  
12 revenue in excess of expenditures and program  
13 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.

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.

21 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.

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  
10 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?

21                   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

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  
14 in addition to an auditor?

15 A. I've assisted with accounting functions.

16 Q. Are you trying to -- is the reason you're  
17 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  
22 allowed to do tax preparation, and you're allowed to  
23 do pro formas, right?

24 A. That's correct.

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.

11 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 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?

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  
17 Feoffee, right?

18 A. 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 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 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.)

10 THE WITNESS: Could you read it one more  
11 time?

12 (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?"

18 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           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  
18   statements for any years before 2005?

19          A.   Yes.

20          Q.   And on the years prior to 2005, were you  
21   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?

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  
7 was stated that that was a departure from generally  
8 accepted accounting principles, which was stated in  
9 the opinion.

10 Q. Okay. If you go to Exhibit B of your  
11 audited financial statement, Page 3, you have a  
12 statement of activities?

13 A. Yes.

14 Q. Does that differ in any way from what  
15 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  
20 organization.

21 Q. Okay. Thank you. So if we look at change  
22 in net assets, that would be for a different kind of  
23 organization, that would be what would be called  
24 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.

1 Q. And you've given an opinion that that's --  
2 the statements are fair and accurate in all material  
3 respects, correct?

4 A. They're fairly stated.

5 Q. And that means that it's your opinion that  
6 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  
11 the Form PC attachments, we still have this  
12 disclosure of the renting of a lot to the Foley  
13 Family Trust.

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

17 A. That's correct. I think sometimes what  
18 happens is people, the same as last year, type in --  
19 it could have been an oversight.

20 Q. Well I understand. Obviously, when you  
21 prepare financial statements such as these that have  
22 disclosures, your starting point is to copy the same  
23 document from the year before because, typically,  
24 the accounting doesn't change and so forth, but the

1 question I was going to ask you is, if you were the  
2 auditor for the organization --

3 A. Yes.

4 Q. -- and as somebody signing these for the  
5 organization, isn't there supposed to be a process  
6 where people make sure that the information in this  
7 document is accurate?

8 A. That's correct.

9 Q. Okay. So whose responsibility was it with  
10 respect to this return to make sure that any  
11 disclosures about Feoffees renting to Feoffees was  
12 accurate?

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  
18 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  
23 the statement of activities, which is toward the  
24 back of the package --

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  
5 \$3,673 for the year, is that correct?

6 A. Yes.

7 Q. And that's for the year ending June 30,  
8 2006?

9 A. That is correct.

10 Q. And for the years up through 2006, would you  
11 say that was a fairly typical amount that was spent  
12 on legal fees?

13 A. I mean, the statements are available. I  
14 don't recall what the numbers are.

15 Q. And in 2007, on Exhibit 2, you'll see that  
16 the legal fees were \$251,714.

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

19 A. I would say it was the -- I'm not sure of  
20 the dates, but it would probably relate to the suit  
21 by the tenants.

22 Q. Okay. Are there requirements under  
23 generally accepted accounting principles to make  
24 disclosures concerning contingencies in litigations?

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?

24          A.    Well generally accepted accounting

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

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

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

11 A. Yes.

12 Q. And what is your understanding in that  
13 regard as to what funds the Feoffees were seeking to  
14 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  
18 that the Feoffees were seeking to collect additional  
19 amounts from the tenants. And you said yes.

20 A. Yes.

21 Q. What is your understanding concerning  
22 additional amounts that the Feoffees were seeking to  
23 recover from the tenants?

24 A. Additional -- an increase in rental income.



1 Q. And was that -- so that was potentially an  
2 asset of the Feoffees, correct?

3 A. Potentially.

4 Q. Are there any requirements under generally  
5 accepted accounting principles that you discuss  
6 contingent recoveries?

7 A. It was unknown at the time what the result  
8 would be.

9 Q. Are you required to disclose, in order for  
10 the financial statements to be fair, that the  
11 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  
14 a greater disclosure than you made.

15 A. I disclosed -- whatever I disclosed, I  
16 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  
20 seeking to recover anything from the Feoffees in the  
21 litigation?

22 A. I'm not aware of amounts. I was aware there  
23 was litigation.

24 Q. Did you review any documents to understand

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  
13 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  
17 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           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

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  
10 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

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  
12 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  
17 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  
21 of any amount claimed in rent by the Feoffees over  
22 and above what they have been paid, correct?

23 A. Correct.

24 Q. Was it your determination that these Form

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

3 A. It was not my determination.

4 Q. 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  
9 complained to the Attorney General's office about  
10 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 them?

14 A. When the Attorney General requested that the  
15 Feoffees file them, yes.

16 Q. Did that happen before or after you became  
17 an accountant or service provider for the Feoffees?

18 A. I don't recall.

19 Q. Had you done any work for the Feoffees  
20 before 1998?

21 A. I did not.

22 Q. When you did do work for the Feoffees  
23 starting in 1998, did you prepare any kind of  
24 engagement letter?

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  
6 engagement letters say is the scope of services  
7 you're providing?

8           A.   I will prepare the audited financial  
9 statements and the filing of Form PC.

10          Q.   How do you bill the Feoffees for extra  
11 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  
16 Revenue Service that the tax returns were required  
17 to be filed by the Feoffees, what would be the  
18 consequences?

19                   What would be the risks involved?

20          A.   Well that's going to take a while to answer  
21 probably.

22          Q.   In general, there could be some exposure to  
23 taxes, penalties and interests?

24          A.   All profits were returned, typically, to a

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

3 Q. Were you engaged to perform any work in  
4 connection with the, any of the litigation between  
5 the Feoffees and the tenants or between the Feoffees  
6 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  
16 information for purposes of your performing that  
17 work?

18 A. Attorney Sheehan.

19 Q. So you weren't dealing directly with any of  
20 the Feoffees in that engagement?

21 A. That is correct.

22 Q. What was your role as to determining whether  
23 any of the assumptions in the pro formas was valid?

24 A. Use of judgment on my part.



1           Q. All right. Well let's go over them. And  
2           you can tell me whether any of the assumptions that  
3           were made were your assumptions or whether they were  
4           things you were instructed to do.

5                       Fair enough?

6           A. Fair.

7                       MR. PERRY: Bill, off the record.

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.)

13          Q. I've put in front of you the document that's  
14          entitled "Pro Forma Income Statement For Years Ended  
15          October 31."

16                      Is this a pro forma income statement  
17          that you prepared at the request of counsel for the  
18          Feoffees?

19          A. Yes.

20          Q. And am I correct that this document shows  
21          six different scenarios?

22          A. That is correct.

23          Q. All right. And the first three scenarios  
24          are projections of what the income statements would

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

4 A. Correct.

5 Q. Okay. Let me start with your first  
6 alternative and ask you some questions.

7 In the first row, you have listed a  
8 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  
13 that would be paid -- is that the sum of the amounts  
14 being paid under the existing leases, plus the  
15 amounts that the tenants are agreeing to pay?

16 A. Correct.

17 Q. It doesn't account for additional amounts  
18 that the tenants had been paying into escrow before  
19 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 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  
5 the opinion that the tenants are paying insufficient  
6 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  
12 leaseholders are paying?

13 A. Yes.

14 Q. Is it your assumption in this scenario that  
15 the Feoffees will never recover any rent beyond that  
16 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,  
23 wouldn't there be a contingent asset growing during  
24 these years if the tenants are paying less than the

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  
6 litigation, if there were no sale, would be resolved  
7 before 2015?

8 A. I do not have an opinion on that.

9 Q. So the assumption you're making when you do  
10 these pro formas is, one, that there would be no  
11 settlement or resolution of the litigation through  
12 2015, correct?

13 A. On this pro forma, yes.

14 Q. And second, that there would be no ability  
15 by the Feoffees between now and 2015 to collect any  
16 additional rent even if the tenants ought to be  
17 paying it?

18 A. On this pro forma.

19 Q. And you acknowledge that under this  
20 particular pro forma, there is an amount not shown,  
21 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

1 here because you don't have a place to show it?

2 A. Correct.

3 Q. Let me show you --

4 MR. SHEEHAN: Can we go off the record  
5 for a minute?

6 MR. PERRY: Yes.

7 (Discussion off the record.)

8 Q. Mr. Clasby, I was going to ask you about  
9 your balance sheet, but let's just continue on with  
10 Exhibit 5.

11 A. Exhibit 5, yes.

12 Q. The Institution For Savings note, when you  
13 did the pro forma, are those all interest amounts on  
14 that line?

15 A. Correct. That is correct.

16 Q. And that was based on the interest rate that  
17 was in effect at the time you did these pro formas?

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 Q. So that's not shown here, right?

23 A. That's correct.

24 Q. In addition, this assumes no ability to

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 --  
11 it wouldn't even have to be all of them -- they  
12 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           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  
24 catchall for all sorts, not just the Superior Court

1 litigation.

2 Q. Well you have two lines. You have legal  
3 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  
13 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.

17 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  
21 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?



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  
15 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.

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  
7 supposed to be adequate to cover the cost of the  
8 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  
14 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 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.

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

11 A. No, I don't have a clue.

12 Q. The depreciation and amortization item,  
13 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 --

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

21 MR. SHEEHAN: Why don't we take a break.  
22 Come on out.

23 (Witness confers with counsel.)

24 MR. SHEEHAN: The witness just wanted to

1 expand upon one of his previous answers, Steve.

2 Q. Did you want to add anything to one of your  
3 prior answers?

4 A. Yes.

5 Q. Okay. Why don't you do that.

6 A. On the repairs and maintenance expense, that  
7 also includes expenses for road repairs, things like  
8 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  
13 amount through the monthly charge to cover the  
14 wastewater system repairs and maintenance, then the  
15 figure you've listed for repair and maintenance  
16 would be reduced by an amount that's currently  
17 unknown to you?

18 A. Correct.

19 MR. PERRY: I'm going to mark as Exhibit  
20 6 your pro forma for the -- I don't know if this is  
21 your additional schedule or cash flow. We'll have  
22 it marked as Exhibit 6, and you can tell me.

23 (Marked, Exhibit 6, subschedule of  
24 numbers.)

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?

1 A. We're not there yet.

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

4 Q. Do you know what its current cash balance  
5 is?

6 A. No.

7 Q. All right. And you added in to this figure  
8 the net income before depreciation.

9 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  
13 we came up with the cash balance that was presented  
14 on the pro forma balance sheet each year.

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

18 Q. Well let me just get there.

19 A. Sure.

20 Q. So then the erosion note -- the next item is  
21 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 And you see it was deducted down below when they  
2 performed the remediation.

3 Q. Maybe I'm just not following the column  
4 right.

5 The 13,302 figure is the net income?

6 A. Correct.

7 Q. Okay. Then you show the \$900,000 coming in  
8 from the note?

9 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  
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.

17 So I added that back.

18 Q. Then you show the note being paid, right?

19 A. Correct -- no, not the note being paid.

20 That shows the disbursement --

21 Q. The erosion being paid for?

22 A. Yes.

23 Q. The erosion being fixed?

24 A. Yes.

1 Q. Then you show some principal payments that  
2 are being made on one of the notes that aren't shown  
3 on your income statement because that only shows the  
4 interest?

5 A. Correct.

6 Q. You show some principal payback on the  
7 erosion note?

8 A. Yes.

9 Q. And the depreciation add-back, do you do  
10 that on a separate schedule?

11 A. What I did was, instead of taking net  
12 income, Steve, I just took net income before  
13 depreciation and amortization.

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  
17 pro forma work?

18 A. No.

19 Q. Have you done any work in connection with  
20 the litigation after you prepared these pro formas  
21 and before today?

22 A. No.

23 Q. Do you know whether the Feoffees would be  
24 able to refinance their existing debt to lower rates



1 at this time without mortgaging the property?

2 A. In my opinion?

3 Q. Well I'm really asking you factually.

4 Do you have any information as to their  
5 ability to refinance existing debt?

6 A. I don't.

7 Q. Now your Alternative 1B is the same as 1A,  
8 except for now you're refinancing that existing  
9 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  
18 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  
24 doing a quick comparison of the depreciation and

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  
10   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. Under your various alternatives where you  
2 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  
11 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  
15 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 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.

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

13 MR. PERRY: Let's have marked as Exhibit  
14 7 a copy of your schedule showing the balance  
15 available for distribution.

16 (Marked, Exhibit 7, schedule showing  
17 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

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  
12    available for the schools are based on an assumption  
13    of the entire net income being distributed, right?

14            A.   Net income less the principal payments to  
15    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.

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  
15 showing all of the cash flow coming out to the  
16 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.

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. 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  
7 years?

8 A. Yes.

9 Q. Okay. And if there were any inflation  
10 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 --  
16 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...



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?

1 A. Uh-huh.

2 Q. And your assumptions in your pro formas are  
3 that the tenants will be paying a designated rent on  
4 a gross basis and the expenses would be the  
5 responsibility of the Feoffees?

6 A. That is the way it's presented, yes.

7 Q. There are also scenarios where the Feoffees  
8 could rent the premises under triple net leases?

9 A. Sure.

10 Q. And that would be a fairly common form of  
11 rental for a ground lease, wouldn't it?

12 A. Could be.

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

16 Let's go off the record.

17 (12:16 p.m.)  
18  
19  
20  
21  
22  
23  
24

## 1                    E R R A T A       S H E E T

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	_____	_____	_____
9	_____	_____	_____
10	_____	_____	_____
11	_____	_____	_____
12	_____	_____	_____
13	_____	_____	_____
14	_____	_____	_____
15	_____	_____	_____
16	_____	_____	_____
17	_____	_____	_____
18	_____	_____	_____

19  
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   
23 Lauren M. Mitchell, Notary Public

24 My Commission expires: 6/2/2017

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EXHIBITS 1 - 7

COMMONWEALTH OF MASSACHUSETTS

Essex, ss.

Probate & Family Court

Docket No. ES09E0094QC

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ALEXANDER B.C. MULHOLLAND, JR., et )

al., )

Plaintiffs )

v. )

ATTORNEY GENERAL OF THE COMMONWEALTH )

OF MASSACHUSETTS, et al., )

Defendants )  
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DEPOSITION OF DANIEL E. CLASBY

Tuesday, October 25, 2011

10:08 a.m. - 12:16 p.m.

MacLean Holloway Doherty Ardiffe & Morse, P.C.

8 Essex Center Drive

Peabody, Massachusetts 01960

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Reporter: Lauren M. Mitchell, CSR, RPR, CRR

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Page 2

1 APPEARANCES:

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9

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17 Town of Ipswich and Richard Korb,

18 Superintendent

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22

23

24

I N D E X	
1	
2	
3	WITNESS
4	DANIEL E. CLASBY
5	BY MR. PERRY:
6	
7	E X H I B I T S
8	Exhibit 1, Form PC, 7/01/05 through
9	6/30/06
10	Exhibit 2, Form PC, 7/01/06 through
11	6/30/07
12	Exhibit 3, Form PC, 7/01/07 through
13	06/30/08
14	Exhibit 4, Form PC, 7/01/08 through
15	06/30/09
16	Exhibit 5, income statement, year ended
17	October 31
18	Exhibit 6, subschedule of numbers
19	Exhibit 7, schedule showing balance
20	available for distribution
21	
22	
23	***EXHIBITS MARKED DURING THIS DEPOSITION
24	WERE RETAINED BY ATTORNEY PERRY.

Page 4

1 PROCEEDINGS

2 DANIEL E. CLASBY

3 appears before us today for his deposition and has

4 been sworn by this Notary Public.

5 This witness does not at present have

6 adequate documentation attesting to his identity

7 that satisfies the standards required by the State

8 of Massachusetts for Notaries Public in

9 administering oaths.

10 The parties in this action, therefore,

11 agree to hold harmless this Notary Public if this

12 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 Q. How long have you been a resident of

20 Ipswich?

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

Page 5

1 somewhere else.

2 A. Well college, I mean. I'll be 56. I live

3 in the same house I was born in.

4 Q. Which part of Ipswich is 4 Mill Road in?

5 A. It's about, I'd say it's about one and a

6 half miles from the railroad tracks in the center of

7 town, out toward Topsfield. And Mill Road is a road

8 that goes to Hamilton and Wenham.

9 Q. Did you go to Ipswich High School?

10 A. Yes, I did.

11 Q. And what year did you graduate?

12 A. 1973.

13 Q. Were you in high school with any of the

14 Feoffees?

15 A. No.

16 Q. How does Jim Foley compare to you in his

17 age?

18 A. Offhand, I don't know his age.

19 Q. What kind of schooling did you have after

20 you graduated from high school?

21 A. Four years of undergraduate school at Boston

22 College, and a master's degree in taxation at

23 Bentley University.

24 Q. What year did you graduate from BC?

Page 6

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.

Page 7

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?

Page 8

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  
12 practice you've carried out?  
13 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.  
19 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

Page 9

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  
12 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?



Page 10

1 **A. The American Institute of Certified Public**  
2 **Accountants.**  
3 Q. During what period of time were you a member  
4 of the American Institute of Certified Public  
5 Accountants?  
6 **A. From the time I passed the CPA exam and had**  
7 **met the experience requirements through 2007, I**  
8 **believe. I'm not sure of the exact time.**  
9 Q. And what led to your no longer being a  
10 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**  
18 **company in the early 2000s. I issued an opinion on**  
19 **the June 30, 2004 statements of this company. And I**  
20 **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.**

Page 11

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

Page 12

1 Q. If you could be a little more concrete about  
2 it.  
3 **A. Yes. I mean, at the time, we issued an**  
4 **opinion on statements, financial statements as of**  
5 **June 30, 2004.**  
6 Q. Right.  
7 **A. And it was my understanding that because**  
8 **they were an unlisted company, that the effective**  
9 **date of Sarbanes-Oxley and the registration process**  
10 **was for audits performed for December 31, 2004, not**  
11 **June 30.**  
12 Q. All right. So you were aware that there was  
13 a requirement, but you didn't think it applied to  
14 you under the circumstances of the case?  
15 **A. That is correct.**  
16 Q. Was there any problem found with the audit  
17 itself?  
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  
22 audited by a second accountant?  
23 **A. They decided not to pursue that.**  
24 Q. "They" being?

Page 13

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  
6 so-called life Feoffees?  
7 Do you know what I mean by the --  
8 **A. I don't understand -- I understand what a**  
9 **life Feoffee is, but I don't understand what you**  
10 **mean by, did you know them.**  
11 Q. Were you personally acquainted with Don  
12 Whiston before you became engaged by the Feoffees in  
13 1998?  
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  
24 with him?

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,  
5 but you weren't friends with any of them, correct,  
6 at the time?  
7 **MR. SHEEHAN: Objection.**  
8 A. **I was not friends with any of them, no.**  
9 Q. And you hadn't had any dealings with any of  
10 them?  
11 A. **At that time, no.**  
12 Q. Okay. So who was it that brought you in to  
13 work with the Feoffees?  
14 A. **Don Whiston.**  
15 Q. Do you know how he came to engage you as  
16 opposed to somebody else?  
17 A. **I'm not aware.**  
18 Q. Had you done work with the attorney for the  
19 Feoffees, Mr. Greenough?  
20 A. **Periodically.**  
21 Q. Who did you succeed as the Feoffees'  
22 accountant, if anyone?  
23 A. **I'm not -- I'm not aware of anyone before**  
24 **me.**

Page 15

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.**

Page 16

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  
5 his professional opinion based on certain tests and  
6 procedures about the fairness of the financial  
7 statements, correct?  
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  
17 since 1998?  
18 A. **Yes.**  
19 Q. Now at the time you first audited the  
20 Feoffees, did they have financial statements?  
21 A. **Mr. Whiston prepared financial statements.**  
22 Q. Had there been any accountant or auditor  
23 before you in 1998, that you were aware of?  
24 A. **No.**

Page 17

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**

<p style="text-align: right;">Page 18</p> <p>1 identification as Exhibits 1 through 4 documents 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 <b>MR. SHEEHAN:</b> Could you give me the 15 years, Steve, of the various exhibits? 16 <b>MR. PERRY:</b> Yes. Exhibit 1 is for the 17 fiscal year ending June 30, 2006. And each one 18 after that goes up one. 19 <b>MR. SHEEHAN:</b> Okay. Thanks. 20 <b>MR. PERRY:</b> You're welcome. 21 Off the record. 22 (Discussion off the record.) 23 Q. The first thing I'd like to do, Mr. Clasby, 24 is to identify what we have here.</p>	<p style="text-align: right;">Page 20</p> <p>1 <b>PC. It's not -- I don't believe it's -- I'm not</b> 2 <b>aware of it being in the actual document.</b> 3 Q. Okay. And if you turn to the sixth page of 4 the document, Page 6 of the Form PC, there's a 5 signature line. And then there's the name Dan 6 Clasby &amp; Company. The copy we've been provided 7 doesn't include any signatures. 8 Do you know who signed this? 9 <b>A. I can't recall at the time.</b> 10 Q. One of the Feoffees? 11 <b>A. One of the Feoffees, yes.</b> 12 Q. Did you have a discussion -- strike that. 13 Am I to understand from your testimony 14 that you prepared this Form 990 as an attachment to 15 the Form PC, but, in fact, it was never, to your 16 understanding, filed? 17 <b>A. You'll have to clarify what you mean by</b> 18 <b>"filed."</b> 19 Q. Yes. Thank you. 20 If we look at the attachment, the Form 21 990 that is attached to this Form PC -- 22 <b>A. Yes.</b> 23 Q. -- did this Form 990 ever get filed with the 24 IRS?</p>
<p style="text-align: right;">Page 19</p> <p>1 <b>MR. SHEEHAN:</b> 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 <b>A. Yes.</b> 7 Q. But after that, there's also a Form 990. 8 <b>A. That is correct.</b> 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 <b>A. That is correct.</b> 13 Q. Okay. So what we have here as Exhibit 1 is 14 really just a Form PC? 15 <b>A. That's correct.</b> 16 Q. With all the attachments? 17 <b>A. That's correct.</b> 18 Q. And did you prepare on behalf of the 19 Feoffees this Form PC? 20 <b>A. Yes, I did.</b> 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 <b>A. It's just a requirement of the filing of the</b></p>	<p style="text-align: right;">Page 21</p> <p>1 <b>A. No.</b> 2 Q. And Form 990s, are they normally filed with 3 the IRS? 4 <b>A. For tax-exempt organizations that fit under</b> 5 <b>one of the categories of the, 501 of the Code.</b> 6 Q. Does that include public -- is there a 7 category for charities that are for the benefit of 8 the -- of a state, a public fief trust, do you know? 9 <b>MR. SHEEHAN:</b> Objection to the form. 10 Q. Do you know whether there's a tax-exempt 11 category for charities that are regarded as public 12 entities? 13 <b>A. I think you'd have to be more -- a charity</b> 14 <b>isn't a public entity.</b> 15 Q. What categories of exemptions are you aware 16 of under Section 501 that you referenced? 17 <b>A. I'm not sure of how many categories. There</b> 18 <b>are approximately 25 that I am aware -- that I</b> 19 <b>recall. I don't know the exact number offhand.</b> 20 Q. When you were engaged in 1998 to do work for 21 the Feoffees, did you discuss with anybody there 22 what the scope of your engagement would be? 23 <b>A. I would say yes.</b> 24 Q. With whom did you have those discussions?</p>

Page 22

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  
13 and the present whether the Feoffees were supposed  
14 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.  
17 My question was, did you investigate at  
18 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?

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**  
10 **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  
15 the history of the organization and your review of  
16 the Code sections, what was your conclusion about  
17 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?

Page 24

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  
10 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.  
17 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  
23 an organization that was classified as a public  
24 entity not to file tax returns?

Page 25

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  
13 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  
17 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  
22 allow the Feoffees not to file tax returns if they  
23 were a private entity?  
24 **A. Not specifically referenced by the Code.**

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  
11 with your Form PC. And if you look at Page 2, it  
12 shows revenue in this fiscal year of 759,000 and  
13 program services of 588,000.  
14 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,  
24 of any other component of the 588,000 in that line,

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  
9 expenses of \$65,431, right?  
10 **A. That's correct.**  
11 Q. So is it fair to say that there was some  
12 revenue in excess of expenditures and program  
13 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.**  
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.**  
21 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.

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  
10 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?  
21 **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

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  
14 in addition to an auditor?  
15 **A. I've assisted with accounting functions.**  
16 Q. Are you trying to -- is the reason you're  
17 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  
22 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.  
11 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.**

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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?  
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  
17 Feoffee, right?  
18 **A. 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 **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

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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.)  
10 **THE WITNESS:** Could you read it one more  
11 time?  
12 (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?"  
18 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?

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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  
18 statements for any years before 2005?  
19 **A. Yes.**  
20 Q. And on the years prior to 2005, were you  
21 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  
7 was stated that that was a departure from generally  
8 accepted accounting principles, which was stated in  
9 the opinion.  
10 Q. Okay. If you go to Exhibit B of your  
11 audited financial statement, Page 3, you have a  
12 statement of activities?  
13 A. Yes.  
14 Q. Does that differ in any way from what  
15 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  
20 organization.  
21 Q. Okay. Thank you. So if we look at change  
22 in net assets, that would be for a different kind of  
23 organization, that would be what would be called  
24 income?

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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.

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1 Q. And you've given an opinion that that's --  
2 the statements are fair and accurate in all material  
3 respects, correct?  
4 A. They're fairly stated.  
5 Q. And that means that it's your opinion that  
6 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  
11 the Form PC attachments, we still have this  
12 disclosure of the renting of a lot to the Foley  
13 Family Trust.  
14 And I think you've told me that you  
15 don't know whether that was accurate or not when  
16 this was done?  
17 A. That's correct. I think sometimes what  
18 happens is people, the same as last year, type in --  
19 it could have been an oversight.  
20 Q. Well I understand. Obviously, when you  
21 prepare financial statements such as these that have  
22 disclosures, your starting point is to copy the same  
23 document from the year before because, typically,  
24 the accounting doesn't change and so forth, but the

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1 question I was going to ask you is, if you were the  
2 auditor for the organization --  
3 A. Yes.  
4 Q. -- and as somebody signing these for the  
5 organization, isn't there supposed to be a process  
6 where people make sure that the information in this  
7 document is accurate?  
8 A. That's correct.  
9 Q. Okay. So whose responsibility was it with  
10 respect to this return to make sure that any  
11 disclosures about Feoffees renting to Feoffees was  
12 accurate?  
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  
18 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  
23 the statement of activities, which is toward the  
24 back of the package --

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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  
5 \$3,673 for the year, is that correct?  
6 **A. Yes.**  
7 Q. And that's for the year ending June 30,  
8 2006?  
9 **A. That is correct.**  
10 Q. And for the years up through 2006, would you  
11 say that was a fairly typical amount that was spent  
12 on legal fees?  
13 **A. I mean, the statements are available. I**  
14 **don't recall what the numbers are.**  
15 Q. And in 2007, on Exhibit 2, you'll see that  
16 the legal fees were \$251,714.  
17 And do you remember an event taking  
18 place that led to this increase in legal fees?  
19 **A. I would say it was the -- I'm not sure of**  
20 **the dates, but it would probably relate to the suit**  
21 **by the tenants.**  
22 Q. Okay. Are there requirements under  
23 generally accepted accounting principles to make  
24 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?  
24 **A. Well generally accepted accounting**

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1 **principles don't describe -- I mean, in certain**  
2 **instances, they give examples of disclosures, and**  
3 **that was similar to other examples.**  
4 Q. Do you know whether any claims were being  
5 asserted by the Feoffees against the tenants --  
6 strike that.  
7 Do you know whether at the time you  
8 prepared Exhibits 1 through 4 the Feoffees were  
9 seeking to recover additional funds from the tenants  
10 beyond the amounts that they had collected?  
11 **A. Yes.**  
12 Q. And what is your understanding in that  
13 regard as to what funds the Feoffees were seeking to  
14 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  
18 that the Feoffees were seeking to collect additional  
19 amounts from the tenants. And you said yes.  
20 **A. Yes.**  
21 Q. What is your understanding concerning  
22 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 Q. And was that -- so that was potentially an  
2 asset of the Feoffees, correct?  
3 **A. Potentially.**  
4 Q. Are there any requirements under generally  
5 accepted accounting principles that you discuss  
6 contingent recoveries?  
7 **A. It was unknown at the time what the result**  
8 **would be.**  
9 Q. Are you required to disclose, in order for  
10 the financial statements to be fair, that the  
11 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  
14 a greater disclosure than you made.  
15 **A. I disclosed -- whatever I disclosed, I**  
16 **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  
20 seeking to recover anything from the Feoffees in the  
21 litigation?  
22 **A. I'm not aware of amounts. I was aware there**  
23 **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  
13 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  
17 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.**

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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.  
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**

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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  
10 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 **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  
12 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  
17 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  
21 of any amount claimed in rent by the Feoffees over  
22 and above what they have been paid, correct?  
23 **A. Correct.**  
24 Q. Was it your determination that these Form

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1 PCs were required to be filed with the Attorney  
2 General's office between 1998 and the present?  
3 **A. It was not my determination.**  
4 Q. 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  
9 complained to the Attorney General's office about  
10 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 them?  
14 **A. When the Attorney General requested that the**  
15 **Feoffees file them, yes.**  
16 Q. Did that happen before or after you became  
17 an accountant or service provider for the Feoffees?  
18 **A. I don't recall.**  
19 Q. Had you done any work for the Feoffees  
20 before 1998?  
21 **A. I did not.**  
22 Q. When you did do work for the Feoffees  
23 starting in 1998, did you prepare any kind of  
24 engagement letter?

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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  
6 engagement letters say is the scope of services  
7 you're providing?  
8 **A. I will prepare the audited financial**  
9 **statements and the filing of Form PC.**  
10 Q. How do you bill the Feoffees for extra  
11 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  
16 Revenue Service that the tax returns were required  
17 to be filed by the Feoffees, what would be the  
18 consequences?  
19 What would be the risks involved?  
20 **A. Well that's going to take a while to answer**  
21 **probably.**  
22 Q. In general, there could be some exposure to  
23 taxes, penalties and interests?  
24 **A. All profits were returned, typically, to a**

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1 **charitable beneficiary, so that there was no net**  
2 **assets accruing to the benefit of the...**  
3 Q. Were you engaged to perform any work in  
4 connection with the, any of the litigation between  
5 the Feoffees and the tenants or between the Feoffees  
6 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  
16 information for purposes of your performing that  
17 work?  
18 **A. Attorney Sheehan.**  
19 Q. So you weren't dealing directly with any of  
20 the Feoffees in that engagement?  
21 **A. That is correct.**  
22 Q. What was your role as to determining whether  
23 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  
2 you can tell me whether any of the assumptions that  
3 were made were your assumptions or whether they were  
4 things you were instructed to do.  
5 Fair enough?  
6 **A. Fair.**  
7 **MR. PERRY:** Bill, off the record.  
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.)  
13 Q. I've put in front of you the document that's  
14 entitled "Pro Forma Income Statement For Years Ended  
15 October 31."  
16 Is this a pro forma income statement  
17 that you prepared at the request of counsel for the  
18 Feoffees?  
19 **A. Yes.**  
20 Q. And am I correct that this document shows  
21 six different scenarios?  
22 **A. That is correct.**  
23 Q. All right. And the first three scenarios  
24 are projections of what the income statements would

<p style="text-align: right;">Page 50</p> <p>1 look like if no sale was permitted, and then the</p> <p>2 next three are projections that are based on a sale</p> <p>3 being permitted, correct?</p> <p>4 <b>A. Correct.</b></p> <p>5 Q. Okay. Let me start with your first</p> <p>6 alternative and ask you some questions.</p> <p>7 In the first row, you have listed a</p> <p>8 figure for tenant and leaseholder rents, right?</p> <p>9 <b>A. Correct.</b></p> <p>10 Q. And that figure that you list is \$1,075,536?</p> <p>11 <b>A. Correct.</b></p> <p>12 Q. And that is a figure based on the amount</p> <p>13 that would be paid -- is that the sum of the amounts</p> <p>14 being paid under the existing leases, plus the</p> <p>15 amounts that the tenants are agreeing to pay?</p> <p>16 <b>A. Correct.</b></p> <p>17 Q. It doesn't account for additional amounts</p> <p>18 that the tenants had been paying into escrow before</p> <p>19 the settlement agreement?</p> <p>20 <b>A. That is correct.</b></p> <p>21 Q. And it doesn't account for any claims by the</p> <p>22 Feoffees for additional rent, true?</p> <p>23 <b>A. That is correct.</b></p> <p>24 Q. You're aware that the tenants are paying</p>	<p style="text-align: right;">Page 52</p> <p>1 fair market rent of the property?</p> <p>2 <b>A. I don't -- where would that be disclosed?</b></p> <p>3 Q. Is this a cash-based analysis?</p> <p>4 <b>A. Yes.</b></p> <p>5 Q. And do you have an opinion as to whether the</p> <p>6 litigation, if there were no sale, would be resolved</p> <p>7 before 2015?</p> <p>8 <b>A. I do not have an opinion on that.</b></p> <p>9 Q. So the assumption you're making when you do</p> <p>10 these pro formas is, one, that there would be no</p> <p>11 settlement or resolution of the litigation through</p> <p>12 2015, correct?</p> <p>13 <b>A. On this pro forma, yes.</b></p> <p>14 Q. And second, that there would be no ability</p> <p>15 by the Feoffees between now and 2015 to collect any</p> <p>16 additional rent even if the tenants ought to be</p> <p>17 paying it?</p> <p>18 <b>A. On this pro forma.</b></p> <p>19 Q. And you acknowledge that under this</p> <p>20 particular pro forma, there is an amount not shown,</p> <p>21 which is a growing claim in the millions of dollars</p> <p>22 by the Feoffees for additional rent, right?</p> <p>23 <b>A. Yes.</b></p> <p>24 Q. And you've said that that's just not shown</p>
<p style="text-align: right;">Page 51</p> <p>1 less in rent than the Feoffees claim is a fair</p> <p>2 market rental value of the property, correct?</p> <p>3 <b>A. I'm aware what they are paying in rent, yes.</b></p> <p>4 Q. Are you also aware that the Feoffees are of</p> <p>5 the opinion that the tenants are paying insufficient</p> <p>6 amounts in rent?</p> <p>7 <b>A. In contrast to the leaseholders.</b></p> <p>8 Q. Yes.</p> <p>9 <b>A. Yes.</b></p> <p>10 Q. You understand that the Feoffees claim that</p> <p>11 the tenants should be paying at least what the</p> <p>12 leaseholders are paying?</p> <p>13 <b>A. Yes.</b></p> <p>14 Q. Is it your assumption in this scenario that</p> <p>15 the Feoffees will never recover any rent beyond that</p> <p>16 amount that the tenants are currently paying?</p> <p>17 <b>A. We just assumed that the rents would remain</b></p> <p>18 <b>steady through the litigation process.</b></p> <p>19 Q. And how long are you assuming that the</p> <p>20 litigation process will last?</p> <p>21 <b>A. Through the year 2015.</b></p> <p>22 Q. And as a matter of accounting practice,</p> <p>23 wouldn't there be a contingent asset growing during</p> <p>24 these years if the tenants are paying less than the</p>	<p style="text-align: right;">Page 53</p> <p>1 here because you don't have a place to show it?</p> <p>2 <b>A. Correct.</b></p> <p>3 Q. Let me show you --</p> <p>4 <b>MR. SHEEHAN:</b> Can we go off the record</p> <p>5 for a minute?</p> <p>6 <b>MR. PERRY:</b> Yes.</p> <p>7 (Discussion off the record.)</p> <p>8 Q. Mr. Clasby, I was going to ask you about</p> <p>9 your balance sheet, but let's just continue on with</p> <p>10 Exhibit 5.</p> <p>11 <b>A. Exhibit 5, yes.</b></p> <p>12 Q. The Institution For Savings note, when you</p> <p>13 did the pro forma, are those all interest amounts on</p> <p>14 that line?</p> <p>15 <b>A. Correct. That is correct.</b></p> <p>16 Q. And that was based on the interest rate that</p> <p>17 was in effect at the time you did these pro formas?</p> <p>18 <b>A. That is correct.</b></p> <p>19 Q. Did you know that it had adjusted down?</p> <p>20 <b>A. It has adjusted down since these pro formas</b></p> <p>21 <b>were completed.</b></p> <p>22 Q. So that's not shown here, right?</p> <p>23 <b>A. That's correct.</b></p> <p>24 Q. In addition, this assumes no ability to</p>

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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 --  
11 it wouldn't even have to be all of them -- they  
12 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?

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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**  
24 **catchall for all sorts, not just the Superior Court**

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1 **litigation.**  
2 Q. Well you have two lines. You have legal  
3 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  
13 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.  
17 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  
21 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. 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  
15 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.**

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  
7 supposed to be adequate to cover the cost of the  
8 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  
14 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 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.  
8 Do you know why there's projected to be  
9 repairs and maintenance each year of another 40,000  
10 or so?  
11 **A. No, I don't have a clue.**  
12 Q. The depreciation and amortization item,  
13 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 --  
19 **THE WITNESS:** Can I ask a procedure  
20 question?  
21 **MR. SHEEHAN:** Why don't we take a break.  
22 Come on out.  
23 (Witness confers with counsel.)  
24 **MR. SHEEHAN:** The witness just wanted to

1 expand upon one of his previous answers, Steve.  
2 Q. Did you want to add anything to one of your  
3 prior answers?  
4 **A. Yes.**  
5 Q. Okay. Why don't you do that.  
6 **A. On the repairs and maintenance expense, that**  
7 **also includes expenses for road repairs, things like**  
8 **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  
13 amount through the monthly charge to cover the  
14 wastewater system repairs and maintenance, then the  
15 figure you've listed for repair and maintenance  
16 would be reduced by an amount that's currently  
17 unknown to you?  
18 **A. Correct.**  
19 **MR. PERRY:** I'm going to mark as Exhibit  
20 6 your pro forma for the -- I don't know if this is  
21 your additional schedule or cash flow. We'll have  
22 it marked as Exhibit 6, and you can tell me.  
23 (Marked, Exhibit 6, subschedule of  
24 numbers.)

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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1 **A. We're not there yet.**  
2 **Back in '10, October 31, 2010, I could**  
3 **get you that. I don't know offhand.**  
4 Q. Do you know what its current cash balance  
5 is?  
6 **A. No.**  
7 Q. All right. And you added in to this figure  
8 the net income before depreciation.  
9 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**  
13 **we came up with the cash balance that was presented**  
14 **on the pro forma balance sheet each year.**  
15 **So you see the ending balance. That**  
16 **would tie out to what was shown on the balance**  
17 **sheet.**  
18 Q. Well let me just get there.  
19 **A. Sure.**  
20 Q. So then the erosion note -- the next item is  
21 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.**

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1 **And you see it was deducted down below when they**  
2 **performed the remediation.**  
3 Q. Maybe I'm just not following the column  
4 right.  
5 The 13,302 figure is the net income?  
6 **A. Correct.**  
7 Q. Okay. Then you show the \$900,000 coming in  
8 from the note?  
9 **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**  
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.**  
17 **So I added that back.**  
18 Q. Then you show the note being paid, right?  
19 **A. Correct -- no, not the note being paid.**  
20 **That shows the disbursement --**  
21 Q. The erosion being paid for?  
22 **A. Yes.**  
23 Q. The erosion being fixed?  
24 **A. Yes.**

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

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1 at this time without mortgaging the property?  
2 **A. In my opinion?**  
3 Q. Well I'm really asking you factually.  
4 Do you have any information as to their  
5 ability to refinance existing debt?  
6 **A. I don't.**  
7 Q. Now your Alternative 1B is the same as 1A,  
8 except for now you're refinancing that existing  
9 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  
18 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  
24 doing a quick comparison of the depreciation and

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**  
10 **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. Under your various alternatives where you  
2 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  
11 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  
15 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 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.**  
11 **MR. SHEEHAN:** It's on what's going to be  
12 either Exhibit 7 or 8, Steve, I think.  
13 **MR. PERRY:** Let's have marked as Exhibit  
14 7 a copy of your schedule showing the balance  
15 available for distribution.  
16 (Marked, Exhibit 7, schedule showing  
17 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

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  
12 available for the schools are based on an assumption  
13 of the entire net income being distributed, right?  
14 **A. Net income less the principal payments to**  
15 **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  
15 showing all of the cash flow coming out to the  
16 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.**

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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.**

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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  
7 years?  
8 **A. Yes.**  
9 Q. Okay. And if there were any inflation  
10 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 --**  
16 **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. 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?



1 A. Uh-huh.  
2 Q. And your assumptions in your pro formas are  
3 that the tenants will be paying a designated rent on  
4 a gross basis and the expenses would be the  
5 responsibility of the Feoffees?  
6 A. That is the way it's presented, yes.  
7 Q. There are also scenarios where the Feoffees  
8 could rent the premises under triple net leases?  
9 A. Sure.  
10 Q. And that would be a fairly common form of  
11 rental for a ground lease, wouldn't it?  
12 A. Could be.  
13 MR. PERRY: All right. With the  
14 admonitions from Mr. Sheehan, I'm going to conclude  
15 the deposition.  
16 Let's go off the record.  
17 (12:16 p.m.)  
18  
19  
20  
21  
22  
23  
24

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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18 \_\_\_\_\_  
19 \_\_\_\_\_  
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  
23 Lauren M. Mitchell, Notary Public  
24 My Commission expires: 6/2/2017

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standards (7) 4:7;39:10,11;43:2,8,22;44:2			
start (5)			

<p><b>up (6)</b> 18:18;38:10;54:7;57:12; 62:13;73:7</p> <p><b>updating (1)</b> 64:16</p> <p><b>upon (2)</b> 44:7;60:1</p> <p><b>use (2)</b> 43:6;48:24</p> <p><b>usually (3)</b> 9:2;59:2;67:20</p>	<p>27:6;39:14;65:1;70:16</p> <p><b>witness (6)</b> 4:5,12;32:10;59:19,23,24</p> <p><b>wording (1)</b> 29:17</p> <p><b>words (3)</b> 8:18;15:20;58:6</p> <p><b>work (16)</b> 8:13,22;14:13,18;16:9,14; 21:20;29:19;46:19,22;48:3,9, 13,17;64:17,19</p> <p><b>worked (1)</b> 6:22</p> <p><b>working (1)</b> 8:7</p> <p><b>workpapers (1)</b> 11:12</p> <p><b>worst-case (1)</b> 59:17</p> <p><b>worth (1)</b> 69:23</p> <p><b>worthless (1)</b> 70:10</p> <p><b>write (3)</b> 42:16;43:2,3</p> <p><b>writing (3)</b> 23:22;43:7,9</p> <p><b>written (2)</b> 23:19;43:15</p>		
<b>V</b>			
<p><b>vacation (1)</b> 67:21</p> <p><b>valid (1)</b> 48:23</p> <p><b>validity (1)</b> 39:15</p> <p><b>value (3)</b> 33:21;51:2;72:10</p> <p><b>varied (1)</b> 7:10</p> <p><b>various (2)</b> 18:15;67:1</p> <p><b>virtually (1)</b> 72:1</p> <p><b>vouching (1)</b> 55:18</p>			
<b>W</b>	<b>Y</b>		
<p><b>walk (1)</b> 61:6</p> <p><b>wastewater (2)</b> 57:15;60:14</p> <p><b>way (13)</b> 19:10;25:17;29:17;33:22,23; 34:5,14;54:2,3;57:1,8;70:3;74:6</p> <p><b>week (1)</b> 9:9</p> <p><b>welcome (1)</b> 18:20</p> <p><b>Wenham (1)</b> 5:8</p> <p><b>weren't (2)</b> 14:5;48:19</p> <p><b>Weyland (7)</b> 6:11,14,22;7:8,16,18;8:8</p> <p><b>W-e-y-l-a-n-d (1)</b> 6:14</p> <p><b>What's (5)</b> 4:17,22;15:12;47:13;68:11</p> <p><b>Whiston (5)</b> 13:12;14:14;16:21;22:1;28:2</p> <p><b>Whiston's (1)</b> 31:4</p> <p><b>whose (2)</b> 37:9;46:4</p> <p><b>wise (1)</b> 72:13</p> <p><b>Without (4)</b></p>	<p><b>year (42)</b> 5:11,24;6:5,6,7,19;9:10,14, 15;10:12;16:15;18:4,17;26:12; 27:13,19;33:4,7,14;36:18,23; 37:15;38:5,7;42:8;45:5,7;49:12; 51:21;55:11;58:10,16,17;59:7, 9;61:17;62:14;63:14,15;66:23; 69:7,18</p> <p><b>years (29)</b> 4:21,24;5:21;18:15;23:2; 28:4,14,16,20;33:18,20;34:6; 35:15;37:20;38:10;42:13; 44:11;49:14;51:24;54:22; 56:24;57:3;66:23,24;70:14; 71:11;72:5,7,10</p>		
	<b>Z</b>		
	<p><b>zero (1)</b> 33:7</p>		

Massachusetts Office of the Attorney General  
Division of Public Charities

FORM PC

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

Report for the Fiscal Period: Beginning 07 / 01 / 05 Ending 06 / 30 / 06

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

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

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

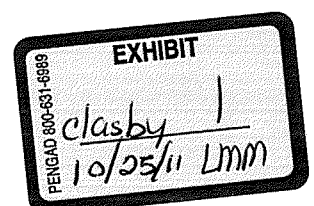
In the section below, please enter the appropriate codes from the corresponding tables found on pages 12 and 13:

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

Please check box if final return  
Prior to dissolution

☐

Payment Received  
Office Use Only



## FORM PC

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

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

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

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

5. Summary of Financial Data		Amounts
A	Contributions, gifts, grants, and similar amounts received	\$ -
B	Gross Support and Revenue	\$ 759,097
C	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
H	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.

	Name	Title	Hours Per Week	Salary & Other Income	Benefit Plans	Other 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 \_\_\_\_\_ No X If yes, please provide explanation \_\_\_\_\_

## FORM PC

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

	Name	Amount of Compensation	Type of Service(s)
1	LAND-VEST	9,035	LAND APPRAISAL
2	WATERLINE INDUSTRIES	1,258,191	SEWER UPGRADE
3	RJV CONSTRUCTION	884,367	SEWER UPGRADE
4	LOMBARDO ASSOCIATES	817,187	SEWER UPGRADE
5	WESTON & SAMPSON	15,541	ENGINEERING

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

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

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

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

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

12. Name address and telephone number of Contact Person:

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

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

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

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

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



**FORM PC**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

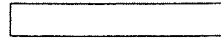
# FORM PC

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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

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



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

Signature of president or other authorized officer or trustee

Title

Date

DAN CLASBY & COMPANY

Name of Preparer

100 CUMMINGS CENTER #238C, BEVERLY, MA 01915

Address

(978) 922-9900

Phone Number

FEOFFEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH

FORM PC ATTACHMENTS

FED ID# 04-6001191

FYE 6/30/06

Q 17 & 18

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

Chairman

James Foley  
39 River Road  
Ipswich, Ma 01938

Clerk

Donald F. Whiston  
31 Market Street  
Ipswich, MA 01938 -

Manager

Peter Foote  
401 Colonial Drive  
Ipswich, MA 01938

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

no fundraising

**FEOFFEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH**

**FORM PC ATTACHMENTS**

**FED ID# 04-6001191**

**FYE 6/30/06**

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**Department of the Treasury  
Internal Revenue Service**Return of Organization Exempt From Income Tax**

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

benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

**2005**Open to Public  
Inspection**A** For the 2005 calendar year, or tax year beginning **7/01/05**, and ending **6/30/06****B** Check if applicable:☐ Address change☐ Name change☐ Initial return☐ Final return☐ Amended return☐ Application pendingPlease  
use IRS  
label or  
print or  
type.  
See  
Specific  
Instruc-  
tions.**C** Name of organization**FEOFFEES OF THE GRAMMER SCHOOL  
IN THE TOWN OF IPSWICH**

Number and street (or P.O. box if mail is not delivered to street address) Room/suite

**25 GREEN STREET**

City or town, state or country, and ZIP + 4

**IPSWICH****MA 01938****D** Employer identification no.**04-6001191****E** Telephone number**978-356-1040****F** Accounting method ☒ Cash☐ Accrual ☐ Other (specify)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included?

☐ Yes ☐ No

(If "No," attach a list. See instr.)

H(d) Is this a separate return filed by an

organization covered by a group ruling? ☐ Yes ☐ No**I** Group Exemption Number ▶**M** Check ☒ if the organization is not required

to attach Sch. B (Form 990, 990-EZ, or 990-PF).

**G** Website: ▶ **N/A****J** Organization type(check only one) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527**K** Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 1▶ **1,325,030****Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)**

Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Direct public support	1a		
	b	Indirect public support	1b		
	c	Government contributions (grants)	1c		
	d	Total (add lines 1a through 1c) (cash\$ noncash \$ )	1d		0
	2	Program service revenue including government fees and contracts (from Part VII, line 93)		2	
	3	Membership dues and assessments		3	
	4	Interest on savings and temporary cash investments		4	19,284
	5	Dividends and interest from securities		5	
	6a	Gross rents	6a	1,305,746	
	b	Less: rental expenses	6b	565,933	
	6c	Net rental income or (loss) (subtract line 6b from line 6a)	6c		739,813
7	Other investment income (describe )		7		
Expenses	8a	Gross amount from sales of assets other than inventory	(A) Securities	8a	
	b	Less: cost or other basis and sales expenses	8b		
	c	Gain or (loss) (attach schedule)	8c		
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		
	9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a	Gross revenue (not including\$ of contributions reported on line 1a)	9a		
	b	Less: direct expenses other than fundraising expenses	9b		
	c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c		
	10a	Gross sales of inventory, less returns and allowances	10a		
	b	Less: cost of goods sold	10b		
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		
	11	Other revenue (from Part VII, line 103)		11	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)		12		759,097
Net Assets	13	Program services (from line 44, column (B))		13	588,000
	14	Management and general (from line 44, column (C))		14	65,431
	15	Fundraising (from line 44, column (D))		15	
	16	Payments to affiliates (attach schedule)		16	
	17	Total expenses (add lines 16 and 44, column (A))		17	653,431
18	Excess or (deficit) for the year (subtract line 17 from line 12)		18	105,666	
19	Net assets or fund balances at beginning of year (from line 73, column (A))		19	16,202,339	
20	Other changes in net assets or fund balances (attach explanation) See Statement 2		20	-15,374,076	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)		21	933,929	

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.  
DAA

Form 990 (2005)

## Part II

## Statement of

## Functional Expenses

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) <b>stmt 3</b> (cash \$ <b>588,000</b> non-cash \$ ) If this amount includes foreign grants, check here <input type="checkbox"/>	22 <b>588,000</b>	<b>588,000</b>		
23	Specific assistance to individuals (attach schedule) <input type="checkbox"/>	23			
24	Benefits paid to or for members (attach schedule)	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	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31 <b>3,000</b>		<b>3,000</b>	
32	Legal fees	32 <b>3,673</b>		<b>3,673</b>	
33	Supplies	33			
34	Telephone	34			
35	Postage and shipping	35			
36	Occupancy	36			
37	Equipment rental and maintenance	37			
38	Printing and publications	38			
39	Travel	39			
40	Conferences, conventions, and meetings	40			
41	Interest	41			
42	Depreciation, depletion, etc. (attach schedule)	42			
43	Other expenses not covered above (itemize):				
a	<b>See Statement 4</b>	43a <b>58,758</b>		<b>58,758</b>	
b		43b			
c		43c			
d		43d			
e		43e			
f		43f			
g		43g			
44	Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 <b>653,431</b>	<b>588,000</b>	<b>65,431</b>	<b>0</b>

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

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

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

**Part 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.

What is the organization's primary exempt purpose?

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

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

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

a **GIFT TO SCHOOL, TRANSFER TO TOWN OF IPSWICH SCHOOL ACCOUNT.**

(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 ☐

c

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

d

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

e Other program services (attach schedule)

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

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

**588,000**

Form 990 (2005)



**Part IV Balance Sheets** (See the instructions.)**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
<b>Assets</b>	45 Cash-non-interest-bearing .....	543,826	45	78,369
	46 Savings and temporary cash investments .....		46	191,974
	47a Accounts receivable .....	72,434		
	b Less: allowance for doubtful accounts .....		47c	72,434
	48a Pledges receivable .....			
	b Less: allowance for doubtful accounts .....		48c	
	49 Grants receivable .....		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule) .....		50	
	51a Other notes and loans receivable (attach schedule) .....			
	b Less: allowance for doubtful accounts .....		51c	
	52 Inventories for sale or use .....		52	
	53 Prepaid expenses and deferred charges .....		53	
	54 Investments-securities .....	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55a Investments-land, buildings, and equipment: basis .....			
	b Less: accumulated depreciation (attach schedule) .....		55c	
56 Investments-other (attach schedule) .....	See Stmt 5	56,280	56	502,177
57a Land, buildings, and equipment: basis .....	6,545,265			
b Less: accumulated depreciation (attach schedule) .....	See Statement 6	18,498,104	57c	6,545,265
58 Other assets (describe ▶ See Statement 7 ) .....	68,767	58		
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58. ....	19,166,977	59		7,390,219
<b>Liabilities</b>	60 Accounts payable and accrued expenses .....		60	8,214
	61 Grants payable .....		61	
	62 Deferred revenue .....		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule) .....		63	
	64a Tax-exempt bond liabilities (attach schedule) .....		64a	
	b Mortgages and other notes payable (attach schedule) .....	See Worksheet	64b	6,448,076
65 Other liabilities (describe ▶ See Statement 8 ) .....	2,964,638	65		
66 <b>Total liabilities.</b> Add lines 60 through 65 .....	2,964,638	66		6,456,290
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> 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	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds .....		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund .....		71	
	72 Retained earnings, endowment, accumulated income, or other funds .....		72	
	73 <b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21) .....	16,202,339	73	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73. ....	19,166,977	74		7,390,219

Form 990 (2005)



Yes	No
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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466
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THE UNIVERSITY OF CHICAGO

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<b>Part VI</b>	<b>Other Information (See the instructions.)</b>	<b>Yes</b>	<b>No</b>
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78a	X
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81a

81b	X
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**Part VI Other Information (continued)**

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		<b>X</b>
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.)		
82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	<b>X</b>	
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?		<b>X</b>
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
84b			
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
85a			
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
85b			
c	Dues, assessments, and similar amounts from members		
85c			
d	Section 162(e) lobbying and political expenditures		
85d			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85e			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85f			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85g			
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
85h			
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
86a			
b	Gross receipts, included on line 12, for public use of club facilities		
86b			
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
87a			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
87b			
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		<b>X</b>
88			
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: 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 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		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		
90a	List the states with which a copy of this return is filed ▶ <b>MA</b>		
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)		
90b			
91a	The books are in care of ▶ <b>PETER FOOTE</b> <b>401 COLONIAL DR.</b> Located at ▶ <b>IPSWICH, MA</b> ZIP + 4 ▶ <b>01938</b>		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country ▶ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
91b			
c	At any time during the calendar year, did the organization maintain an office outside of the United States?		
91c			
c	If "Yes," enter the name of the foreign country ▶		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ <b>92</b>		

**Part VII** Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by sec. 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	19,284	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	739,813	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		759,097	0
105 Total (add line 104, columns (B), (D), and (E))					759,097

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII** Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
N/A	

**Part IX** Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X** Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.				
	Signature of officer <b>PETER FOOTE</b>		Date TREASURER		
Paid Preparer's Use Only	Preparer's signature Daniel E. Clasby	Date 9/13/07	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Instr. W) 029-36-4753	
	Firm's name (or yours if self-employed), address, and ZIP + 4 Dan Clasby & Company 100 Cummings Center Suite 238C Beverly, MA 01915	EIN 04-3395132	Phone no. 978-922-9900		

Forms <b>990 / 990-PF</b>	<b>Mortgages and Other Notes Payable</b>	<b>2005</b>
For calendar year 2005, or tax year beginning <b>7/01/05</b> , and ending <b>6/30/06</b>		

Name <b>FEOFFEEES OF THE GRAMMER SCHOOL IN THE TOWN OF IPSWICH</b>	Employer Identification Number <b>04-6001191</b>
---	---

**Form 990, Part IV, Line 64b - Additional Information**

Name of lender	Relationship to disqualified person
(1) <b>IPSWICH COOPERATIVE BANK</b>	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)	<b>3/07/06</b>			
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)		<b>6,448,076</b>
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Totals</b>		<b>6,448,076</b>

04-6001191

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

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

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

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

## Federal Statements

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

Name Address	Relationship to Org	Class of Activity					
Date of Gift	Description of Property	Cash Contrib	NonCash Contrib	Book Value	BV Explantn	FMV Explantn	
TOWN OF IPSWICH	NONE	EDUCATIONAL					
		\$ 588,000	\$	\$			
Total		\$ 588,000	\$ 0	\$ 0			



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	750		750	
MEETINGS	358		358	
OFFICE EXPS	1,923		1,923	
LAND APPRAISAL	9,285		9,285	
MANAGEMENT FEES	46,442		46,442	
Total	<u>\$ 58,758</u>	<u>\$ 0</u>	<u>\$ 58,758</u>	<u>\$ 0</u>

## Federal Statements

9/13/2007 12:04 PM

Statement 5 - 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 Year	Accum Deprec
LAND	\$15,419,900	\$	\$	\$
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	\$18,498,104	\$ 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

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

Description	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

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

**FEOFFEES OF THE GRAMMAR SCHOOL**

Financial Statements

June 30, 2006

## FEOFFEES OF THE GRAMMAR SCHOOL

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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	5 - 7

DAN CLASBY & COMPANY  
Certified Public Accountants

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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.

*Dan Clasby & Company*

January 9, 2007

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## FEOFFEEES OF THE GRAMMAR SCHOOL

## Statement of Financial Position

As of June 30, 2006

Assets

## Current assets:

Cash - operating	\$ 78,369
Cash - savings	191,974
Cash - reserved for sewer project	502,177
Accounts receivable	<u>72,434</u>

Total current assets	<u>844,954</u>
----------------------	----------------

## Property and betterments:

## Sewer betterments:

Construction costs	5,608,268
Soft costs	<u>438,413</u>
	6,046,681
Electric betterments	<u>498,584</u>
	6,545,265

Less accumulated amortization	<u>-</u>
	6,545,265

## Land and buildings, Note 1

Net property and betterments	<u>6,545,265</u>
------------------------------	------------------

Total Assets	\$ <u>7,390,219</u>
--------------	---------------------

Liabilities and Net Assets

## Current liabilities:

Note payable - current portion	\$ 146,292
Accounts payable	<u>8,214</u>

Total current liabilities	154,506
---------------------------	---------

Long term debt, net of current portion	<u>6,301,784</u>
--	------------------

Total liabilities	<u>6,456,290</u>
-------------------	------------------

## Net assets:

Unrestricted - undesignated	883,929
Unrestricted - board designated	<u>50,000</u>

Total net assets	<u>933,929</u>
------------------	----------------

Total Liabilities and Net Assets	\$ <u>7,390,219</u>
----------------------------------	---------------------

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

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## FEOFFES OF THE GRAMMAR SCHOOL

## Statement of Activities

For the Year Ended June 30, 2006

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

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



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## FEOFFEEES OF THE GRAMMAR SCHOOL

## Statement of Cash Flows

For the Year Ended June 30, 2006

Cash flows from operating activities:	
Change in net assets	\$ 105,666
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Increase in accounts receivable	( 25,004)
Increase in accounts payable	<u>6,608</u>
Net cash provided by operating activities	<u>87,270</u>
Cash flows from investing activities:	
Betterments made	( 3,398,294)
Net cash used in investing activities	( 3,398,294)
Cash flows from financing activities:	
Proceeds from financing	6,483,000
Repayments on debt	( 2,999,562)
Net cash provided by financing activities	<u>3,483,438</u>
Net change in cash	172,414
Cash, beginning of year	<u>600,106</u>
Cash, end of year	\$ <u>772,520</u>
Supplemental cash flow information:	
Interest paid	\$ <u>346,241</u>

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

## FEOFFEES OF THE GRAMMAR SCHOOL

### Notes to Financial Statements

#### (1) Summary of significant accounting policies

##### *(a) Nature of organization*

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

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

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

The Trust is supported primarily through rent collections.

##### *(b) Financial statement presentation*

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

##### *(c) Estimates*

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

## FEOFFEES OF THE GRAMMAR SCHOOL

### Notes to Financial Statements

#### (1) Continued

##### *(d) Property 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:

<u>Year</u>	<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	\$ <u>6,448,076</u>

**FEOFFEEES OF THE GRAMMAR SCHOOL**

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.

Massachusetts Office of the Attorney General  
Division of Public Charities

FORM PC

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

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

Check all items attached: Form PC ☒ Schedule A1 ☐ Schedule A2 ☐ Schedule RO ☐ AG Schedule B ☐

Probate Account ☐ Copy of IRS Return ☒ Audited Financial Statements/Review ☒ Filing Fee ☒ Amended Articles/Bylaws ☐

Attorney General's Accl. No. \_\_\_\_\_

Federal ID Number: 04-6001191

When did the organization first engage in charitable work in Massachusetts? 11 / 14 / 1650

Has the organization applied for or been granted IRS tax exempt status? Yes ☐ No ☒

If yes, Date of Application:        /        /        OR Date of Determination Letter:        /        /       

IRS Exemption under 501(c):       

Check box if No IRS Exemption: ☒

If exempt under 501(c), are contributions to the organization tax deductible as charitable contributions? Yes ☐ No ☐ N/A

ORGANIZATION DATA

Name: FEOFFEEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH

Mailing Address: P.O. BOX 709, 2 DEPOT SQUARE

City: IPSWICH

State: MA

zip: 01938

Phone: ( 978 ) 356-1040

Fax: ( 978 ) 356-1042

E-Mail: N/A

Web Site (URL): http://www.

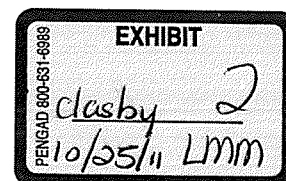
In the section below, please enter the appropriate codes from the corresponding tables found on pages 12 and 13:

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

Please check box if final return  
Prior to dissolution

☐

Payment Received  
Office Use Only



## FORM PC

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

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

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

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

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

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

	Name	Title	Hours Per Week	Salary & Other Income	Benefit Plans	Other Compensation
1	DONALD F. WHISTON	MANAGER	AS NEEDED	1,440	0	0
2	ALEXANDER 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						

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

## FORM PC

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

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

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

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

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

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

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

12. Name address and telephone number of Contact Person:

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

13. During the fiscal year reported here, did your organization solicit contributions or have funds solicited on its behalf? Yes \_\_\_\_\_ No ☒
14. At any time during the fiscal year following the year reported here, will your organization, or others acting on its behalf, have solicited contributions? Yes \_\_\_\_\_ No ☒

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

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

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

**FORM PC**

Page 4

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16. Names, addresses (street & P.O.) and telephone numbers of other offices/chapters/branches/affiliates (attach list). **N/A**
17. List the names, titles and addresses (street & P.O.) of officers, directors, trustees, and the principal salaried executives of organization (attach separate sheet). **SEE ATTACHED**
18. Attach separate sheet listing names and addresses (street & P.O.) for all below: **SEE ATTACHED**
- Individual(s) responsible for custody of funds  
 Individual(s) responsible for distribution of funds  
 Individual(s) responsible for fund raising  
 Individual(s) responsible for custody of financial records  
 Individual(s) authorized to sign checks
19. Has this organization or any of its officers, directors, employees or fund raisers solicited funds in any other state? Yes \_\_\_\_\_ No X
- If yes, attach list of states where solicitation was conducted, including registering agency, dates of registration, registration numbers, any other names under which the organization was/is registered, and the dates and type (mail, telephone, door to door, special events, etc) of the solicitation conducted.
20. Has this organization or any of its officers, directors, employees:  
 If yes, please attach an explanation
- (a) Been enjoined or otherwise prohibited by a government agency/court from operating or soliciting contributions? Yes \_\_\_\_\_ No X
- (b) Ever been refused registration or had its registration or tax exemption denied, suspended, modified or revoked by a governmental agency? Yes \_\_\_\_\_ No X
- (c) Been the subject of a proceeding regarding any solicitation or registration? Yes \_\_\_\_\_ No X
- (d) Entered into a voluntary agreement of compliance or consent judgment with any government agency or in a case before a court or administrative agency? Yes \_\_\_\_\_ No X
21. Have any restrictions been removed during the year from donor-restricted funds? Yes \_\_\_\_\_ No X  
 If yes! please attach an explanation
22. Have donor-restricted funds been loaned to unrestricted funds? Yes \_\_\_\_\_ No X  
 If yes, please attach an explanation
23. This question involves "Termination of Employment or Change of Control Compensatory Arrangements" with certain 'Related Parties' (see instructions and definition sections). Report only if payments made or promised to any individual are in excess of four months salary or \$100,000, whichever dollar amount is less.
- (a) Did you make actual payments or otherwise transfer value under such an arrangement to any individual described in Related Party definition, sections (a) or (b) which payments are not reported in Question 6 or 7 above? Yes \_\_\_\_\_ No X
- (b) Do you have an agreement with any individual described in Related Party definition, section (a) or (b), containing such an arrangement? Yes \_\_\_\_\_ No X

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



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

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

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

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

Signature of president or other authorized officer or trustee

Title

Date

DAN CLASBY & COMPANY

Name of Preparer

100 CUMMINGS CENTER #238C BEVERLY, MA 01915

Address

(978) 922-9900

Phone Number

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

FED ID# 04-6001191

FYE 6/30/07

Q 17 & 18

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

Chairman

James Foley  
39 River Road  
Ipswich, Ma 01938

Clerk

Donald F. Whiston  
31 Market Street  
Ipswich, MA 01938

Manager

Peter Foote  
401 Colonial Drive  
Ipswich, MA 01938

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

no fundraising

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

FED ID# 04-6001191

FYE 6/30/07

Schedule 24(b)

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

Schedule 24(c)

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

The Organization paid off this debt during September 2005.

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

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

OMB No 1545-0047  
**2006**  
Open to Public Inspection

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

- B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

**FEOFFEES OF THE GRAMMER SCHOOL  
IN THE TOWN OF IPSWICH**

Number and street (or P.O. box if mail is not delivered to street address)

**25 GREEN STREET**

Room/suite

City or town, state or country, and ZIP + 4

**IPSWICH**

**MA 01938**

D Employer identification number  
**04-6001191**

E Telephone number  
**978-356-1040**

F Accounting method: ☒ Cash  
☐ Accrual ☐ Other (specify)

▶ Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and are not applicable to section 527 organizations. I

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶ ☐ Yes ☐ No

H(c) Are all affiliates included? ☐ Yes ☐ No  
(If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☐ No

I Group Exemption Number ▶

M Check ☒ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

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

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

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

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

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

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

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

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

**Part 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.

What is the organization's primary exempt purpose?

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

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

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

a N/A

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

b

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

c

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

d

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

e Other program services (attach schedule)

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

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

0

Form 990 (2006)

**Part IV Balance Sheets (See the instructions.)**

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







## Part VII Other Information (continued)

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

Form 990 (2006) FEOFFEEES OF THE GRAMMER SCHOOL

04-6001191

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**Part VI** Other Information (continued)c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c

Yes	No
	X

If "Yes," enter the name of the foreign country ▶92 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**Part VII** Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

93 Program service revenue:

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	11,817	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	108,703	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		120,520	0
105 Total (add line 104, columns (B), (D), and (E))					120,520

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

**Part VIII** Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
N/A	

**Part IX** Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X** Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes ☐ No ☒
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes ☐ No ☒

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

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

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

Yes	No
	X

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

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

Yes	No
	X

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

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

Yes	No

Please  
Sign  
Here

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

Signature of officer	Date
PETER FOOTE	TREASURER
Type or print name and title	

Paid  
Preparer's  
Use Only

Preparer's signature	Date	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Instr. X)
Daniel E. Clasby			029-36-4753
Firm's name (or yours if self-employed), address, and ZIP + 4	EIN	Phone no.	
Dan Clasby & Company 100 Cummings Center Suite 238C Beverly, MA 01915	04-3395132	978-922-9900	

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

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

OMB No. 1545-0047

**2006**

 Department of the Treasury  
 Internal Revenue Service

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

Name of the organization

**FEOFFEEES OF THE GRAMMER SCHOOL IN THE TOWN OF IPSWICH**

Employer identification number

04-6001191

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

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

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

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

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

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

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

Schedule A (Form 990 or 990-EZ) 2006

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

	Yes	No
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.)		X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V-A, Form 990	X	
e Transfer of any part of its income or assets?		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.)		X
b Did the organization have a section 403(b) annuity plan for its employees?		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		X
d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		X
4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g		X
b Did the organization make any taxable distributions under section 4966?		
c Did the organization make a distribution to a donor, donor advisor, or related person?		
d Enter the total number of donor advised funds owned at the end of the tax year ▶ _____		
e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ _____		
f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶ _____		0
g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ _____		0

**Part IV** Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city,  
and state ► .....
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv).  
(Also complete the Support Schedule in Part IV-A.)
- 11a ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section  
170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 12 ☐ 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.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the  
requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
- ☐ Type I ☐ Type II ☐ Type III-Functionally Integrated ☐ Type III-Other

Provide the following information about the supported organizations. (See page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total ►					

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



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

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

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c
d Add: Amounts from column (e) for lines: 18 _____ 19 _____					
22 _____ 26b _____					26d
e Public support (line 26c minus line 26d total)					26e
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:	(2005) _____	(2004) _____	(2003) _____	(2002) _____	N/A
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year.	(2005) _____	(2004) _____	(2003) _____	(2002) _____	N/A
c Add: Amounts from column (e) for lines: 15 _____ 16 _____					
17 _____ 20 _____ 21 _____					27c
d Add: Line 27a total _____ and line 27b total _____					27d
e Public support (line 27c total minus line 27d total)					27e
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)					27f
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

**Part V Private School Questionnaire** (See page 9 of the instructions.)(To be completed **ONLY** by schools that checked the box on line 6 in Part IV)

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

**Part VI-A** Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.)

(To be completed ONLY by an eligible organization that filed Form 5768) N/A

Check ☐ a if the organization belongs to an affiliated group. Check ☐ b if you checked "a" and "limited control" provisions apply.**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for all electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying) .....	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying) .....	37	
38 Total lobbying expenditures (add lines 36 and 37) .....	38	
39 Other exempt purpose expenditures .....	39	
40 Total exempt purpose expenditures (add lines 38 and 39) .....	40	
41 Lobbying nontaxable amount. Enter the amount from the following table-		
If the amount on line 40 is-		
Not over \$500,000 .....	20% of the amount on line 40 .....	
Over \$500,000 but not over \$1,000,000 .....	\$100,000 plus 15% of the excess over \$500,000 .....	
Over \$1,000,000 but not over \$1,500,000 .....	\$175,000 plus 10% of the excess over \$1,000,000 .....	
Over \$1,500,000 but not over \$17,000,000 .....	\$225,000 plus 5% of the excess over \$1,500,000 .....	
Over \$17,000,000 .....	\$1,000,000 .....	
42 Grassroots nontaxable amount (enter 25% of line 41) .....	42	
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 .....	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 .....	44	

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

**4-Year Averaging Period Under Section 501(h)**

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

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

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

**Part VI-B** Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.) N/A

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

	Yes	No	Amount
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.



**Federal Statements**

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

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

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

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

## Federal Statements

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

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

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

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

## Federal Statements

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

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

**Federal Statements**

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

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

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

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

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

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



**Federal Statements**

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

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

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

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

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

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

**TEOFTEES OF THE GRAMMAR SCHOOL**

Financial Statements

June 30, 2007

## FEOFFEES OF THE GRAMMAR SCHOOL

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Exhibit B - Statement of activities for the year ended June 30, 2007	3
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DAN CLASBY & COMPANY  
Certified Public Accountants

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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.

*Dan Clasby & Company*

March 4, 2008

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## FEOFFEEES OF THE GRAMMAR SCHOOL

## Statement of Financial Position

As of June 30, 2007

Assets

## Current assets:

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

## Property, betterments and equipment:

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

Net property and betterments 6,940,225

Land and buildings, Note 1 -

Total Assets \$ 7,473,930

Liabilities and Net Assets

## Current liabilities:

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

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

Total liabilities 6,756,297

## Contingencies

## Net assets:

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

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

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

## FEOFFEEES OF THE GRAMMAR SCHOOL

## Statement of Activities

For the Year Ended June 30, 2007

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

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

## FEOFFEEES OF THE GRAMMAR SCHOOL

## Statement of Cash Flows

For the Year Ended June 30, 2007

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

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

## FEOFFEES OF THE GRAMMAR SCHOOL

### Notes to Financial Statements

#### (1) Summary of significant accounting policies

##### *(a) Nature of organization*

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

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

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

The Trust is supported primarily through rent collections.

##### *(b) Financial statement presentation*

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

##### *(c) Estimates*

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



## FEOFFEES OF THE GRAMMAR SCHOOL

### Notes to Financial Statements

(1) Continued

*(d) Property, betterments and equipment*

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

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

(2) Related party receivables

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

(3) Long-term debt

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

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

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

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

FEOFFEES OF THE GRAMMAR SCHOOL

Notes to Financial Statements

**(4) Contingencies and litigation**

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

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

Massachusetts Office of the Attorney General  
Division of Public Charities

FORM PC

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

Report for the Fiscal Period: Beginning 07 / 01 / 07 Ending 06 / 30 / 08

Check all items attached: Form PC X Schedule A1 \_\_\_\_\_ Schedule A2 \_\_\_\_\_ Schedule RO \_\_\_\_\_ AG Schedule B \_\_\_\_\_  
Probate Account \_\_\_\_\_ Copy of IRS Return X Audited Financial 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 Massachusetts? 11 / 14 / 1650

Has the organization applied for or been granted IRS tax exempt status? Yes \_\_\_\_\_ No X

If yes, Date of Application: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ OR Date of Determination Letter: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

IRS Exemption under 501(c): [ \_\_\_\_\_ ]

Check box if No IRS Exemption: X

If exempt under 501(c), are contributions to the organization tax deductible as charitable contributions? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A

ORGANIZATION DATA			
Name: FEOFFEEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH			
Mailing Address: P.O. BOX 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	

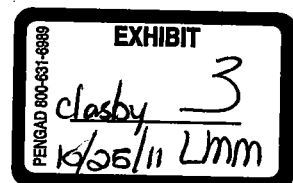
In the section below, please enter the appropriate codes from the corresponding tables found on pages 12 and 13:

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

Please check box if final return  
Prior to dissolution

☐

Payment Received  
Office Use Only



## FORM PC

Page 2

51-0528943

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

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

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

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

5. Summary of Financial Data		Amounts
A	Contributions, gifts, grants, and similar amounts received	\$ -
B	Gross Support and Revenue	\$ 154,138
C	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
H	Net assets or fund balances at the end of the year	\$ 498,492

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	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 ☐ No ☒ If yes, please provide explanation \_\_\_\_\_

## FORM PC

Page 3

51-0528943

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

	Name	Amount of Compensation	Type of Service(s)
1	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

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

Bank	Address	Phone Number
FIRST NATIONAL BANK OF IPSWICH	31 MARKET ST, IPSWICH, MA	(800) 834-0046
INSTITUTION FOR SAVINGS	2 DEPT SQ, IPSWICH, MA	(978) 356-5400

10. What is the organization's accounting method: Cash \_\_\_\_\_ Accrual X Other (specify) \_\_\_\_\_

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

Street Address	City, State	Zip
37 BAY ROAD	IPSWICH, MA	01938

12. Name address and telephone number of Contact Person:

Name	Street Address	City, State, Zip	Telephone Number
PETER FOOTE	401 COLONIAL DR	IPSWICH, MA 01938	(978) 356-4411

13. During the fiscal year reported here, did your organization solicit contributions or have funds solicited on its behalf? Yes \_\_\_\_\_ No X
14. At any time during the fiscal year following the year reported here, will your organization, or others acting on its behalf, have solicited contributions? Yes \_\_\_\_\_ No X

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)	

FORM PC

Page 4

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16. Names, addresses (street & P.O.) and telephone numbers of other offices/chapters/branches/affiliates (attach list). N/A
17. List the names, titles and addresses (street & P.O.) of officers, directors, trustees, and the principal salaried executives of organization (attach separate sheet). SEE ATTACHED
18. Attach separate sheet listing names and addresses (street & P.O.) for all below: SEE ATTACHED
- Individual(s) responsible for custody of funds  
Individual(s) responsible for distribution of funds  
Individual(s) responsible for fund raising  
Individual(s) responsible for custody of financial records  
Individual(s) authorized to sign checks
19. Has this organization or any of its officers, directors, employees or fund raisers solicited funds in any other state? Yes \_\_\_\_\_ No X
- If yes, attach list of states where solicitation was conducted, including registering agency, dates of registration, registration numbers, any other names under which the organization was/is registered, and the dates and type (mail, telephone, door to door, special events, etc) of the solicitation conducted.
20. Has this organization or any of its officers, directors, employees:  
If yes, please attach an explanation
- (a) Been enjoined or otherwise prohibited by a government agency/court from operating or soliciting contributions? Yes \_\_\_\_\_ No X
- (b) Ever been refused registration or had its registration or tax exemption denied, suspended, modified or revoked by a governmental agency? Yes \_\_\_\_\_ No X
- (c) Been the subject of a proceeding regarding any solicitation or registration? Yes \_\_\_\_\_ No X
- (d) Entered into a voluntary agreement of compliance or consent judgment with any government agency or in a case before a court or administrative agency? Yes \_\_\_\_\_ No X
21. Have any restrictions been removed during the year from donor-restricted funds? Yes \_\_\_\_\_ No X  
If yes! please attach an explanation
22. Have donor-restricted funds been loaned to unrestricted funds? Yes \_\_\_\_\_ No X  
If yes, please attach an explanation
23. This question involves "Termination of Employment or Change of Control Compensatory Arrangements" with certain "Related Parties" (see instructions and definition sections). Report only if payments made or promised to any individual are in excess of four months salary or \$100,000, whichever dollar amount is less.
- a) Did you make actual payments or otherwise transfer value under such an arrangement to any individual described in Related Party definition, sections (a) or (b) which payments are not reported in Question 6 or 7 above? Yes \_\_\_\_\_ No X
- (b) Do you have an agreement with any individual described in Related Party definition, section (a) or (b), containing such an arrangement? Yes \_\_\_\_\_ No X

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

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

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

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

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

\_\_\_\_\_  
Signature of president or other authorized officer or trustee

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

DAN CLASBY & COMPANY

\_\_\_\_\_  
Name of Preparer

100 CUMMINGS CENTER #238C, BEVERLY, MA 01915

\_\_\_\_\_  
Address

(978) 922-9900

\_\_\_\_\_  
Phone Number



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

FED ID# 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  
custody of funds & financial records  
distribution of funds

no fundraising

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

**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung  
benefit trust or private foundation)

OMB No. 1545-0047  
**2007**  
Open to Public Inspection

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning **7/01/07**, and ending **6/30/08**

B Check if applicable:

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Termination  
☐ Amended return  
☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

**FEOFFEEES OF THE GRAMMER SCHOOL  
IN THE TOWN OF IPSWICH**

Number and street (or P.O. box if mail is not delivered to street address) Room/suite

**P. O. BOX 166**

City or town, state or country, and ZIP + 4

**IPSWICH**

**MA 01938**

D Employer identification number

**51-0528943**

E Telephone number

F Accounting method: ☐ Cash

☒ Accrual ☐ Other (specify)

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? ☐ Yes ☐ No

(If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☐ No

I Group Exemption Number

M Check ☒ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

G Website: **N/A**

J Organization type

(check only one) ☒ 501(c) ( **3** ) (insert no.) ☐ 4947(a)(1) or ☐ 527

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line **1** **1,489,075**

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

Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Contributions to donor advised funds	1a		
	b	Direct public support (not included on line 1a)	1b		
	c	Indirect public support (not included on line 1a)	1c		
	d	Government contributions (grants) (not included on line 1a)	1d		
	e	Total (add lines 1a through 1d) (cash \$ _____ noncash \$ _____)	1e		0
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		
	3	Membership dues and assessments	3		
	4	Interest on savings and temporary cash investments	4		3,080
	5	Dividends and interest from securities	5		
	6a	Gross rents	6a	1,485,995	
	b	Less: rental expenses See Statement 1	6b	1,331,857	
c	Net rental income or (loss). Subtract line 6b from line 6a	6c		154,138	
7	Other investment income (describe _____)	7			
Expenses	8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
	b	Less: cost or other basis and sales expenses	8a		
	c	Gain or (loss) (attach schedule)	8b		
	d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8c		
	8d				
	9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a	Gross revenue (not including \$ _____ of contributions reported on line 1b)	9a		
	b	Less: direct expenses other than fundraising expenses	9b		
	c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c		
	10a	Gross sales of inventory, less returns and allowances	10a		
	b	Less: cost of goods sold	10b		
	c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c		
Net Assets	11	Other revenue (from Part VII, line 103)	11		
	12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		157,218
	13	Program services (from line 44, column (B))	13		
	14	Management and general (from line 44, column (C))	14		376,359
	15	Fundraising (from line 44, column (D))	15		
	16	Payments to affiliates (attach schedule)	16		
	17	Total expenses. Add lines 16 and 44, column (A)	17		376,359
	18	Excess or (deficit) for the year. Subtract line 17 from line 12	18		-219,141
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		717,633
20	Other changes in net assets or fund balances (attach explanation) See Statement 2	20		0	
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21		498,492	

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.  
DAA

Form 990 (2007)

**Part II Statement of Functional Expenses**

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b Other grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A <b>See Statement 3</b>	25a			
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	25b			
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)	25c			
26 Salaries and wages of employees not included on lines 25a, b, and c	26			
27 Pension plan contributions not included on lines 25a, b, and c	27			
28 Employee benefits not included on lines 25a - 27	28			
29 Payroll taxes	29			
30 Professional fundraising fees	30			
31 Accounting fees	31	8,000	8,000	
32 Legal fees	32	287,901	287,901	
33 Supplies	33			
34 Telephone	34			
35 Postage and shipping	35			
36 Occupancy	36			
37 Equipment rental and maintenance	37			
38 Printing and publications	38			
39 Travel	39			
40 Conferences, conventions, and meetings	40			
41 Interest	41			
42 Depreciation, depletion, etc. (attach schedule)	42			
43 Other expenses not covered above (itemize):				
a <b>See Statement 4</b>	43a	80,458	80,458	
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g	43g			
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	376,359	0	376,359

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

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

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

**Part 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.

What is the organization's primary exempt purpose?

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

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

**Program Service Expenses**

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

a **N/A**

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

b

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

c

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

d

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

e Other program services (attach schedule)

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

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

**0**

Form **990** (2007)

**Part IV Balance Sheets** (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.		(A) Beginning of year		(B) End of year
<b>Assets</b>	45 Cash—non-interest-bearing	144,535	45	50,196
	46 Savings and temporary cash investments	276,263	46	3,185
	47a Accounts receivable	101,691		
	b Less: allowance for doubtful accounts		47c	101,691
	48a Pledges receivable			
	b Less: allowance for doubtful accounts		48c	
	49 Grants receivable		49	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (att. schedule)		50b	
	51a Other notes and loans receivable (attach schedule)			
	b Less: allowance for doubtful accounts		51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54a Investments—publicly-traded securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54a	
	b Investments—other securities (attach schedule)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54b	
	55a Investments—land, buildings, and equipment: basis			
	b Less: accumulated depreciation (attach schedule)		55c	
	56 Investments—other (attach schedule)		56	
	57a Land, buildings, and equipment: basis	7,197,819		
	b Less: accumulated depreciation (attach schedule) <b>See Statement 5</b>	479,623	6,940,225	57c
58 Other assets, including program-related investments (describe ▶)		58		
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58		7,473,930	59	6,873,268
<b>Liabilities</b>	60 Accounts payable and accrued expenses	366,579	60	138,611
	61 Grants payable		61	
	62 Deferred revenue <b>See Statement 6</b>	57,210	62	66,596
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule)		64b	
	65 Other liabilities (describe ▶ <b>See Statement 7</b> )	6,332,508	65	6,169,569
	66 <b>Total liabilities</b> . Add lines 60 through 65	6,756,297	66	6,374,776
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	717,633	67	498,492
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 <b>Total net assets or fund balances</b> . Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	717,633	73	498,492
	74 <b>Total liabilities and net assets/fund balances</b> . Add lines 66 and 73	7,473,930	74	6,873,268

**Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	157,218
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify):	b4	
	See Statement 8		
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	157,218
d	Amounts included on Part I, line 12, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	
e	Total revenue (Part I, line 12). Add lines c and d	e	157,218

**Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

a	Total expenses and losses per audited financial statements	a	134,110
b	Amounts included on line a but not Part I, line 17:		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify):	b4	
	See Statement 9		
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	134,110
d	Amounts included on Part I, line 17, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	242,249
	Add lines d1 and d2	d	242,249
e	Total expenses (Part I, line 17). Add lines c and d	e	376,359

**Part V-A Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
ALEXANDER B C MULHOLLAND, JR P.O. BOX 587 IPSWICH MA 01938	VICE CHAIR 1	0	0	0
JAMES FOLEY 25 MEADOWVIEW LANE IPSWICH MA 01938	CHAIRMAN 40	0	0	53,000
PETER FOOTE 401 COLONIAL DR. IPSWICH MA 01938	TREAS., CLK 15	0	0	17,068
DONALD F. WHISTON 2 JEFFREY'S NECK R IPSWICH MA 01938	MEMBER 2	0	0	1,000
ELIZABETH KILCOYNE 48 EAST STREET IPSWICH MA 01938	MEMBER 1	0	0	0
PATRICK MCNALLY 74 LITTLE NECK ROAD IPSWICH MA 01938	MEMBER 1	0	0	0

Yes	No
-----	----

**Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits**  
(If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

Part VI Other Information (See the instructions.)		Yes	No
76	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	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 during the year? If "Yes," attach a statement	79	X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b	If "Yes," enter the name of the organization _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct and indirect political expenditures. (See line 81 instructions.)	81a	0
b	Did the organization file Form 1120-POL for this year?	81b	X

**Part VI Other Information (continued)**

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		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.)		
82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
84b			
85a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
85a			
85b			
c	Dues, assessments, and similar amounts from members		
85c			
d	Section 162(e) lobbying and political expenditures		
85d			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85e			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85f			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85g			
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
85h			
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
86a			
b	Gross receipts, included on line 12, for public use of club facilities		
86b			
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
87a			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
87b			
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
88b			
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 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		X
89b			
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
0			
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		
0			
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89e			
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89f			
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
89g			
90a	List the states with which a copy of this return is filed: MA		
b	Number of employees employed in the pay period that includes March 12, 2007 (See instructions.)	90b	0
91a	The books are in care of: PETER FOOTE 401 COLONIAL DR. Located at: IPSWICH, MA ZIP + 4: 01938	Telephone no. ▶	978-356-4411
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X



**Part VI Other Information (continued)**

Yes No

- c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c ☐ Yes ☒ No
- If "Yes," enter the name of the foreign country: \_\_\_\_\_

- 92 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 ☐

**Part VII Analysis of Income-Producing Activities (See the instructions.)**

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments _____					
g Fees and contracts from government agencies _____					
94 Membership dues and assessments _____					
95 Interest on savings and temporary cash investments _____			14	3,080	
96 Dividends and interest from securities _____					
97 Net rental income or (loss) from real estate:					
a debt-financed property _____					
b not debt-financed property _____			16	154,138	
98 Net rental income or (loss) from personal property _____					
99 Other investment income _____					
100 Gain or (loss) from sales of assets other than inventory _____					
101 Net income or (loss) from special events _____					
102 Gross profit or (loss) from sales of inventory _____					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E)) _____		0		157,218	0
105 Total (add line 104, columns (B), (D), and (E)) _____					157,218

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)**

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
N/A	

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)**

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)**

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

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

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

Yes	No
	<b>X</b>

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

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

Yes	No
	<b>X</b>

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

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

Yes	No

Please  
Sign  
Here

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

Signature of officer

**PETER FOOTE**

Type or print name and title

Date

**TREASURER**

Paid  
Preparer's  
Use Only

Preparer's  
signature

**Daniel E. Clasby**

Date

**5/13/09**

Check if  
self-  
employed ☒

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

**029-36-4753**

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

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

EIN

Phone

no.

**04-3395132**  
**978-922-9900**

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

OMB No. 1545-0047

**2007**Department of the Treasury  
Internal Revenue Service**Supplementary Information-(See separate instructions.)**▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

**FEOFFEES OF THE GRAMMER SCHOOL IN THE TOWN OF IPSWICH**

Employer identification number

**51-0528943****Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to empl. benefit plans & deferred comp.	(e) Expense account and other allowances
NONE				

Total number of other employees paid over \$50,000 ▶

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
MACLEAN HOLLOWAY 8 ESSEX CENTER DRIVE	PEABODY MA 01970 LEGAL SERVICES	265,929

Total number of others receiving over \$50,000 for professional services ▶

0

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of other contractors receiving over \$50,000 for other services ▶

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

Schedule A (Form 990 or 990-EZ) 2007

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

Yes No

<b>1</b> 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		<b>X</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 the lobbying activities.			
<b>2</b> 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.)			
<b>a</b> Sale, exchange, or leasing of property?	2a		<b>X</b>
<b>b</b> Lending of money or other extension of credit?	2b		<b>X</b>
<b>c</b> Furnishing of goods, services, or facilities?	2c		<b>X</b>
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? <b>See Part V-A, Form 990</b>	2d	<b>X</b>	
<b>e</b> Transfer of any part of its income or assets?	2e		<b>X</b>
<b>3a</b> 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		<b>X</b>
<b>b</b> Did the organization have a section 403(b) annuity plan for its employees?	3b		<b>X</b>
<b>c</b> 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		<b>X</b>
<b>d</b> Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		<b>X</b>
<b>4a</b> Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a		<b>X</b>
<b>b</b> Did the organization make any taxable distributions under section 4966?	4b		
<b>c</b> Did the organization make a distribution to a donor, donor advisor, or related person?	4c		
<b>d</b> Enter the total number of donor advised funds owned at the end of the tax year			
<b>e</b> Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year			
<b>f</b> 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			<b>0</b>
<b>g</b> Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year			<b>0</b>

**Part IV Reason for Non-Private Foundation Status** (See pages 4 through 8 of the instructions.)I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ► .....
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 ☐ 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.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
- ☐ Type I    ☐ Type II    ☐ Type III-Functionally Integrated    ☐ Type III-Other

**Provide the following information about the supported organizations.** (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b> .....					►

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

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

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

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(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 sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	26a	
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	26b	
c Total support for section 509(a)(1) test: Enter line 24, column (e)	26c	
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____	26d	
e Public support (line 26c minus line 26d total)	26e	
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	26f	%

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2006) _____ (2005) _____ (2004) _____ (2003) _____	N/A	
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2006) _____ (2005) _____ (2004) _____ (2003) _____	N/A	
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____	27c	
d Add: Line 27a total _____ and line 27b total _____	27d	
e Public support (line 27c total minus line 27d total)	27e	
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)	27f	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	27g	%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	27h	%

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

**Part V Private School Questionnaire** (See page 9 of the instructions.)(To be completed **ONLY** by schools that checked the box on line 6 in Part IV)

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

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 11 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768) **N/A**Check ☐ a if the organization belongs to an affiliated group. Check ☐ b if you checked "a" and "limited control" provisions apply.**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for all electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying) .....	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying) .....	37	
38 Total lobbying expenditures (add lines 36 and 37) .....	38	
39 Other exempt purpose expenditures .....	39	
40 Total exempt purpose expenditures (add lines 38 and 39) .....	40	
41 Lobbying nontaxable amount. Enter the amount from the following table-		
If the amount on line 40 is-		
Not over \$500,000 .....		
Over \$500,000 but not over \$1,000,000 .....		
Over \$1,000,000 but not over \$1,500,000 .....		
Over \$1,500,000 but not over \$17,000,000 .....		
Over \$17,000,000 .....		
The lobbying nontaxable amount is-		
20% of the amount on line 40 .....		
\$100,000 plus 15% of the excess over \$500,000 .....		
\$175,000 plus 10% of the excess over \$1,000,000 .....		
\$225,000 plus 5% of the excess over \$1,500,000 .....		
\$1,000,000 .....		
42 Grassroots nontaxable amount (enter 25% of line 41) .....	42	
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 .....	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 .....	44	

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

**4-Year Averaging Period Under Section 501(h)**

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

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

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount .....					
46 Lobbying ceiling amount (150% of line 45(e)) .....					
47 Total lobbying expenditures .....					
48 Grassroots nontaxable amount .....					
49 Grassroots ceiling amount (150% of line 48(e)) .....					
50 Grassroots lobbying expenditures .....					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

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

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

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

Yes	No	Amount



51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a	Transfers from the reporting organization to a noncharitable exempt organization of:		
	(i) Cash		X
	(ii) Other assets		X
b	Other transactions:		
	(i) Sales or exchanges of assets with a noncharitable exempt organization		X
	(ii) Purchases of assets from a noncharitable exempt organization		X
	(iii) Rental of facilities, equipment, or other assets		X
	(iv) Reimbursement arrangements		X
	(v) Loans or loan guarantees		X
	(vi) Performance of services or membership or fundraising solicitations		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees		X
d	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:		

[illegible]

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

[illegible]

51-0528943

**Federal Statements**

FYE: 6/30/2008

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

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

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

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

51-0528943

**Federal Statements**

FYE: 6/30/2008

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

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

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

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

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

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
Expenses	\$	\$	\$	\$
COMM OF MASS FILING FEES	70		70	
MANAGEMENT FEES	71,068		71,068	
MEDIATION SERVICES	1,600		1,600	
OFFICE EXPS	6,132		6,132	
OTHER PROFESSIONAL FEES	1,588		1,588	
Total	<u>\$ 80,458</u>	<u>\$ 0</u>	<u>\$ 80,458</u>	<u>\$ 0</u>

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

<u>Description</u>	<u>Beginning of Year</u>	<u>Accum Depr</u>	<u>End of Year</u>	<u>Accum Depr</u>
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>	<u>\$ 237,374</u>	<u>\$ 7,197,819</u>	<u>\$ 479,623</u>

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

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

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

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

**Federal Statements**

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

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

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

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

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

Description	Amount
Book / Tax Deprec Difference	\$ 242,249
Total	\$ 242,249

**FEOFFEES OF THE GRAMMAR SCHOOL**

Financial Statements

June 30, 2008

# FEOFFEES OF THE GRAMMAR SCHOOL

## Table of Contents

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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, 2008	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

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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.

*Dan Clasby & Company*

March 6, 2009

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## FEOFFEEES OF THE GRAMMAR SCHOOL

## Statement of Financial Position

June 30, 2008

Assets

## Current assets:

Cash	\$ 53,381
Accounts receivable	<u>101,691</u>
Total current assets	<u>155,072</u>

## Property, betterments and equipment:

Sewer betterments	6,697,342
Electric betterments	498,584
Furniture and fixtures	<u>1,893</u>
	7,197,819
Less accumulated amortization and depreciation	<u>479,623</u>

Net property betterments and equipment 6,718,196

Land and buildings, Note 1 -

Total Assets \$ 6,873,268

Liabilities and Net Assets

## Current liabilities:

Note payable - current portion	\$ 176,000
Accounts payable	138,611
Accrued interest	26,895
Deferred rent collections	<u>66,596</u>
Total current liabilities	408,102

Long term debt, net of current portion 5,966,674

Total liabilities 6,374,776

## Contingencies

## Net assets unrestricted:

Undesignated	448,492
Designated	<u>50,000</u>
Total net assets	<u>498,492</u>

Total Liabilities and Net Assets \$ 6,873,268

See accompanying notes to the financial statements.

# FEOFFEES OF THE GRAMMAR SCHOOL

## Statement of Activities

For the Year Ended June 30, 2008

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total</u>
Support and Revenue:			
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	<u>3,080</u>	<u>-</u>	<u>3,080</u>
Total support and revenue	<u>1,489,075</u>	<u>-</u>	<u>1,489,075</u>
Expenses:			
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>	<u>-</u>	<u>70</u>
Total expenses	<u>986,304</u>	<u>-</u>	<u>986,304</u>
Change in net assets before interest, amortization and depreciation and gift to Town of Ipswich Public Schools	<u>502,771</u>	<u>-</u>	<u>502,771</u>
Interest expense	479,663	-	479,663
Amortization and depreciation	<u>242,249</u>	<u>-</u>	<u>242,249</u>
	<u>721,912</u>	<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	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	( 219,141)	-	( 219,141)
Net assets, beginning of year	<u>667,633</u>	<u>50,000</u>	<u>717,633</u>
Net assets, end of year	\$ <u>448,492</u>	\$ <u>50,000</u>	\$ <u>498,492</u>

See accompanying notes to the financial statements.

## FEOFFEES OF THE GRAMMAR SCHOOL

## Statement of Cash Flows

For the Year Ended June 30, 2008

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

See accompanying notes to the financial statements.

## 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:

<u>Year</u>	<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>

**FEOFFEEES 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.

Massachusetts Office of the Attorney General  
Division of Public Charities

FORM PC

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

Report for the Fiscal Period: Beginning 07 / 01 / 08 Ending 06 / 30 / 09

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

Attorney General's Acct. No. 042372 Federal ID Number 51-0528943  
When did the organization first engage in charitable work in Massachusetts? 11 / 14 / 1650  
Has the organization applied for or been granted IRS tax exempt status? Yes      No X  
If yes, Date of Application:      /      /      OR Date of Determination Letter:      /      /       
IRS Exemption under 501(c):      Check box if No IRS Exemption X  
If exempt under 501(c), are contributions to the organization tax deductible as charitable contributions? Yes      No N/A

ORGANIZATION DATA			
Name: FEOFFEEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH			
Mailing Address: P.O. BOX 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	

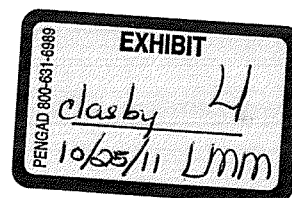
In the section below, please enter the appropriate codes from the corresponding tables found on pages 12 and 13:

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

Please check box if final return  
Prior to dissolution

☐

Payment Received  
Office Use Only





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

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

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

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

5. Summary of Financial Data		Amounts
A	Contributions, gifts, grants, and similar amounts received	\$ -
B	Gross Support and Revenue	\$ 1,167,403
C	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
H	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	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						

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

## FORM PC

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

	Name	Amount of Compensation	Type of Service(s)
1	MACLEAN, HOLLOWAY DOHERTY P.C.	191,274	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	Address	Phone Number
FIRST NATIONAL BANK OF IPSWICH	31 MARKET ST, IPSWICH, MA	(800) 834-0046
INSTITUTION FOR SAVINGS	2 DEPT SQ, IPSWICH, MA	(978) 356-5400

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

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

Street Address	City, State	Zip
37 BAY ROAD	IPSWICH, MA	01938

12. Name address and telephone number of Contact Person:

Name	Street Address	City, State, Zip	Telephone Number
PETER FOOTE	401 COLONIAL DR	IPSWICH, MA 01938	(978) 356-4411

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

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

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

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

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

FORM PC

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Signature of president or other authorized officer or trustee

Title

Date

DAN CLASBY & COMPANY

Name of Preparer

100 CUMMINGS CENTER #238C, BEVERLY, MA 01915

Address

(978) 922-9900

Phone Number

FEOFFEES OF THE GRAMMAR SCHOOL IN THE TOWN OF IPSWICH

FORM PC ATTACHMENTS

FED ID# 51-0528943

FYE 6/30/09

Q 17 & 18

Alexander B C Mulholland Jr. PO Box 587 Ipswich, MA 01938	Chairman
James Foley 25 Meadowview Lane Ipswich, Ma 01938	Member
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

## FOR FORM PC PURPOSES

Form **8868**

(Rev. April 2009)

Department of the Treasury  
Internal Revenue Service**Application for Extension of Time To File an  
Exempt Organization Return**

OMB No. 1545-1709

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

**Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.****Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).**A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

**Electronic Filing (e-file).** Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on e-file for Charities & Nonprofits.

Type or print File by the due date for filing your return. See instructions.	Name of Exempt Organization <b>FEOFFEES OF THE GRAMMER SCHOOL IN THE TOWN OF IPSWICH</b>	Employer identification number <b>51-0528943</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>P. O. BOX 166</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>IPSWICH MA 01938</b>	

**Check type of return to be filed (file a separate application for each return):**

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                              | <input type="checkbox"/> Form 8870 |

• The books are in the care of ▶ **PETER FOOTE**Telephone No. ▶ **978-356-4411** FAX No. ▶• If the organization does not have an office or place of business in the United States, check this box ☐

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **2/15/10**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ▶ ☐ calendar year  or  
 ▶ ☒ tax year beginning **7/01/08**, and ending **6/30/09**.

2 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$
c <b>Balance Due.</b> Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

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

Form **8868** (Rev. 4-2009)

Form **990**Department of the Treasury  
Internal Revenue Service**Return of Organization Exempt From Income Tax**

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

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

**2008****Open to Public Inspection****A** For the 2008 calendar year, or tax year beginning 7/01/08 and ending 6/30/09**B** Check if applicable:☐ Address change☐ Name change☐ Initial return☐ Termination☐ Amended return☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

**C** Name of organization FEOFFEES OF THE GRAMMER SCHOOL  
IN THE TOWN OF IPSWICH

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address)

P. O. BOX 166

Room/suite

City or town, state or country, and ZIP + 4

IPSWICHMA 01938**F** Name and address of principal officer:PETER FOOTE401 COLONIAL DRIPSWICHMA 01938**D** Employer identification number51-0528943**E** Telephone number**G** Gross receipts 1,167,403**H(a)** Is this a group return for

affiliates?

☐ Yes☒ No**H(b)** Are all affiliates

included?

☐ Yes☐ No

If "No," attach a list. (see instructions)

**I** Tax-exempt status: 501(c) ( 0 ) ◀ (insert no.) 4947(a)(1) or 527**J** Website: N/A**H(c)** Group exemption number ▶**K** Type of organization: ☐ Corporation ☒ Trust ☐ Association ☐ Other ▶**L** Year of formation: 1650**M** State of legal domicile: MA**Part I Summary**

Activities & Governance		Revenue		Expenses		Net Assets or Fund Balances	
1 Briefly describe the organization's mission or most significant activities: <u>To hold certain real property in the Town of Ipswich and manage the property through the collection of rents and payments of expenses with the net earnings to be distributed to the Town of Ipswich School Department.</u>							
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.							
3 Number of voting members of the governing body (Part VI, line 1a)		<u>3</u>	<u>7</u>				
4 Number of independent voting members of the governing body (Part VI, line 1b)		<u>4</u>					
5 Total number of employees (Part V, line 2a)		<u>5</u>	<u>0</u>				
6 Total number of volunteers (estimate if necessary)		<u>6</u>	<u>0</u>				
7a Total gross unrelated business revenue from Part VIII, line 12, column (C)		<u>7a</u>					
b Net unrelated business taxable income from Form 990-T, line 34		<u>7b</u>	<u>0</u>				
		Prior Year	Current Year				
8 Contributions and grants (Part VIII, line 1h)							
9 Program service revenue (Part VIII, line 2g)			<u>1,166,569</u>				
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		<u>3,080</u>	<u>834</u>				
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		<u>154,138</u>					
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		<u>157,218</u>	<u>1,167,403</u>				
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)							
14 Benefits paid to or for members (Part IX, column (A), line 4)							
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)							
16a Professional fundraising fees (Part IX, column (A), line 11e)							
b Total fundraising expenses (Part IX, column (D), line 25) ▶							
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)		<u>376,359</u>	<u>1,195,870</u>				
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)		<u>376,359</u>	<u>1,195,870</u>				
19 Revenue less expenses. Subtract line 18 from line 12		<u>-219,141</u>	<u>-28,467</u>				
		Beginning of Year	End of Year				
20 Total assets (Part X, line 16)		<u>6,873,268</u>	<u>6,660,244</u>				
21 Total liabilities (Part X, line 26)		<u>6,374,776</u>	<u>6,245,264</u>				
22 Net assets or fund balances. Subtract line 21 from line 20		<u>498,492</u>	<u>414,980</u>				

**Part II Signature Block**

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

**Sign Here**

Signature of officer PETER FOOTE Date TREASURER

Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature Daniel E. Clasby Date 2/01/10 Check if self-employed ☒ Preparer's identifying number (see instructions) 029-36-4753

Firm's name (or yours if self-employed), address, and ZIP + 4 Dan Clasby & Company EIN 04-3395132

100 Cummings Center Suite 238C Phone 978-922-9900

Beverly, MA 01915 no. ▶

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

DAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2008)



**Part III** Statement of Program Service Accomplishments (see instructions)

1 Briefly describe the organization's mission:

To hold certain real property in the Town of Ipswich and manage the property through the collection of rents and payments of expenses with the net earnings to be distributed to the Town of Ipswich School Department.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 918,220 including grants of\$ ) (Revenue \$ 1,166,569 )

To hold certain real property in the Town of Ipswich and manage the property through the collection of rents and payments of expenses with the net earnings to be distributed to the Town of Ipswich School Department.

4b (Code: ) (Expenses \$ including grants of\$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ including grants of\$ ) (Revenue \$ )

4d Other program services. (Describe in Schedule O.)

(Expenses \$ including grants of\$ ) (Revenue \$ )

4e Total program service expenses \$ 918,220 (Must equal Part IX, Line 25, column (B).)

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Is the organization required to complete Schedule B, Schedule of Contributors?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 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	<input type="checkbox"/>	<input type="checkbox"/>
6 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 Schedule D, Part I	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9 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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10 Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14a Did the organization maintain an office, employees, or agents outside of the U.S.?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b 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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19 Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
23 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	<input type="checkbox"/>	<input type="checkbox"/>
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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
28 During the tax year, did any person who is a current or former officer, director, trustee, or key employee:		
a 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		X
28a		X
b Have a family member who had a direct or indirect business relationship with the organization? If "Yes," complete Schedule L, Part IV		X
28b		X
c 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		X
28c		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
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		X
30		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
31		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
32		X
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		X
33		X
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		X
34		X
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		X
35		X
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		X
36		X
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		X
37		X

Form 990 (2008)

**Part V** Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable	1a	3
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)	2b	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a	X
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 authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b	If "Yes," enter the name of the foreign country: <b>See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.</b>		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c	
6a	Did the organization solicit any contributions that were not tax deductible?	6a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?	7a	X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	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	
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g	X
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h	X
8	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	X
9	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</b>		
a	Did the organization make any taxable distributions under section 4966?	9a	X
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	X
10	<b>Section 501(c)(7) organizations.</b> Enter:		
a	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	<b>Section 501(c)(12) organizations.</b> Enter:		
a	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	
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	

**Part VII Governance, Management, and Disclosure** (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)**Section A. Governing Body and Management**

		Yes	No
For each "Yes" response to lines 2–7b below, and for a "No" response to lines 8 or 9b below, describe the 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 relationship with any other officer, director, trustee, or key employee?	2	X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	X
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4	X
5	Did the organization become aware during the year of a material diversion of the organization's assets?	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 members of the governing body?	7a	X
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	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 such chapters, 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 organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	10	X
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	11	X

**Section B. Policies**

		Yes	No
12a	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 could give rise to conflicts?	12b	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	
13	Does the organization have a written whistleblower policy?	13	X
14	Does the organization have a written document retention and destruction policy?	14	X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
a	The organization's CEO, Executive Director, or top management official?	15a	X
b	Other officers or key employees of the organization?	15b	X
	Describe the process in Schedule O. (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

**Section C. Disclosure**

17 List the states with which a copy of this Form 990 is required to be filed: MA

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: PETER FOOTE 401 COLONIAL DR. IPSWICH MA 01938 978-356-4411

**Part VII 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 compensate any officer, director, trustee, or key employee.

- | (A)<br>Name and Title | (B)<br>Average | (C)<br>Position (check all that apply) | (D)<br>Reportable | (E)<br>Reportable |
|-----------------------|----------------|--|-------------------|-------------------|
|-----------------------|----------------|--|-------------------|-------------------|

Name and title	hours per week	compensation from						compensation from related
		Fo	Hig	em	Ke	Off	Ins	

from the  
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[illegible]



**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
<b>Contributions, gifts, grants and other similar amounts</b>	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f: \$					
	h Total. Add lines 1a-1f					
<b>Program Service Revenue</b>	2a PROGRAM RENTAL INCOME		Busn. Code			
				1,166,569		1,166,569
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f		1,166,569			
	3 Investment income (including dividends, interest, and other similar amounts)		834			834
	4 Income from investment of tax-exempt bond proceeds					
5 Royalties						
<b>Other Revenue</b>	6a Gross Rents	(i) Real (ii) Personal				
	b Less: rental exps.					
	c Rental inc. or (loss)					
	d Net rental income or (loss)					
	7a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
	b Less: cost or other basis & sales exps.					
	c Gain or (loss)					
	d Net gain or (loss)					
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities. See Part IV, line 19	a				
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances	a				
	b Less: cost of goods sold	b				
	c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue		Busn. Code			
	11a					
	b					
c						
d All other revenue						
e Total. Add lines 11a-11d						
12 Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		1,167,403	0	0	1,167,403	



**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, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising 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):				
a Management	74,575		74,575	
b Legal	191,505		191,505	
c Accounting	20,653	10,653	10,000	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other	17,159	17,159		
12 Advertising and promotion				
13 Office expenses	4,303	4,303		
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	468,562	468,562		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	240,243	240,243		
23 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.)				
a WASTEWATER HAULAGE FEES	91,193	91,193		
b REPAIRS & UPKEEP	27,310	27,310		
c REAL ESTATE TAXES	19,194	19,194		
d UTILITIES	18,658	18,658		
e INSPECTIONS	6,787	6,787		
f All other expenses	10,060	8,490	1,570	
25 Total functional expenses. Add lines 1 through 24f	1,195,870	918,220	277,650	
26 Joint Costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X** Balance Sheet

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash—non-interest bearing	50,196	1	97,032
	2 Savings and temporary cash investments	3,185	2	3,208
	3 Pledges and grants receivable, net		3	
	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		5	
	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	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	
	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 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	6,873,268	16	6,660,244	
<b>Liabilities</b>	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	
	21 Escrow account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified 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	25	6,000,721
	26 <b>Total liabilities.</b> Add lines 17 through 25	6,374,776	26	6,245,264
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	498,492	27	414,980
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 <b>Total net assets or fund balances</b>	498,492	33	414,980
	34 <b>Total liabilities and net assets/fund balances</b>	6,873,268	34	6,660,244

**Part XI** Financial Statements and Reporting

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?	2a	X
b Were the organization's financial statements audited by an independent accountant?	2b	X
c If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X
b If "Yes," did the organization undergo the required audit or audits?	3b	

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

Attach to Form 990. To be completed by organizations that  
answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

OMB No. 1545-0047

2008

Open to Public  
Inspection

Name of the organization

FEOFFEES OF THE GRAMMER SCHOOL  
IN THE TOWN OF IPSWICH

Employer identification number

51-0528943

**Part I 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
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- |   |  |
|---|--|
| <input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure) | <input type="checkbox"/> Preservation of an historically important land area |
| <input type="checkbox"/> Protection of natural habitat                                      | <input type="checkbox"/> Preservation of certified historic structure        |
| <input type="checkbox"/> Preservation of open space   |  |

- 2 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.

	Held at the End of the Year
2a	
2b	
2c	
2d	

- a Total number of conservation easements
- b Total acreage restricted by conservation easements
- c Number of conservation easements on a certified historic structure included in (a)
- d Number of conservation easements included in (c) acquired after 8/17/06
- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year
- 4 Number of states where property subject to conservation easement is located
- 5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No
- 6 Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year
- 7 Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year \$
- 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No
- 9 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
- 2 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

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition d ☐ Loan or exchange programs  
 b ☐ Scholarly research e ☐ Other \_\_\_\_\_  
 c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Trust, Escrow and Custodial Arrangements.** Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

**Part V Endowment Funds.** Complete if organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment ▶ \_\_\_\_\_ %  
 b Permanent endowment ▶ \_\_\_\_\_ %  
 c Term endowment ▶ \_\_\_\_\_ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIV the intended uses of the organization's endowment funds.

**Part VI Investments—Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other		7,197,819	719,866	6,477,953
<b>Total.</b> Add lines 1a–1e. (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				6,477,953



**Part XI** Reconciliation of Change in Net Assets from Form 990 to Financial Statements

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	
10	Excess or (deficit) for the year per financial statements. Combine lines 3 and 9	10	-28,467

**Part XII** Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	449,971
e	Add lines 2a through 2d	2e	449,971
3	Subtract line 2e from line 1	3	1,167,403
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue. Add lines 3 and 4c. (This should equal Form 990, Part I, line 12.)	5	1,167,403

**Part XIII** Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	1,645,841
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Losses reported on Form 990, Part IX, line 25	2c	
d	Other (Describe in Part XIV)	2d	449,971
e	Add lines 2a through 2d	2e	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:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses. Add lines 3 and 4c. (This should equal Form 990, Part I, line 18.)	5	1,195,870

**Part XIV** Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b.

Part XI, Line 8 - Reconciliation of Changes - Other

REAL ESTATE TAXES COLLECTED NETTED AGAINST EXPENSE \$ 449,971

REAL ESTATE TAXES COLLECTED NETTED AGAINST EXPENSE \$ -449,971

Part XII, Line 2d - Revenue Amounts Included in Financials - Other

REAL ESTATE TAXES COLLECTED NETTED AGAINST EXPENSE \$ 449,971

## Part XIV Supplemental Information (continued)

Part XIII, Line 2d - Expense Amounts Included in Financials - Other

REAL ESTATE TAXES COLLECTED NETTED AGAINST EXPENSE \_ \_ \_ \$ \_ \_ 449,971

Schedule D (Form 990) 2008

51-0528943

## Federal Statements

### Form 990 - Federal General Footnote

#### Description

THIS 990 IS PREPARED FOR FORM PC PURPOSES ONLY.



**FEOFFEES OF THE GRAMMAR SCHOOL  
AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2009**

# FEOFFEES OF THE GRAMMAR SCHOOL AND AFFILIATE

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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.

*Dan Clasby & Company*

January 22, 2010

**FEOFFEEES OF THE GRAMMAR SCHOOL AND AFFILIATE**

Consolidated Statement of Financial Position

June 30, 2009

Assets

Current assets:

Cash	\$ 100,240
Accounts receivable	<u>82,051</u>
Total current assets	<u>182,291</u>

Property, betterments and equipment:

Sewer betterments	6,697,342
Electric betterments	498,584
Furniture and fixtures	<u>1,893</u>
	7,197,819
Less accumulated amortization and depreciation	<u>719,866</u>

Net property, betterments and equipment	<u>6,477,953</u>
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Land and buildings, Note 1	<u>-</u>
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Total Assets	<u>\$ 6,660,244</u>
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Liabilities and Net Assets

Current liabilities:

Current portion of long-term debt	\$ 190,000
Accounts payable	185,096
Accrued interest	34,055
Payments received in advance	<u>59,447</u>
Total current liabilities	468,598

Long-term debt, net of current portion	<u>5,776,666</u>
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Total liabilities	<u>6,245,264</u>
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Commitments and contingencies

Net assets:

Net assets - unrestricted	<u>414,980</u>
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Total net assets	<u>414,980</u>
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Total Liabilities and Net Assets	<u>\$ 6,660,244</u>
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See notes to consolidated financial statements.

**FEOFFEES OF THE GRAMMAR SCHOOL AND AFFILIATE**

Consolidated Statement of Activities

For the year ended June 30, 2009

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

See notes to consolidated financial statements.

**FEOFFEES OF THE GRAMMAR SCHOOL AND AFFILIATE**

Consolidated Statement of Cash Flows

For the year ended June 30, 2009

Cash flows from operating activities:	
Change in net assets	\$( 28,467)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
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	<u>218,007</u>
Cash flows from investing activities	<u>-</u>
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	<u>58,241</u>
Cash and cash equivalents, end of year	\$ <u>100,240</u>
Supplemental cash flow information:	
Interest paid	\$ <u>461,402</u>

See notes to consolidated financial statements.

## FEOFFEES OF THE GRAMMAR SCHOOL AND AFFILIATE

### 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.

FEOFFEES OF THE GRAMMAR SCHOOL AND AFFILIATE

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	<u>4,868,666</u>
Total	\$ <u>5,966,666</u>

**(3) Contingencies and litigation**

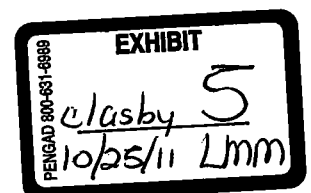
There is pending litigation regarding alleged right of occupancy of certain tenants located at Little Neck in Ipswich, Massachusetts.

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.

Feoffees of the Grammar School  
Proforma Income Statements  
Years Ended October 31,

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>	<u>2014</u>	<u>2015</u>
Support and revenue:					
Tenant and leaseholder rents	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536
Wastewater revenues					
Wastewater overhead and maintenance fees - tenants					
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	12,750	17,250	17,250	18,000	18,000
Institution for Savings note	433,264	416,926	399,280	380,222	359,639
Erosion note	39,500	49,047	44,677	40,037	35,111
	485,514	483,223	461,207	438,259	412,750
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					
Repairs and maintenance	36,000	37,800	39,690	41,675	43,758
Inspections					
Insurance	6,000	6,300	6,615	6,946	7,293
Police details	6,000	6,300	6,615	6,946	7,293
Engineering consulting costs (included in other professional fees)	-	-	-	-	-
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



Feoffees of the Grammar School  
Proforma Income Statements  
Years Ended October 31,

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Support and revenue:					
Tenant and leaseholder rents	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536
Wastewater revenues					
Wastewater overhead and maintenance fees - tenants					
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
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
Cleaning services					
Repairs and maintenance	36,000	37,800	39,690	41,675	43,758
Inspections					
Insurance	6,000	6,300	6,615	6,946	7,293
Police details	6,000	6,300	6,615	6,946	7,293
Engineering consulting costs (included in other professional fees)	-	-	-	-	-
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	128,636	116,664	272,917	372,581	378,636
Provision for loan losses	-	-	-	-	-
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

Feoffees of the Grammar School  
Proforma Income Statements  
Years Ended October 31,

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Support and revenue:					
Tenant and leaseholder rents	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536	\$ 1,075,536
Wastewater revenues					
Wastewater overhead and maintenance fees - tenants					
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
	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	-	-	-	-	-
Repairs and maintenance	36,000	37,800	39,690	41,675	43,758
Inspections	-	-	-	-	-
Insurance	6,000	6,300	6,615	6,946	7,293
Police details	6,000	6,300	6,615	6,946	7,293
Engineering consulting costs (included in other professional fees)	-	-	-	-	-
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	168,136	165,711	317,594	412,618	413,747
Provision for loan losses	-	-	-	-	-
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

Feoffees of the Grammar School  
Proforma Income Statements  
Years Ended October 31,

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Support and revenue:					
Tenant and leaseholder rents	\$ 1,075,536	\$ -	\$ -	\$ -	\$ -
Wastewater revenues					
Wastewater overhead and maintenance fees - tenants					
Investment income	-	93,906	91,297	88,527	85,586
Interest income on purchase note	-	1,488,550	1,488,550	1,488,550	1,488,550
Mortgage interest income					
Total support and revenue	<u>1,075,536</u>	<u>1,582,456</u>	<u>1,579,847</u>	<u>1,577,077</u>	<u>1,574,136</u>
Interest expense on bank notes:					
Eastern Bank note	680	-	-	-	-
Cambridge Savings Bank mortgage	330,000	249,399	242,080	278,015	270,709
	<u>330,680</u>	<u>249,399</u>	<u>242,080</u>	<u>278,015</u>	<u>270,709</u>
Net support and revenue before operating expenses	<u>744,856</u>	<u>1,333,057</u>	<u>1,337,767</u>	<u>1,299,062</u>	<u>1,303,427</u>
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	-	529	1,090	1,686	2,319
Loan servicing fees	-	137,274	93,034	93,034	132,534
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)	-	-	-	-	-
Office expense	6,000	-	-	-	-
Beach sampling	720	-	-	-	-
Collection costs	-	-	-	-	-
Other expenses	6,000	6,300	6,615	6,946	7,293
Total expenses	<u>286,720</u>	<u>164,103</u>	<u>121,739</u>	<u>123,716</u>	<u>165,299</u>
Operating income before provision for loan losses and depreciation and amortization	<u>458,136</u>	<u>1,168,954</u>	<u>1,216,027</u>	<u>1,175,346</u>	<u>1,138,128</u>
Provision for loan losses	-	74,427	74,427	74,427	74,427
Income before depreciation and amortization	<u>458,136</u>	<u>1,094,526</u>	<u>1,141,600</u>	<u>1,100,918</u>	<u>1,063,701</u>
Depreciation and amortization	<u>240,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>\$ 217,893</u>	<u>\$ 1,094,526</u>	<u>\$ 1,141,600</u>	<u>\$ 1,100,918</u>	<u>\$ 1,063,701</u>

**Feoffees of the Grammar School**  
**Proforma Income Statements**  
**Years Ended October 31,**

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>
Support and revenue:					
Tenant and leaseholder rents	\$ 1,075,536	\$ -	\$ -	\$ -	\$ -
Wastewater revenues					
Wastewater overhead and maintenance fees - tenants		28,861	30,208	31,638	33,156
Investment income	-	93,096	91,297	88,527	85,586
Interest income on purchase note	-	1,157,761	1,157,761	1,157,761	1,157,761
Mortgage interest income					
Total support and revenue	<u>1,075,536</u>	<u>1,279,717</u>	<u>1,279,266</u>	<u>1,277,926</u>	<u>1,276,503</u>
Interest expense on bank notes:					
Eastern Bank note	680	-	-	-	-
Cambridge Savings Bank mortgage	330,000	-	-	-	-
	<u>330,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net support and revenue before operating expenses	<u>744,856</u>	<u>1,279,717</u>	<u>1,279,266</u>	<u>1,277,926</u>	<u>1,276,503</u>
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
Loan 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)	-	-	-	-	-
Office expense	6,000	-	-	-	-
Beach sampling	720	-	-	-	-
Collection costs	-	-	-	-	-
Other expenses	6,000	6,300	6,615	6,946	7,293
Total expenses	<u>286,720</u>	<u>153,770</u>	<u>111,294</u>	<u>113,152</u>	<u>154,608</u>
Operating income before provision for loan losses and depreciation and amortization	<u>458,136</u>	<u>1,125,947</u>	<u>1,167,971</u>	<u>1,164,774</u>	<u>1,121,896</u>
Provision for loan losses	-	57,888	57,888	57,888	57,888
Income before depreciation and amortization	<u>458,136</u>	<u>1,068,059</u>	<u>1,110,083</u>	<u>1,106,886</u>	<u>1,064,007</u>
Depreciation and amortization	<u>240,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>\$ 217,893</u>	<u>\$ 1,068,059</u>	<u>\$ 1,110,083</u>	<u>\$ 1,106,886</u>	<u>\$ 1,064,007</u>

Feoffees of the Grammar School  
Proforma Income Statements  
Years Ended October 31,

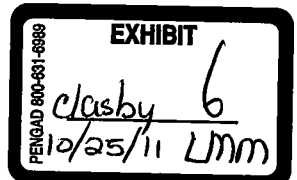
ALTERNATIVE 2C  
SALE OF ALL UNITS AS OF 11/1/11  
50% CASH AT CLOSING

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Support and revenue:					
Tenant and leaseholder rents	\$ 1,075,536	\$ -	\$ -	\$ -	\$ -
Wastewater revenues					
Wastewater overhead and maintenance fees - tenants					
Investment income		194,255	195,602	197,032	198,551
Interest income on purchase note	-	93,905	91,297	88,527	85,586
Mortgage interest income	-	826,972	826,972	826,972	826,972
Total support and revenue	<u>1,075,536</u>	<u>1,115,132</u>	<u>1,113,871</u>	<u>1,112,531</u>	<u>1,111,109</u>
Interest expense on bank notes:					
Eastern Bank note	680	-	-	-	-
Cambridge Savings Bank mortgage	330,000	-	-	-	-
	<u>330,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net support and revenue before operating expenses	<u>744,856</u>	<u>1,115,132</u>	<u>1,113,871</u>	<u>1,112,531</u>	<u>1,111,109</u>
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	-	46,126	46,350	46,589	46,842
Loan servicing fees	-	95,926	51,686	51,686	91,186
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)	-	-	-	-	-
Office expense	6,000	-	-	-	-
Beach sampling	720	-	-	-	-
Collection costs	-	-	-	-	-
Other expenses	6,000	6,300	6,615	6,946	7,293
Total expenses	<u>286,720</u>	<u>168,352</u>	<u>125,651</u>	<u>127,270</u>	<u>168,473</u>
Operating income before provision for loan losses and depreciation and amortization	<u>458,136</u>	<u>946,780</u>	<u>988,220</u>	<u>985,261</u>	<u>942,636</u>
Provision for loan losses	<u>-</u>	<u>41,349</u>	<u>41,349</u>	<u>41,349</u>	<u>41,349</u>
Income before depreciation and amortization	<u>458,136</u>	<u>905,432</u>	<u>946,871</u>	<u>943,913</u>	<u>901,287</u>
Depreciation and amortization	<u>240,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>\$ 217,893</u>	<u>\$ 905,432</u>	<u>\$ 946,871</u>	<u>\$ 943,913</u>	<u>\$ 901,287</u>

Feoffees of the Grammar School  
Proforma Subschedules  
Years Ended October 31,

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

	2011	2012	2013	2014	2015
<b>Cash</b>					
Opening balance	\$ 25,000	\$ 3,729	\$ 647	\$ 887	\$ 341
Add:					
Net income before depreciation and amortization	13,302	8,257	172,595	337,507	354,602
Erosion note proceeds	900,000				
Change in accounts payable	220,000	280,000	141,000	(1,000)	7,900
Principal payments on purchase note	-	-	-	-	-
Principal payments on mortgages receivable	-	-	-	-	-
	<u>1,133,302</u>	<u>288,257</u>	<u>313,595</u>	<u>336,507</u>	<u>362,502</u>
Deduct:					
Principal payments on Eastern Bank note	-	-	-	-	-
Erosion remediation disbursements	900,000				
Principal payments on Institution for Savings note	204,146	220,484	238,130	257,188	277,771
Principal payments on erosion note	50,427	70,855	75,225	79,865	84,791
Transfers to Investments	-	-	-	-	-
Distributions to Ipswich Public School System	-	-	-	-	-
	<u>1,154,573</u>	<u>291,339</u>	<u>313,355</u>	<u>337,053</u>	<u>362,562</u>
Ending Balance	<u>\$ 3,729</u>	<u>\$ 647</u>	<u>\$ 887</u>	<u>\$ 341</u>	<u>\$ 281</u>
<b>Accounts Payable</b>					
Opening balance	20,000	240,000	520,000	661,000	660,000
Change in accounts payable per above	<u>220,000</u>	<u>280,000</u>	<u>141,000</u>	<u>(1,000)</u>	<u>7,900</u>
Ending balance	<u>240,000</u>	<u>520,000</u>	<u>661,000</u>	<u>660,000</u>	<u>667,900</u>





Feoffees of the Grammar School  
Proforma Subschedules  
Years Ended October 31,

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

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

Feoffees of the Grammar School  
Proforma Subschedules  
Years Ended October 31,

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

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

Feoflees of the Grammar School  
Proforma Subschedules  
Years Ended October 31,

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

	2011	2012	2013	2014	2015
<b>Cash</b>					
Opening balance	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Add:					
Net income before depreciation and amortization	458,136	1,094,526	1,141,600	1,100,918	1,063,701
Principal payments on purchase note	-	42,297	44,906	47,675	50,616
Principal payments on mortgages receivable	-	-	-	-	-
	458,136	1,136,823	1,186,506	1,148,593	1,114,317
Deduct:					
Principal payments on Eastern Bank note	32,000	-	-	-	-
Principal payments on Cambridge Savings Bank mortgage	-	128,772	137,091	109,077	116,383
Transfers to investments	-	42,297	44,906	47,675	50,616
Distributions to Ipswich Public School System	426,136	964,754	1,004,509	991,841	947,318
	458,136	1,136,823	1,186,506	1,148,593	1,114,317
Ending Balance	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
<b>Cash From Sale of Units</b>					
Gross sales price	29,150,000				
Less purchase price note	1,584,266				
Cash at closing (10%)	27,565,734				
Expenses paid at closing	1,350,000				
Cash available at closing	1,406,573				
Debt reduction:					
Cambridge Savings Bank	1,406,573				
Eastern Bank	-				
Cash available for investments	-				
<b>Investments</b>					
Opening balance	-	-	42,297	87,203	134,878
Transfers from investments	-	42,297	44,906	47,675	50,616
Net 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
<b>Interest Income from Notes Receivable</b>					
Purchase price notes:					
Per amortization schedule	-	93,906	91,297	88,527	85,586
Unitholder notes:					
Principal	-	24,809,161	24,809,161	24,809,161	24,809,161
Interest rate on notes	-	6.00%	6.00%	6.00%	6.00%
	-	1,488,550	1,488,550	1,488,550	1,488,550
<b>Net Assets</b>					
Gain on sale of lots:					
Gross sales price:	27,565,734				
Units under purchase and sale (158)	1,584,266				
Purchase price note	29,150,000				
Cash paid at "closing"	400,000				
Engineering and legal	220,000				
Contingencies	730,000				
Monies to lessees	1,350,000				
Net book value of betterments transferred to Homeowners Assoc.	27,800,000				
Net increase in net assets from sale	21,862,594				
<b>Loan Servicing Fees</b>					
Initial set-up fees	44,240				
Exit fees	-	-	-	-	39,500
Monthly servicing fees:					
Average principal outstanding	24,809,161	24,809,161	24,809,161	24,809,161	24,809,161
Rate	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%
	93,034	93,034	93,034	93,034	93,034
	137,274	93,034	93,034	132,534	
<b>Investment Management Fees</b>					
Principal under management	-	42,297	87,203	134,878	185,494
Fee	-	529	1,090	1,686	2,319

Feoffees of the Grammar School  
Proforma Subschedules  
Years Ended October 31,

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

		2011	2012	2013	2014	2015
<b>Cash</b>						
Opening balance		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Add:						
Net income before depreciation and amortization		458,136	1,068,059	1,110,083	1,106,886	1,064,007
Principal payments on purchase note		-	42,297	44,905	47,675	50,616
Principal payments on mortgages receivable		458,136	1,110,356	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		-	42,297	44,905	47,675	50,616
Transfers to investments		426,136	1,068,059	1,110,083	1,106,886	1,064,007
Distributions to Ipswich Public School System		458,136	1,110,356	1,154,988	1,154,561	1,114,623
Ending Balance		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
<b>Cash From Sale of Units</b>						
Gross sales price	29,150,000					
Less purchase price note	1,584,266					
	<u>27,565,734</u>					
Cash at closing (30%)	8,269,720					
Expenses paid at closing	1,350,000					
Cash available at closing	6,919,720					
Debt reduction:						
Cambridge Savings Bank	6,000,000					
Eastern Bank	<u>6,000,000</u>					
Cash available for investments	919,720					
<b>Investments</b>						
Opening balance	-	919,720	962,017	1,006,922	1,054,597	1,054,597
Transfers from investments	-	42,297	44,905	47,675	50,616	50,616
Available for earnings	-	962,017	1,006,922	1,054,597	1,105,213	1,105,213
Investment return rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment earnings	-	28,861	30,208	31,638	33,156	33,156
<b>Interest Income from Notes Receivable</b>						
Purchase price notes:						
Per amortization schedule	-	93,905	91,297	88,527	85,586	85,586
Unitholder notes:						
Principal	-	19,296,014	19,296,014	19,296,014	19,296,014	19,296,014
Interest rate on notes	-	6.00%	6.00%	6.00%	6.00%	6.00%
	-	1,157,761	1,157,761	1,157,761	1,157,761	1,157,761
<b>Net Assets</b>						
Gain on sale of lots:						
Gross sales price:	27,565,734					
Units under purchase and sale (158)	1,584,266					
Purchase price note	<u>29,150,000</u>					
Cash paid at "closing"	400,000					
Engineering and legal	220,000					
Contingencies	730,000					
Monies to lessees	<u>1,350,000</u>					
	27,000,000					
Net book value of betterments transferred to Homeowners Assoc.	5,937,406					
Net increase in net assets from sale	<u>21,862,594</u>					
<b>Loan Servicing Fees</b>						
Initial set-up fees	44,240					
Exit fees	39,500					
Monthly servicing fees:						
Average principal outstanding	-	19,296,014	19,296,014	19,296,014	19,296,014	19,296,014
Rate	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%	0.3750%
	-	72,360	72,360	72,360	72,360	72,360
	-	116,600	72,360	72,360	111,860	111,860
<b>Investment Management Fees</b>						
Principal under management	-	962,017	1,006,922	1,054,597	1,105,213	1,105,213
Fee	-	10,870	11,319	11,786	12,302	12,302

Feoffees of the Grammar School  
Proforma Subschedules  
Years Ended October 31,

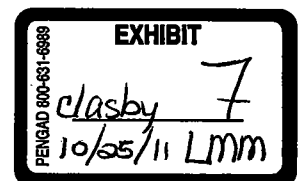
ALTERNATIVE 2C  
SALE OF ALL UNITS AS OF 11/1/11  
50% CASH AT CLOSING

		2011	2012	2013	2014	2015
<b>Cash</b>						
Opening balance		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Add:						
Net Income before depreciation and amortization		458,136	905,432	946,871	943,913	901,287
Principal payments on purchase note		-	42,297	44,905	47,575	50,616
Principal payments on mortgages receivable		-	-	-	-	-
		<u>458,136</u>	<u>947,729</u>	<u>991,776</u>	<u>991,588</u>	<u>951,903</u>
Deduct:						
Principal payments on Eastern Bank note		32,000	-	-	-	-
Principal payments on Cambridge Savings Bank mortgage		-	42,297	44,905	47,575	50,616
Transfers to investments		426,136	905,432	946,871	943,913	901,287
Distributions to Ipswich Public School System		<u>458,136</u>	<u>947,729</u>	<u>991,776</u>	<u>991,588</u>	<u>951,903</u>
Ending Balance		<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
<b>Cash From Sale of Units</b>						
Gross sales price	29,150,000					
Less purchase price note	<u>1,584,266</u>					
	<u>27,565,734</u>					
Cash at closing (50%)	<u>13,782,867</u>					
Expenses paid at closing	<u>1,350,000</u>					
Cash available at closing	<u>12,432,867</u>					
Debt reduction:						
Cambridge Savings Bank	6,000,000					
Eastern Bank	<u>-</u>					
	<u>6,000,000</u>					
Cash available for investments	<u>6,432,867</u>					
<b>Investments</b>						
Opening balance	-	6,432,867	6,475,164	6,520,069	6,567,744	6,567,744
Transfers from investments	-	42,297	44,905	47,575	50,616	50,616
Total available for earnings	-	<u>6,475,164</u>	<u>6,520,069</u>	<u>6,567,744</u>	<u>6,618,360</u>	<u>6,618,360</u>
Investment return rate	3.00%	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
Investment earnings	-	<u>194,255</u>	<u>195,602</u>	<u>197,032</u>	<u>198,551</u>	<u>198,551</u>
<b>Interest Income from Notes Receivable</b>						
Purchase price notes:						
Per amortization schedule	-	<u>93,905</u>	<u>91,297</u>	<u>88,527</u>	<u>85,586</u>	<u>85,586</u>
Unitholder notes:						
Principal	-	<u>13,782,867</u>	<u>13,782,867</u>	<u>13,782,867</u>	<u>13,782,867</u>	<u>13,782,867</u>
Interest rate on notes	-	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>6.00%</u>
	-	<u>826,972</u>	<u>826,972</u>	<u>826,972</u>	<u>826,972</u>	<u>826,972</u>
<b>Reserve for Legal and Engineering Fees</b>						
Opening balance	268,000	<u>268,000</u>	<u>268,000</u>	<u>268,000</u>	<u>268,000</u>	<u>268,000</u>
Charges to reserve						
Ending balance	268,000	<u>268,000</u>	<u>268,000</u>	<u>268,000</u>	<u>268,000</u>	<u>268,000</u>
<b>Net Assets</b>						
Gain on sale of lots:						
Gross sales price:						
Units under purchase and sale (158)	27,565,734					
Purchase price note	<u>1,584,266</u>					
	<u>29,150,000</u>					
Cash paid at "closing"						
Engineering and legal	400,000					
Contingencies	220,000					
Monies to lessees	<u>730,000</u>					
	<u>1,350,000</u>					
	<u>27,800,000</u>					
Net book value of betterments transferred to Homeowners Assoc.	<u>5,937,406</u>					
Net increase in net assets from sale	<u>21,862,594</u>					
<b>Loan Servicing Fees</b>						
Initial set-up fees		<u>44,240</u>				
Exit fees						<u>39,500</u>
Monthly servicing fees:						
Average principal outstanding	-	<u>13,782,867</u>	<u>13,782,867</u>	<u>13,782,867</u>	<u>13,782,867</u>	<u>13,782,867</u>
Rate	0.3750%	<u>0.3750%</u>	<u>0.3750%</u>	<u>0.3750%</u>	<u>0.3750%</u>	<u>0.3750%</u>
	-	<u>51,686</u>	<u>51,686</u>	<u>51,686</u>	<u>51,686</u>	<u>51,686</u>
	-	<u>95,926</u>	<u>51,686</u>	<u>51,686</u>	<u>51,686</u>	<u>91,186</u>
<b>Investment Management Fees</b>						
Principal under management	-	<u>6,475,164</u>	<u>6,520,069</u>	<u>6,567,744</u>	<u>6,618,360</u>	<u>6,618,360</u>
Fee	-	<u>46,126</u>	<u>46,350</u>	<u>46,589</u>	<u>46,842</u>	<u>46,842</u>

Feoffees of the Grammar School  
Cash Available for Distribution to Schools  
Years Ended October 31,

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>	<u>2014</u>	<u>2015</u>
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	<u>\$ (273,271)</u>	<u>\$ (283,082)</u>	<u>\$ (140,760)</u>	<u>\$ (546)</u>	<u>\$ (7,960)</u>



Feoffees of the Grammar School  
Cash Available for Distribution to Schools  
Years Ended October 31,

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<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 provision 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	<u>\$ (23,791)</u>	<u>\$ (123,701)</u>	<u>\$ (1,379)</u>	<u>\$ (12)</u>	<u>\$ (76)</u>

- - - - -

Feoffees of the Grammar School  
Cash Available for Distribution to Schools  
Years Ended October 31,

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
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	<u>\$ 16,136</u>	<u>\$ (3,799)</u>	<u>\$ 18,523</u>	<u>\$ 90,140</u>	<u>\$ 81,726</u>



Feoffees of the Grammar School  
Cash Available for Distribution to Schools  
Years Ended October 31,

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<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	<u>\$ 426,136</u>	<u>\$ 964,754</u>	<u>\$ 1,004,509</u>	<u>\$ 991,841</u>	<u>\$ 947,318</u>

Feoffees of the Grammar School  
Cash Available for Distribution to Schools  
Years Ended October 31,

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	-	-	-	-
Balance available for distribution to Ipswich Public School System	<u>\$ 426,136</u>	<u>\$ 1,068,059</u>	<u>\$ 1,110,083</u>	<u>\$ 1,106,886</u>	<u>\$ 1,064,007</u>

Feoffees of the Grammar School  
Cash Available for Distribution to Schools  
Years Ended October 31,

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

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

## COMMONWEALTH OF MASSACHUSETTS

ESSEX, SS.

PROBATE & FAMILY COURT  
NO. ES09E0094QC

ALEXANDER B.C. MULHOLLAND, JR.,  
et als., as they are THE FEOFFEEES  
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

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

## SUBPOENA DUCES TECUM

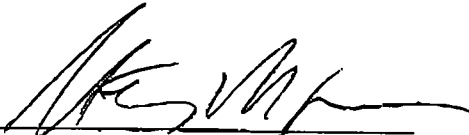
To: Daniel Clasby  
Dan Clasby & Company  
181 Elliot Street  
100 Cummings Center, Suite 238C  
Beverly, MA 01915

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](mailto:allen@casneredwards.com)  
[perry@casneredwards.com](mailto:perry@casneredwards.com)  
[brewer@casneredwards.com](mailto:brewer@casneredwards.com)

Dated: September 16, 2011



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.

SEPTEMBER 19, 2011

## 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

X *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*

  
Process Server

\*\*\*\*\*  
\*\*\* TX REPORT \*\*\*  
\*\*\*\*\*

TRANSMISSION OK

TX/RX NO 3150  
CONNECTION TEL 6177701700  
CONNECTION ID  
ST. TIME 09/16 11:06  
USAGE T 00'33  
PGS. SENT 4  
RESULT OK



CASNER & EDWARDS, LLP

ATTORNEYS AT LAW

303 Congress Street  
Boston, Massachusetts 02210

Telephone (617) 426-5900  
Facsimile (617) 426-8810  
[www.casneredwards.com](http://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.



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

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**SUBPOENA DUCES TECUM**

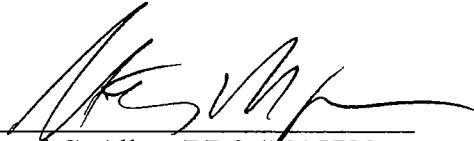
To: Daniel Clasby  
Dan Clasby & Company  
181 Elliot Street  
100 Cummings Center, Suite 238C  
Beverly, MA 01915

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.

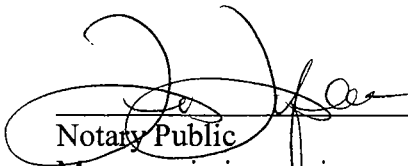
Respectfully submitted,

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](mailto:allen@casneredwards.com)  
[perry@casneredwards.com](mailto:perry@casneredwards.com)  
[brewer@casneredwards.com](mailto:brewer@casneredwards.com)

Dated: September 16, 2011



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.

COMMONWEALTH OF MASSACHUSETTS

ESSEX, SS.

PROBATE & FAMILY COURT  
NO. ES09E0094QC

ALEXANDER B.C. MULHOLLAND, JR,  
et als., as they are THE FEOFFFEES  
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

**NOTICE OF TAKING DEPOSITION**

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

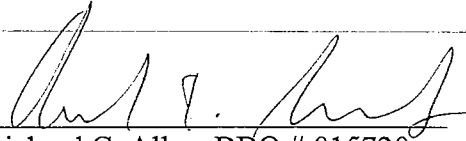
Johanna Soris, Esq.  
Commonwealth of Massachusetts  
Office of the Attorney General  
Public Charities Division  
One Ashburton Place  
Boston, MA 02108

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,

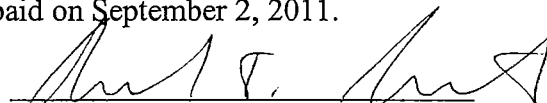


Richard C. Allen, BBO # 015720  
Stephen M. Perry, BBO # 395955  
Donna M. Brewer, BBO #545254  
Andrew T. Imbriglio, BBO #676049  
CASNER & EDWARDS, LLP  
303 Congress Street  
Boston, MA 02210  
Phone: 617-426-5900  
[allen@casneredwards.com](mailto:allen@casneredwards.com)  
[perry@casneredwards.com](mailto:perry@casneredwards.com)  
[brewer@casneredwards.com](mailto:brewer@casneredwards.com)  
[imbriglio@casneredwards.com](mailto: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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