APPENDIX A

FINANCIAL CONDITIONS OF AFFILIATED ENTITIES NOT LISTED AS OWING NOTES RECEIVABLE TO N. NOTE

The main body of this report contains a detailed discussion of the background and financial conditions of the 17 entities affiliated with N. Note that owed notes payable to N. Note. I have identified another nine entities affiliated with N. Note whose financial condition might have impacted the financial condition of N. Note.[1]

While NoteSmith records did not indicate that these entities owed money to N. Note as notes payable, some of them owed monies to N. Note for other types of obligations. The financial conditions of these entities might be relevant to understanding the financial condition of N. Note. First, some of these entities did owe money to N. Note. Second, to the extent these entities had equity or value as an entity, that value might be an independent source of increases to the equity of N. Note.[2] Third, N. Note did have control over the bank accounts of these entities. Fourth, a discussion of the financial condition of these affiliates may be helpful for comparison purposes—in showing the financial performance of these affiliates compared to the performance of affiliates that are on record as owing notes payable to N. Note. Fifth, analysis of the financial performance of these entities can show whether these affiliates had sufficient net income or net equity to assist N. Note in meeting its obligations to investors. Finally, there were particular transactions that occurred in dealings between N. Note and some of these affiliates that may be useful in understanding actions taken by and the financial condition of N. Note.

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[1] Eight of these were limited liability companies and one was a trust account associated with The Property Company.

[2] As noted in the report, N. Note generally did not record as assets its interest in affiliated entities. To the extent that the affiliates discussed in this Appendix had net equity, N. Note might be entitled to claim that net equity as an asset that could assist N. Note in meeting its promissory note obligations to investors.

For these reasons, this Appendix includes information about nine additional related entities.

1. <u>Homeland Minerals, LLC</u>:

a. *<u>Background</u>*: Homeland Minerals, LLC ("<u>Minerals</u>") was a limited liability company formed December 13, 2010. Minerals had two managers: Palmer and Reed Larsen. Palmer asserts that only 50% of Minerals was part of NNU, stating that Homeland Holding owned 50% of Minerals.[3] Palmer was a signatory on the bank accounts of Minerals. N. Note maintained the financial records of Minerals.

b. *<u>Business Operations</u>*: Except for $32.05 in cash held in a bank account, all of the $4.2 million in assets reported by Minerals were notes receivable and accounts receivable. The overwhelming share of these receivables were owed by affiliates (98.2%). The balance was owed by other parties attempting to extract precious metals from ore owned by NNU. Minerals was created to pursue N. Note's claim that valuable platinum, gold, and/or silver were embedded in and could be retrieved from ores NNU had purchased. Another affiliate, HSb Technologies ("HSb") also had a role in minerals investments and Minerals had transactions directly with HSb. The financial condition of HSb is discussed later in this Appendix.

c. *<u>Source of Funding</u>*: In 2011, NNU raised $4 million from 15 investors. These investors were given "net participation interests"—a share of the profits to come from the expected recovery of precious metals. The balance sheet for Minerals lists these 15 investors in the equity section of the balance sheet.[4] It appears that the net profit interests gave these investors priority rights to profits, not ownership of the company itself. Only a portion of the $4 million received from these investors was deposited into bank accounts of Minerals. Over half

[3] Doc. No 477. Palmer's filing did not indicate who owned the remaining 50% of Minerals.
[4] The 2011 Minerals balance sheet is at Tab 1.

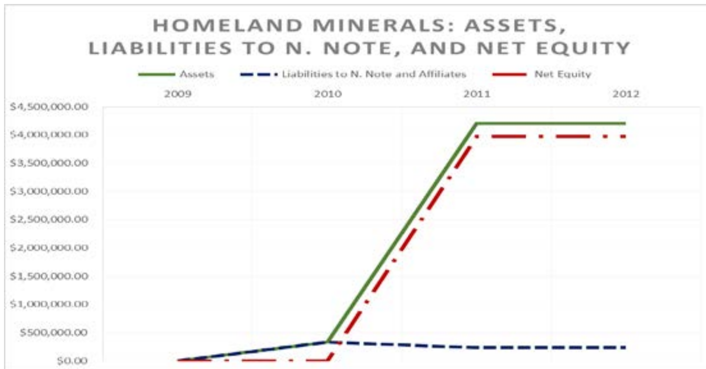
the proceeds from the sale of these net profit interests was deposited directly into the bank accounts of N. Note. In the end, Minerals retained only $104,618.79 of the $4 million. The remainder of the $4 million paid by net profit investors was transferred to other affiliated companies and Minerals received notes receivable from those affiliates—instead of cash. However, Minerals appears to have retained the obligation to pay these investors a share of any profits from the precious metals extraction. A detailed explanation of the movement of this $4 million between the bank accounts of various NNU entities and where the money ended up is included at the end of the discussion of the financials of Minerals.

d. *Financial Analysis—Equity*: Minerals valued its notes receivable and accounts receivable at $4,201,569.55. The company's liabilities consisted entirely of accounts payable and notes payable to N. Note and affiliated entities. These are shown on the following table:

Graphic No. 1

NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to N. Note**	**Net Equity**
2009	0.00	0.00	0.00
2010	333,044.00	200,794.00	0.00
2011	4,201,601.60	229,479.14	3,969,322.46
2012	4,201,601.60	229,479.14	3,968,980.46

Graphic No. 2[5]



The balance sheet of Minerals shows over $200,000.00 owed to N. Note in 2010, 2011, and 2012. This is shown on N. Note's balance sheet, but as an "advance," not as a note receivable.

The company's internal financial records appear to show positive net equity in 2011 and 2012. However, this number is based on Minerals recording $4,201,424.17 in notes receivable during those years—based on investor money that Minerals transferred to affiliated entities—without showing any liability to the net profit investors who provided the $4 million in funding for Minerals.

Minerals also was involved in transactions where it acted merely as a pass-through entity for financial transfers between other affiliates. In 2010, Minerals' balance sheet showed that it owed $132,250.00 to Holding. Minerals then loaned this same amount to HSb and recorded a note receivable from HSb. This was one link in a chain of transactions where $132,250.00 passed through at least four different entities, one of which was Minerals. This transaction is analyzed in the section of this report discussing the financial transactions of HSb.

e. *Financial Analysis—Income*: The income statement of Minerals indicates that it served only as a pass-through entity. In the four years of income statements, there was

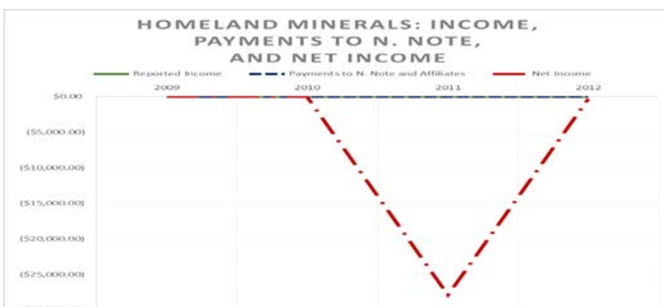
[5] Homeland Minerals Historical Financial Summary, at Tab 2.

zero income for Minerals. There were expenses in 2011 and 2012. These $28,219.54 in expenses were for licenses and permits, metals processing, laboratory expenses, professional fees to attorneys and accountants, and other operating expenses. The table below summarizes the income statements:

Graphic No. 3

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2009	0.00	0.00	0.00
2010	0.00	0.00	0.00
2011	0.00	0.00	-27,877.54
2012	0.00	0.00	-342.00
Total	**0.00**	**0.00**	**-28,219.54**

Graphic No. 4



At no point during its existence did Minerals have income, let alone positive net income. Minerals reported owning assets and having positive equity that existed only by claiming the $4 million from holders of net profit interests as equity instead of a liability.

f. *Net Profit Interests*: Fifteen investors paid $4 million in 2010 and 2011 for the purchase of "net participation interests" ("NPI")—a right to receive a share of profits anticipated from the processing of ores that NNU had purchased. These investors were listed on the balance sheet of Minerals as equity holders, although the documents creating the NPIs indicate that their interests are rights to profits, not ownership of the company. While the full $4 million in obligations to these NPI investors was recorded as capital on the books of Minerals, only a small percentage of the investor money ended up at Minerals or was used in efforts to extract precious metals from this ore. Instead, most of the money was used by N. Note to cover operating expenses and pay interest to investors. The following is a summary of where the NPI funds were transferred:

i. First Group of NPI Investors—Money Retained by National Note: In December 2010 and January 2011, $2,139,854.62 of the money from NPI investors was deposited into N. Note's "investor trust account" at Chase Bank. This is the same bank account into which new investor funds were deposited. N. Note retained this entire amount in its bank account and accounted for these deposits as follows:

a) N. Note recorded $755,381.06 of this amount as a reduction of the principal amount of a note payable to N. Note from Holding;

b) N. Note showed $1,244,618.94 being paid as interest on the note owed by Holding (for a total of $2 million reported as coming in from Holding);[6]

c) For its part, Holding recorded this $2 million amount as income during 2011, calling it a "Homeland Minerals Transaction Fee."[7]

d) N. Note recorded a debt to Holding by N. Note in the amount of $139,854.62;[8]

[6] This had the effect of reducing the amount that Holding owed to N. Note.

[7] Without this $2 million in reported income, Holding's $1,936,526.54 in net income for 2011 would have been a net loss.

[8] The effect of this entry was that N. Note kept the money but incurred an obligation to repay this amount to Holding. I do not know why N. Note created a payable to Homeland instead of just reducing further the amount that Homeland already owed to N. Note.

e) The books of Minerals were adjusted to show that Holding now owed $2,139,854.62 to Minerals.

The effects of these accounting entries and actual money flows were that: i) N. Note kept $2.1 million of the $4 million from NPI investors, ii) Minerals showed the $2.1 million as equity owed to the NPI investors, iii) Holding recorded $2 million in book-entry income that was not received in cash, and iv) Holding became liable to repay the $2.1 million to Minerals.[9]

ii. Second Group of NPI Investors—Money Retained by Homeland Minerals: A second group of NPI investors sent $1,760,000.00 to Minerals between January and July 2011. Less than 6% of this money stayed in Minerals. The following transactions were recorded:

a) $1,729,900.00 was transferred from the #1829 Minerals bank account to a second bank account at Minerals (#1803);

b) $30,000.00 was transferred to a bank account of Old Glory;

c) An additional $85,000.00 was transferred from the N. Note investor trust account (#3907) into the Minerals #1803 account, raising the balance in the #1803 account to $1,814,900.00;

d) $70,000.00 was transferred back to the N. Note investor trust account (#3907);

e) $978,024.00 was transferred to the bank account of Homeland Holding;

f) $210,321.21 was transferred to HSb Technologies; and

[9] While the financial records of Minerals showed $2,670,000.00 owed to it by Holding, Holding's balance sheet for 2011 only showed that it owed $970,000.00 to Minerals—a $1.7 million difference. This had the effect of increasing the assets of Minerals without decreasing the assets of Holding.

g) An additional $452,000.00 was transferred to Old Glory Mint.

In the end, $104,554.79 remained in the Minerals (#1803) bank account and $64.00 in the initial Minerals (#1829) account.

Together with the money sent to HSb, only $314,940.00 of the nearly $4 million (7.9%) that Minerals received from the two investor groups was available to Minerals and HSb in their attempts to extract precious metals from the ore that NNU had purchased.[10]

2. HSb Technologies, LLC

a. *Background*: HSb Technologies, LLC ("HSb"), was a limited liability company formed February 24, 2011. It was wholly owned by Minerals. Palmer and Larsen were managers of HSb. Palmer was a signatory on the company's bank accounts. N. Note maintained the financial records for Minerals.

b. *Business Operations*: HSb's assets consisted of notes receivable from a business partner, equipment, and raw materials. The company's purpose also was to extract precious metals from ore purchased by NNU. It is my understanding that the initials HSb are an acronym for Homeland Sands (black), referring to the name given to the ore that NNU owned. HSb appears to have been used primarily as a pass-through entity to pay monies to Sovren Group, LLC, a company that was partnering with NNU in this effort.

c. *Source of Funding*: HSb had no capital when it was formed. Its initial funding came from N. Note. HSb did not obtain any capital from banks or investors sending money directly to HSb. The company did, however, record significant assets that were due from Sovren. The company had no income during its existence. Its primary expenses were paying

[10] A more detailed narrative of these NPI transactions is at Tab 3.

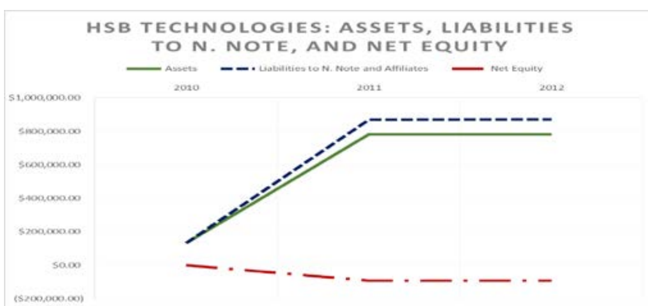
$60,000.00 to settle a lawsuit that another party had filed against Sovren and paying $24,601.24 in professional fees to others.

d. *Financial Analysis—Equity*: In 2012, HSb's assets consisted of notes receivable from Sovren,[11] equipment,[12] and raw materials.[13] Its liabilities consisted of a small amount of accounts payable and large amounts of notes payable—to N. Note and other affiliates. This is shown in the following table:

Graphic No. 5[14]

	NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to N. Note**	**Liabilities to Affiliates**	**Net Equity**
2010[15]	132,250.00	0.00	132,250.00	0.00
2011	781,735.62	68,268.97	802,487.94	-91,821.29
2012	781,709.12	68,268.97	802,896.59	-92,526.72

Graphic No. 6



As shown by this table, HSb never had positive equity. The first year of its operations, it was simply an empty pass-through entity (described below). In 2011 and 2012, it fell into the red. During these two years, HSb owed more to N. Note and its affiliates than the total value of its assets.

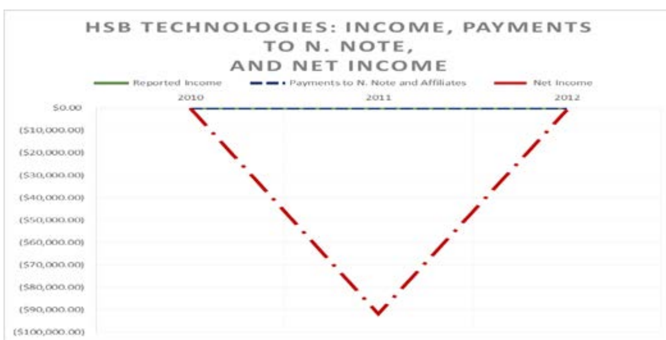
[11] In 2012, HSb's books showed that Sovren owed $508,050.19 to HSb.
[12] Equipment was valued at $10,982.70.
[13] Raw materials were valued at $262,655.54.
[14] HSb Historical Financial Summary, at Tab 4.
[15] HSb owed $132.250.00 to Minerals.

e. *Financial Analysis—Income*: The income statements of HSb also highlight the fact that the company did not engage in any actual operations. It had no income during its existence. The company paid $60,000.00 to settle a legal dispute that a third party had brought against Sovren. The income and expenses of HSb are shown below:

Graphic No. 7

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2010	0.00	0.00	0.00
2011	0.00	0.00	-91,831.29
2012	0.00	0.00	-695.43
Total	**0.00**	**0.00**	**-92,526.72**

Graphic No. 8



f. *Pass-Through Payments*: In 2010, HSb's first year of operations, its only assets and liabilities related to a pass-through transaction. For this transaction, the monies passed through several affiliates before getting to HSb. During this year, HSb loaned $132,250.00 to Sovren, the company that was to extract the precious metals from the ore. However, HSb lacked the funds to provide this money to Sovren, so HSb borrowed the funds from Minerals. Minerals, in turn, borrowed the money from Holding. So far, I have been able to trace this single 2010 transaction through four different entities as follows:

i. Sovren borrowed $132,250.00 from HSb Technologies;

ii. HSb borrowed $132,250.00 from Homeland Minerals; and

iii. Minerals borrowed $132,250.00 from Homeland Holding.

I have not been able to determine any reason for this loan to pass through all these entities. The money loaned to Sovren was never repaid.

3. Montana One, LLC:

a. *Background*: Montana One, LLC ("Montana One") was a limited liability company formed July 21, 2010. It had two members, N. Note and a company named Relli Capital. N. Note owned 80% of Montana One. Palmer managed Montana One on behalf of N. Note. N. Note maintained the financial records of Montana One. Palmer was a signatory on the bank account of Montana One.

b. *Business Operations*: Montana One was a single-purpose entity, owning a studio-size condominium located in Manhattan, Montana.

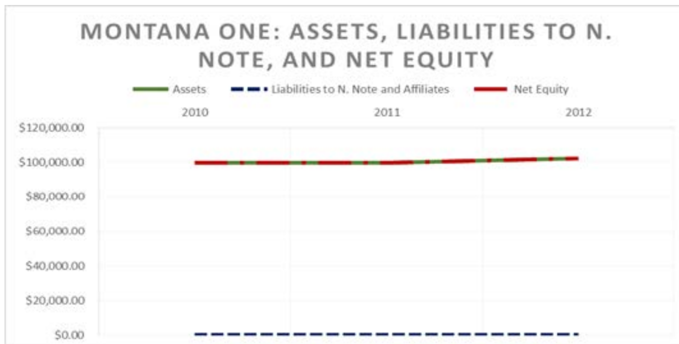
c. *Source of Funding*: The condominium was purchased for $100,000.00. There was no debt on the property. N. Note provided $80,000.00 of the purchase price and Relli Capital provided the remaining $20,000.00. This became the capital for the company. There was no debt on the property.

d. *Financial Analysis—Equity*: In 2012, the company valued the condominium at $100,000.00. The company reported no liabilities.

Graphic No. 9[16]

NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to N. Note and Affiliates**	**Net Equity**
2010	99,717.64	0.00	99,717.64
2011	99,585.09	0.00	99,585.09
2012	102,060.09	0.00	102,060.09

Graphic No. 10



The internal financial statements of Montana One reported that the company had equity—because it had ownership of the property and reported no debt on the property. However, this reported net equity failed to reflect that the property had been purchased with investor funds—which were owed to investors. N. Note purchased the condominium property in June 2010, using investor funds. In September 2010, N. Note deeded the property to Montana One without requiring that Montana One pay N. Note or give a promissory note to N. Note. As a result, Montana One owned the property without any debt tied to the purchase of the property. If Montana One had reported a debt to N. Note for the funds used to purchase the property, Montana One would have recorded no net equity.

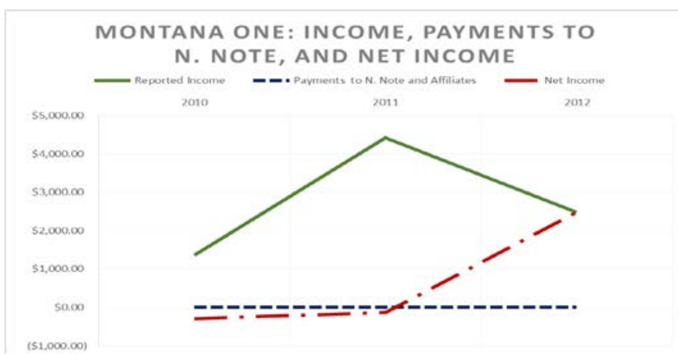
[16] Montana One Historical Financial Summary, at Tab 5.

e. *Financial Analysis—Income*: Montana One had relatively little income, $8,256.93 over three years. This income came from rental of the condominium. The expenses related to operation of the condominium. The table below summarizes the income and expenses:

Graphic No. 11

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2010	1,364.74	0.00	-282.36
2011	4,417.18	0.00	-132.55
2012	2,475.00	0.00	2,475.00
Total	**8,256.93**	**0.00**	**2,060.09**

Graphic No. 12



The company had net income, but as explained above, it did not make any debt payments. During the two years that Montana One expensed depreciation expenses, it showed an operating loss. The company showed net operating income during 2012. However, it had not yet taken depreciation for the year.

4. ND 1, LLC

a. *Background*: ND 1, LLC ("ND 1") was formed March 31, 2010 as a limited liability company. It originally had two members, Homeland Funding and Land Utah, but the company was later transferred to Old Glory Mint. The managers were Lincoln Palmer and Victor Wagner. N. Note maintained the financial records for ND 1.

b. *Business Operations*: ND 1's primary asset was a home in Temple, Georgia. The company's business consisted of collecting rents and paying expenses on that home.

c. *Source of Funding*: ND 1 had no initial capital; all of its funding came from N. Note. ND 1 listed a $3,700.00 note receivable from N. Note as an asset, but also listed a $200,000.00 note payable to N. Note.[17] The company received no funding from banks or directly from investors. Its primary income was rental income; its expenditures were for interest expenses and the ordinary costs of owning and maintaining rental property.

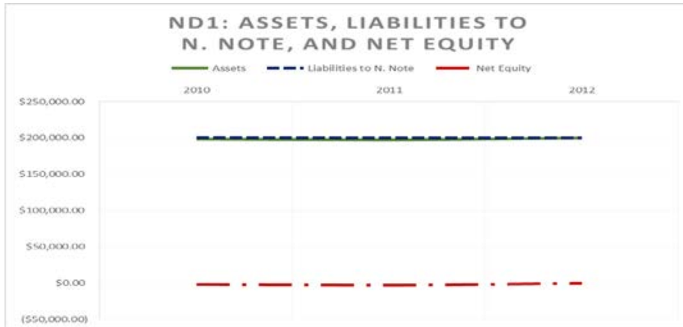
d. *Financial Analysis—Equity*: The Georgia home was purchased for $200,000.00. ND 1 carried the home on its books at a value of $195,106.00. This entity's balance sheets are simple, reflecting a short operating history and ownership of a single property.

Graphic No. 13[18]

NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to N. Note**	**Net Equity**
2010	198,761.88	200,486.96	-1,725.08
2011	197,329.92	200,000.00	-2,670.08
2012	199,942.42	200,000.00	-57.58

[17] While ND 1's balance sheet records a note payable to N. Note, NoteSmith records did not show any notes payable from ND 1.
[18] ND 1 Historical Financial Summary, at Tab 6.

Graphic No. 14



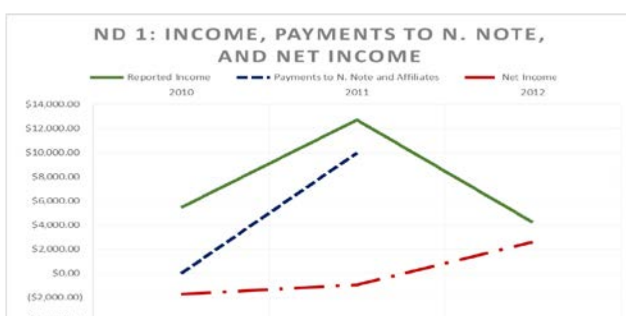
While the assets and liabilities were nearly equal, ND 1 still showed negative equity each year.

e. *Financial Analysis—Income*: The company's income and expenses are summarized in the following table:

Graphic No. 15

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2010	5,467.74	0.00	-1,725.08
2011	12,718.50	10,000.00	-945.00
2012	4,252.50		2,612.50
Total	**22,438.74**	**10,000.00**	**-57.58**

Graphic No. 16



The company had net income in one year (2012), but that was without making any debt payments. Overall losses were minimally negative at -$57.58. If ND 1 had been required to make debt payments consistently, its net losses would have been even greater. In 2012, the $200,000.00 debt that ND 1 owed to N. Note was transferred to Old Glory Mint in partial satisfaction of amounts that N. Note owed to Old Glory.[19]

5. Passport Properties, LC

a. *Background*: Passport Properties, LC ("Passport") was formed August 14, 1995 as a limited liability company. However, the first financial records I have found for the company were for 2002. The company had two members, Palmer and his brother, Danny R. Palmer. Both were listed as managers of the company. The financial records of Passport were maintained by N. Note.

b. *Business Operations*: Passport's assets consisted of notes payable from Palmer's siblings and from N. Note as well as Passport's ownership of another affiliate, Pedigree Properties. The company's articles of organization stated that its business purposes was to buy and sell real and personal property. However, it appears that Passport's primary business consisted of receiving and holding investment distributions intended for one of Palmer's siblings (which was to be paid to Pedigree Properties).

c. *Source of Funding*: I believe that Passport's source of funding was N. Note. The financial records provide no indication that Passport had any bank loans or that any investors sent their money directly to Passport. The company's income came from investment distributions from N. Note. Its expenditures were primarily for commissions and interest.

[19] This change was made on the financial statements of N. Note and Old Glory. However, ND 1's financial records still showed this amount as being owed to N. Note.

d. *Financial Analysis—Equity*: Passport valued its assets at approximately $98,000.00. There were minimal amounts owed to N. Note, minimal amounts due from to N. Note, and no amounts paid to N. Note.[20] Its balance sheet is summarized in the following table.

Graphic No. 17

NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to N. Note and Affiliates**	**Net Equity**
2002	6,637.94	1,000.00	8,344.42
2003	6,545.94	1,000.00	13,052.42
2004	7,248.94	1,000.00	18,155.42
2005	7,526.94	1,000.00	23,233.42
2006	29,303.42	1,000.00	28,303.42
2007	34,433.42	1,000.00	33,433.42
2008	39,264.44	1,000.00	38,264.44
2009	45,142.35	0.00	45,142.35
2010	92,985.35	42,416.00	50,569.35
2011	97,785.35	42,416.00	55,369.35
2012	97,785.35	42,416.00	55,369.35

e. *Financial Analysis—Income*: The company had minimal income and expenses. The income was made up of investor distribution payments from N. Note:

Graphic No. 18

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2002	15,648.53	0.00	2,567.93
2003	5,250.00	0.00	4,708.00
2004	5,190.00	0.00	5,083.00
2005	5,200.00	0.00	5,078.00
2006	5,200.00	0.00	5,080.00
2007	5,200.00	0.00	5,130.00
2008	4,831.02	0.00	4,831.02

[20] Passport's financial records indicate that NNU owed it $2,000.00 in 2012. Passport Historical Financial Summary, at Tab 7. NoteSmith records indicate no monies owed by Passport to N. Note. *See* Affiliate Loan Transactions Summary at Tab 5 attached to the main report.

2009	5,226.00	0.00	5,226.00
2010	5,427.00	0.00	5,427.00
2011	4,800.00	0.00	4,800.00
2012	0.00	0.00	0.00
Total	**61,972.55**	**0.00**	**47,930.95**

6. Pedigree Properties, LC

a. *Background*: Pedigree Properties, LC ("Pedigree") was a limited liability company formed June 26, 2008. The articles of organization indicate that Palmer's brother, Mont Palmer, was the sole member. However, in a Court submission, Palmer indicated he was the 100% owner of Pedigree. N. Note maintained the financial records for this entity.

b. *Business Operations*: Pedigree appears to be another special-purpose entity created by Palmer to distribute funds to his siblings that were generated by the investment from Palmer's father. Its primary asset, as of June 2012, was a note receivable from N. Note in the amount of $87,400.00.

c. *Source of Funding*: I believe that Pedigree's source of funding was N. Note. The financial records provide no indication that Pedigree had any bank loans or that any investors sent their money directly to Pedigree. The company's sole income came from investment distributions from N. Note. Its expenditures were primarily for interest expenses, legal and accounting, and bank fees.

d. *Financial Analysis—Equity*: Financial summaries are included in the tables below.

Graphic No. 19[21]

NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to N. Note and Affiliates**	**Net Equity**
2002	780.22	5,248.25	-4,468.03
2003	485.04	5,248.25	-4,763.21
2004	424.04	5,248.25	-4,824.21
2005	550.04	5,248.25	-4,698.21
2006	649.04	5,248.25	-4,599.21
2007	577.54	5,248.25	-4,670.71
2008	91,200.29	5,248.25	85,952.04
2009	92,052.29	0.00	92,052.29
2010	93,307.29	0.00	93,307.29
2011	90,361.29	0.00	90,361.29
2012	90,342.79	0.00	90,342.79

There was a notable event beginning in 2008 that affected the assets of N. Note. Starting in 2008, Pedigree recorded as an asset an $87,400.00 note receivable from N. Note. However, there was no commensurate liability for N. Note to repay this note receivable.

e. *Financial Analysis—Income*: The company's income consisted exclusively of distributions from the investment account in the name of Palmer's father.

Graphic No. 20

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2002	52,440.00	58,500.00	-7,834.93
2003	52,440.00	0.00	52,204.82
2004	52,440.00	0.00	51,839.00
2005	52,440.00	0.00	52,136.00
2006	52,440.00	0.00	52,099.00
2007	52,440.00	0.00	51,928.50
2008	48,397.78	0.00	48,084.78
2009	10,488.00	0.00	852.00
2010	10,488.00	0.00	1,255.00

[21] Pedigree Properties Historical Financial Summary, at Tab 8.

2011	3,496.00	0.00	-2,946.00
2012	0.00	0.00	-18.50
Total	**387,509.78**	**0.00**	**299,599.67**

7. Prime Wave 1, LLC

a. *Background*: Prime Wave 1, LLC ("Prime") was formed November 2, 2005 as a limited liability company. The company commenced operations in 2006. When it was formed, Prime's articles of organization listed 16 members. These included Palmer and his wife. In his October 15, 2013 filing with the Court,[22] Palmer said as of June 2012, he owned 100% of Prime.[23] The financial records of Prime were maintained by N. Note.

b. *Business Operations*: As of June 25, 2012, Prime's assets consisted of a small amount of cash and several notes receivable from N. Note. In earlier years, Prime's assets included a partially-constructed cabin in Kanab, Utah and a franchise to sell cabin kits. Its business purpose was to hold title to the cabin.

c. *Source of Funding*: Prime's balance sheet reported that its members provided $10,105.00 in paid-in capital. Of this total, $1,535.00 reflected capital for Prime and $8,570.00 reflected capital for Traditions in Timber, an assumed business name used by Prime. Prime's records show that it owed notes payable to N. Note. In 2007, the amount owed was $214,694.74. By 2012, the amount of this payable had declined to $32,760.98.[24] I have not found any capital provided by banks. The company's primary sources of income were commissions received, interest earned, and $15,684.65 in miscellaneous income.

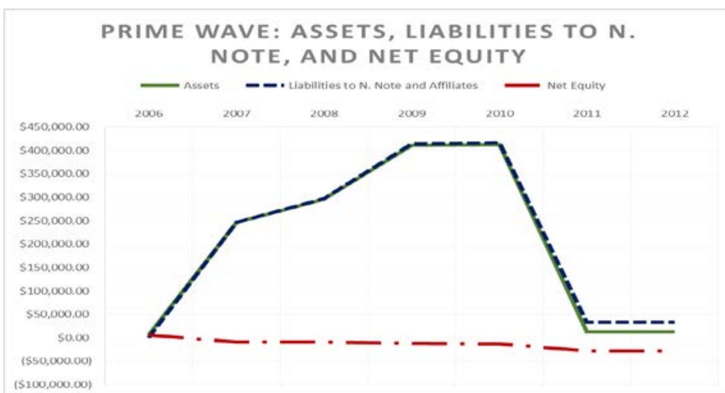
[22] Docket No. 477 at p. 25.
[23] Beginning in 2007, the balance sheet of Prime showed $8,400.00 in notes payable to the 14 original members other than Palmer and his wife. The balance sheet lists these notes payable as relating to "unit sales."
[24] This debt related to the Kanab cabin. N. Note's balance sheet recorded this obligation as an "advance."

d. *Financial Analysis—Equity*: In 2012, Prime reported assets of $13,140.70. Beginning in 2007, Prime had negative equity every year. This was a direct result of monies Prime owed to N. Note as shown on the following table:

Graphic No. 21[25]

NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to N. Note**	**Net Equity**
2006	6,484.40	0.00	6,484.40
2007	246,750.09	214,694.74	-8,459.92
2008	295,367.88	264,407.83	-9,558.54
2009	411,316.57	414,799.58	-11,883.01
2010	411,681.25	416,412.74	-13,131.49
2011	13,079.46	32,760.98	-28,081.52
2012	13,140.70	32,760.98	-28,020.28

Graphic No. 22



This table shows that not that Prime had negative equity, but its liabilities to N. Note exceeded the total value of assets every year after 2006.

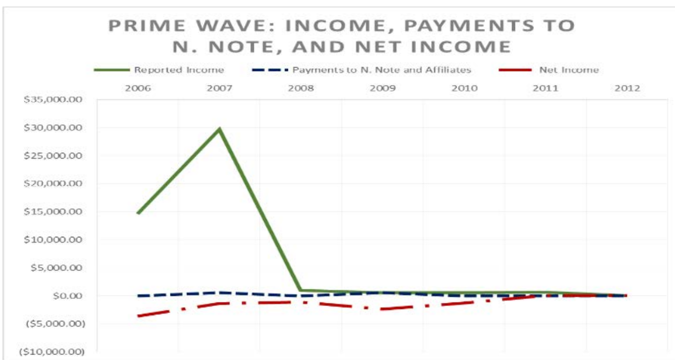
e. *Financial Analysis—Income*: Although the total amount of income and expenses were relatively small, Prime still lost money every year except 2011 and 2012—when it earned small amounts of net income ($111.24 combined). Overall, Prime's net income was negative. The operating income of Prime is shown in the following table:

[25] Prime Wave Historical Financial Summary, at Tab 9.

Graphic No. 23

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2006	14,610.11	0.00	-3,620.60
2007	29,643.25	561.73	-1,339.32
2008	1,032.08	3.32	-1,098.62
2009	542.84	587.60	-2,324.47
2010	611.68	0.00	-1,248.48
2011	689.25	0.00	49.97
2012	61.24	0.00	61.27
Total	**43,363.93**	**1,152.65**	**-9,520.28**

Graphic No. 24



8. The Property Company: Trust Account

a. *Background*: The Property Company Trust Account ("Trust") was a special-purpose bank account designed to hold earnest money and other deposits relating to the regulated brokerage activities of The Property Company, which was a licensed real estate brokerage firm. Trust's bank account had no equity and no net income. NNU maintained QuickBooks records for this account; the summaries below are provided for comparative purposes.

b. *Financial Analysis—Equity*:

Graphic No. 25[26]

NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to N. Note and Affiliates**	**Net Equity**
2006	11,864.25	0.00	0.00
2007	13,364.25	0.00	0.00
2008	1,864.25	0.00	0.00
2009	364.25	0.00	0.00
2010	364.25	0.00	0.00
2011	364.25	0.00	0.00
2012	1,364.25	0.00	0.00

c. *Financial Analysis—Income*:

Graphic No. 26

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2006	0.00	0.00	0.00
2007	0.00	0.00	0.00
2008	0.00	0.00	0.00
2009	0.00	0.00	0.00
2010	0.00	0.00	0.00
2011	0.00	0.00	0.00
2012	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**

9. Top Flight, LLC

a. *Background*: Top Flight, LLC ("Top Flight") was a limited liability company formed May 6, 2008. There were three members of Top Flight, none of which were principals of N. Note. There were two managers, Palmer and N. Note. Top Flight was controlled by Palmer, but neither he nor N. Note were the owners of Top Flight or its assets.

[26] The Property Company Trust Historical Financial Summary, at Tab 10.

Palmer was the signatory on Top Flight's bank account. N. Note maintained the financial records of Top Flight.

b. *Business Operations*: Top Flight's primary asset was an airplane that was purchased by a group of investors (the members of Top Flight) and leased to Holding. [27]

c. *Source of Funding*: Capital for Top Flight was provided by the three members. The company used bank financing to purchase the aircraft. Only a small amount ($3,300.00) was owed to an NNU entity. The company's sole income was lease income from NNU for NNU's use of the airplane. The company's main expenses were for interest on the bank loan, depreciation, insurance, and operating costs.

d. *Financial Analysis—Equity*: Financial summaries are included here for comparison purposes.

Graphic No. 27[28]

NET WORTH ANALYSIS			
Year	**Assets**	**Liabilities to Homeland Holding**	**Net Equity**
2008	301,613.30	0.00	-363,730.78
2009	216,549.22	0.00	-431,918.22
2010	154,757.84	0.00	-475,820.56
2011	110,513.66	3,300.00	-504,402.54
2012	109,560.45	3,300.00	-498,785.53

e. *Financial Analysis—Income*: Top Flight's income was lease income—primarily from NNU's use of the aircraft. The lease payments were made to Top Flight by Holding. The table below shows that the company suffered significant overall losses:

[27] The airplane was relinquished back to the owners shortly after the Receiver took control of the Receivership Entities.
[28] Top Flight Historical Financial Summary, at Tab 11.

Graphic No. 28

INCOME ANALYSIS			
Year	**Reported Income**	**Payments to N. Note and Affiliates**	**Net Income**
2008	30,000.00	0.00	-364,730.78
2009	55,000.00	0.00	-68,187.44
2010	54,200.00	0.00	-43,902.34
2011	57,100.00	0.00	-28,581.98
2012	18,000.00	0.00	5,617.01
Total	**214,741.14**	**0.00**	**-499,785.53**

Tab 1

Homeland Minerals
Balance Sheet
As of December 31, 2011

		Dec 31, 11
ASSETS		
Current Assets		
Checking/Savings		
Key CHK OPS 1803		26.13
Key CHK TRUST 1829		5.92
Total Checking/Savings		32.05
Accounts Receivable		
Accounts Receivable		
Lyle Peterson	145.38	
Total Accounts Receivable		145.38
Total Accounts Receivable		145.38
Other Current Assets		
Notes Receivable		
Due from Freedom Miner...	275.07	
Due from Freedom Miner...	70.00	
NR Precious Alloy	75,000.00	
Due from HSb	302,250.19	
NR HH General	2,670,000.00	
NR OGM	492,000.00	
NR HH PPM		
NR NNU PPM	15,000.00	
NR HH PPM - Other	139,854.62	
Total NR HH PPM	154,854.62	
NR HSb	506,974.29	
Total Notes Receivable		4,201,424.17
Total Other Current Assets		4,201,424.17
Total Current Assets		4,201,601.60
TOTAL ASSETS		4,201,601.60
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable		2,800.00
Total Accounts Payable		2,800.00
Other Current Liabilities		
Notes Payable		
Due to NNU	229,479.14	
Total Notes Payable		229,479.14
Total Other Current Liabilities		229,479.14
Total Current Liabilities		232,279.14
Total Liabilities		232,279.14

08/07/13

Homeland Minerals
Balance Sheet
As of December 31, 2011

	Dec 31, 11
Equity	
NPI Investors	
Oliver	100,000.00
Dr. William McCray	100,000.00
David Loftus	100,000.00
Andre Coltrin	265,000.00
Swift Family	400,000.00
Christopher Poplin	50,000.00
Verl Jensen	50,000.00
Birgit Kamps	100,000.00
Katana	500,000.00
Jim/Darren	50,000.00
Bryan Neal	150,000.00
Jackie Ross	260,000.00
Joe Swift	1,000,000.00
Lyle Peterson	475,000.00
AET-T House-IRA	400,000.00
Total NPI Investors	4,000,000.00
Net Income	-30,677.54
Total Equity	3,969,322.46
TOTAL LIABILITIES & EQUITY	4,201,601.60

Tab 2

FINANCIAL STATEMENT COMPARISONS

Homeland Minerals - Income Statement

	Income				Expenses									Net Income	
Year	Sales	Management Income	Other	Total Income	Interest Expense to NNU & Affiliates	Interest Paid to Others	Licenses and Permits	Metal Processing	Laboratory	Operating	Prof. Fees to Others	Total Expenses	Other: Interest Income	Net Income	Year
2009				0.00								0.00		0.00	2009
2010				0.00								0.00		0.00	2010
2011				0.00			3,463.64	1,720.00	1,602.00	1,299.62	19,792.28	27,877.54		-27,877.54	2011
2012				0.00					342.00			342.00		-342.00	2012
Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**3,463.64**	**1,720.00**	**1,944.00**	**1,299.62**	**19,792.28**	**28,219.54**	**0.00**	**-28,219.54**	

FINANCIAL STATEMENT COMPARISONS

Homeland Minerals - Balance Sheet

From NNU Internal Accounting Records

	Assets						Liabilities				Equity	
Year	Cash	Accounts Receivable	Notes Receivable: HSb	Notes Receivable: Affiliates	NR Other	Total Assets	Accounts Payable	Notes Payable to NNU	Notes Payable: NNU Affiliates	Total Liabilities	Equity	Year
2009						0.00				0.00	0.00	2009
2010			333,044.00			333,044.00		200,794.00	132,250.00	333,044.00	0.00	2010
2011	32.05	145.38	809,224.48	3,316,854.62	75,345.07	4,201,601.60	2,800.00	229,479.14		232,279.14	3,969,322.46	2011
2012*	32.05	145.38	809,224.48	3,316,854.62	75,345.07	4,201,601.60	3,142.00	229,479.14		232,621.14	3,968,980.46	2012

* For the period through 6/25/12.

Tab 3

Analysis of $4 Million Net Profit Interests (NPI) Paid to Homeland Minerals
(NPI Monies Sent to NNU)

1- Money from the following individuals was deposited into National Note as payment for a NPI interest in Homeland Minerals:
   a. Joe Swift:
      i. 12/1/2010 $500,000.00
      ii. 12/13/2010 $223,660.00
      iii. 12/15/2010 $141,340.00
      iv. 1/12/2011 $40,000.00
      v. Total $905,000.00
   b. Lyle Peterson:
      i. 12/8/2010 $131,808.50 Angela Peterson
      ii. 12/8/2010 $229,643.36 Lyle Peterson
      iii. 12/8/2010 $38,475.76 Lyle Peterson
      iv. 1/13/2011 $52,942.00 Lyle and Angela Peterson
      v. 1/14/2011 $21,985.00 Lyle Peterson
      vi. Total $474,854.62
   c. Thomas Swift:
      i. 12/13/2010 $400,000.00 AET-T House-IRA
   d. Jackie Ross:
      i. 12/15/2010 $260,000.00
   e. Bryan Neal:
      i. 12/16/2010 $100,000.00
2- The total amount deposited into the National Note bank account (Investor Trust Account #3907) from these individuals was $2,139,854.62. All amounts were wired into the NNU bank account.
3- National Note recorded each of these cash receipts in the NNU PPM Holding Account. This is an accounting entry not a separate bank account.
4- On 1/19/2011, National Note made two journal entries:
   a. The first entry decreased the NNU PPM Holding Account by $2,000,000.00, decreased the principal balance of a loan (tied to the Autumn Ridge property) that NNU had made to Homeland Holding by $755,381.06, and recorded $1,244,618.94 worth of interest on that loan to Homeland Holding.
      i. The effect of this entry was that NNU retained the $2 MM in cash and reduced (on paper) the amount Homeland Holding owed to NNU.
   b. The second entry decreased the NNU PPM Holding Account by the remaining $139,854.62 and increased a payable to Homeland Holding by the same amount.
      i. The effect of the second journal entry was that NNU kept the $139,854.62 and created a paper debt to Homeland Holding. However, the debt was only recorded in Peachtree (the accounting records) not in NoteSmith (the loan software).
5- On 1/19/2011, National Note also made a journal entry in the books of Homeland Minerals:
   a. The entry recorded $2,139,854.62 in the individuals' NPI Equity accounts, increased a receivable from Homeland Holding (PPM) by $139,854.62, and increased another receivable from Homeland Holding by $2,000,000.00.
      i. The effect of this entry was to make Homeland Holding liable to Homeland Minerals for the $2,139,854.62. In other words, the debt was moved from National Note's books to Homeland Holding's books.

6- On 2/28/2011, Homeland Minerals made an additional entry:
   a. The entry recorded an additional $145.38 in Lyle Peterson's NPI Equity account and recorded a receivable from him as well.

Attached: Excerpt 1 from NPI Equity Holders' Money Flow

Analysis of $4 Million Net Profit Interests (NPI) Paid to Homeland Minerals
(Receivables from NPI Holders through Homeland Minerals)

1- A second set of NPI Equity holders that invested through Homeland Minerals between 1/18/2011 and 7/8/2011.

2- On 1/19/2011, Homeland Minerals recorded $1,615,000.00 in the individual NPI equity accounts of its balance sheet and also recorded a receivable from each of those equity holders.

3- Between 1/18/2011 and 7/8/2011, the equity holders sent in money to pay off the receivables. As they did so, the receivable was changed to cash. The following is a list of the equity holders, dates, and amounts. "A" through "G" below were wired to Homeland Minerals and "H" was sent as a check made out to Homeland Minerals.
   a. Katana:
      i. 1/18/2011 $500,000.00 (less an $18.00 bank fee)
   b. Swift Family:
      i. 1/24/2011 $400,000.00
   c. Birgit Kamps:
      i. 1/24/2011 $50,000.00
      ii. 2/7/2011 $50,000.00
   d. Jim/Darren:
      i. 2/11/2011 $50,000.00 (less an $18.00 bank fee)
   e. Christopher Poplin:
      i. 2/14/2011 $50,000.00
   f. Joe Swift:
      i. 2/25/2011 $95,000.00
   g. Andre Coltrin:
      i. 3/1/2011 $265,000.00
   h. Verl Jensen:
      i. 3/1/2011 $50,000.00

4- The above deposits sum to $1,510,000.00. The remaining $105,000.00 was captured in two journal entries:
   a. On 1/24/2011, Homeland Minerals reduced the receivable from David Loftus for $100,000.00 (the full amount of the receivable) and added $100,000.00 to the receivable from Homeland Holding (PPM).
   b. On 2/28/2011, Homeland Minerals reduced both the NPI Equity balance and receivable for Joe Swift by $5,000.00 to adjust the equity to the correct amount. This reflects a decision by Joe Swift to invest $5,000.00 less than Homeland Minerals recorded/expected.

Attached: Excerpt 2 from NPI Equity Holders' Money Flow

Analysis of $1,845,000.00 Net Profit Interests (NPI) Paid to Homeland Minerals
(Cash Flow through Homeland Minerals #1829)

1- Between 1/18/2011 and 7/8/2011, $1,760,000.00 was deposited by NPI investors into Homeland Minerals bank account #1829.
   a. Katana 1/18/2011 $500,000.00 (less an $18.00 bank fee)
   b. Bryan Neal 1/19/2011 $50,000.00
   c. Swift Family 1/24/2011 $400,000.00
   d. Birgit Kamps 1/24/2011 $50,000.00
   e. Birgit Kamps 2/7/2011 $50,000.00
   f. Jim/Darren 2/11/2011 $50,000.00 (less an $18.00 bank fee)
   g. Christopher Poplin 2/14/2011 $50,000.00
   h. William McCray 2/24/2011 $100,000.00
   i. Joe Swift 2/25/2011 $95,000.00
   j. Andre Coltrin 3/1/2011 $265,000.00
   k. Verl Jensen 3/1/2011 $50,000.00
   l. Oliver 7/8/2011 $100,000.00

2- Between 1/19/2011 and 7/11/2011, all but $64.00 of the NPI money was transferred out of account #1829.
   a. $1,729,900.00 was transferred to Homeland Minerals account #1803.
      i. 1/19/2011 $549,900.00
      ii. 1/24/2011 $450,000.00
      iii. 2/8/2011 $50,000.00
      iv. 2/10/2011 $50,000.00
      v. 2/15/2011 $50,000.00
      vi. 2/28/2011 $195,000.00
      vii. 3/1/2011 $265,000.00
      viii. 3/4/2011 $50,000.00
      ix. 7/11/2011 $70,000.00
   b. $30,000.00 was transferred to Old Glory account #6141.
      i. 7/8/2011 $19,000.00
      ii. 7/11/2011 $11,000.00

3- An additional $85,000.00 was transferred into account #1803 from the NNU Investor Trust account #3907. The total amount transferred into Homeland Minerals account #1803 (2a + 3) was $1,814,900.00.

4- Between 1/19/2011 and 7/12/2011, all but $104,554.79 of the money transferred into account #1803 was transferred out of the account.
   a. $70,000.00 was transferred to the NNU Investor Trust account #3907.
      i. 7/12/2011 $70,000.00
   b. $978,024.00 was transferred to Homeland Holding account #0136.
      i. 1/19/2011 $408,024.00
      ii. 2/4/2011 $370,000.00
      iii. 3/15/2011 $200,000.00
   c. $210,321.21 was transferred to Hsb Technologies account #1811.
      i. 1/21/2011 $85,000.00
      ii. 2/11/2011 $5,000.00
      iii. 2/16/2011 $110,000.00
      iv. 2/17/2011 $10,321.21

d. $400,000.00 was transferred to Old Glory account #6141.
   i. 2/3/2011 $100,000.00
   ii. 2/28/2011 $50,000.00
   iii. 3/1/2011 $250,000.00
e. $52,000.00 was transferred to Old Glory account #6133.
   i. 2/22/2011 $52,000.00

Attached: Excerpt 3 from NPI Equity Holders' Money Flow

Tab 4

FINANCIAL STATEMENT COMPARISONS

HSb Technologies - Income Statement

	Income				Expenses								Net Income	
Year	Sales	Management Income	Other	Total Income	Interest Expense to NNU & Affiliates	Cost of Goods Sold	Settlement Costs, Sovren	Equipment Rental	Utilities	Operating	Prof. Fees to Others	Total Expenses	Net Income	Year
2010				0.00								0.00	0.00	2010
2011				0.00		4,576.51	60,000.00	1,025.00	360.96	1,267.58	24,601.24	91,831.29	-91,831.29	2011
2012				0.00					680.43	15.00		695.43	-695.43	2012
Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**4,576.51**	**60,000.00**	**1,025.00**	**1,041.39**	**1,282.58**	**24,601.24**	**92,526.72**	**-92,526.72**	

FINANCIAL STATEMENT COMPARISONS

HSb Technologies - Balance Sheet

From NNU Internal Accounting Records

	Assets					Liabilities				Equity	
Year	Cash	Notes Receivable: Sovren	Equipment	Raw Materials	Total Assets	Accounts Payable	Accounts Payable to NNU	Notes Payable: NNU Affiliates	Total Liabilities	Equity	Year
2010		132,250.00			132,250.00			132,250.00	132,250.00	0.00	2010
2011	47.19	508,050.19	10,982.70	262,655.54	781,735.62	2,800.00	68,268.97	802,487.94	873,556.91	-91,821.29	2011
2012*	20.69	508,050.19	10,982.70	262,655.54	781,709.12	2,881.75	68,457.50	802,896.59	874,235.84	-92,526.72	2012

* For the period through 6/25/12.

Tab 5

FINANCIAL STATEMENT COMPARISONS

Montana One - Income Statement

	Income									Net Income	
Year	Sales	Rental Income	Other	Total Income	Deprec.	Common Area	Utilities	Operating	Total Expenses	Net Income	Year
2010		1,364.75		1,364.75	1,061.00	366.44	88.18	131.49	1,647.11	-282.36	2010
2011		4,417.18		4,417.18	3,636.00	216.75	96.86	600.12	4,549.73	-132.55	2011
2012		2,475.00		2,475.00					0.00	2,475.00	2012
Total	**0.00**	**8,256.93**	**0.00**	**8,256.93**	**4,697.00**	**583.19**	**185.04**	**731.61**	**6,196.84**	**2,060.09**	

FINANCIAL STATEMENT COMPARISONS

Montana One - Balance Sheet

From NNU Internal Accounting Records

	Assets					Liabilities				Equity	
Year	Cash	Montana Codo (Less Deprec.)	NR: National Note	NR: NNU Affiliates	Total Assets	Accounts Payable	Accounts Payable to NNU	Notes Payable: NNU Affiliates	Total Liabilities	Equity	Year
2010	778.64	98,939.00			99,717.64				0.00	99,717.64	2010
2011	4,282.09	95,303.00			99,585.09				0.00	99,585.09	2011
2012*	657.09	95,303.00	4,200.00	1,900.00	102,060.09				0.00	102,060.09	2012

* For the period through 6/25/12.

Tab 6

FINANCIAL STATEMENT COMPARISONS

ND1 Georgia - Income Statement

	Income				Expenses											Net Income	
Year	Sales	Rental Income	Other	Total Income	Interest Expense	Commissions	Maintenance and Repair	Depr.	Ins.	Mgmt. Fee	Utilities	Operating	Taxes	Total Expenses	Net Income	Year
2010		5,467.74		5,467.74		1,462.98	758.87	4,894.00			174.61	368.56	-466.20	7,192.82	-1,725.08	2010
2011		12,275.00	443.50	12,718.50	10,000.00	1,050.00	415.00		929.00	1,263.50		6.00		13,663.50	-945.00	2011
2012		4,200.00	52.50	4,252.50		420.00			1,188.00			32.00		1,640.00	2,612.50	2012
Total	**0.00**	**21,942.74**	**496.00**	**22,438.74**	**10,000.00**	**2,932.98**	**1,173.87**	**4,894.00**	**2,117.00**	**1,263.50**	**174.61**	**406.56**	**-466.20**	**22,496.32**	**-57.58**	

FINANCIAL STATEMENT COMPARISONS

ND1 Georgia - Balance Sheet

From NNU Internal Accounting Records

	Assets					Liabilities					Equity	
Year	Cash	Lakeridge Home (w/ depr.)	NR: National Note	NR: NNU Affiliates	Total Assets	Accounts Payable	Accounts Payable to NNU	Notes Payable: NNU	Notes Payable: NNU Affiliates	Total Liabilities	Equity	Year
2010	3,655.88	195,106.00			198,761.88		486.96	200,000.00		200,486.96	-1,725.08	2010
2011	2,223.92	195,106.00			197,329.92		0.00	200,000.00		200,000.00	-2,670.08	2011
2012*	1,136.42	195,106.00	3,700.00		199,942.42			200,000.00		200,000.00	-57.58	2012

* For the period through 6/25/12.

Tab 7

FINANCIAL STATEMENT COMPARISONS

Passport Properties - Income Statement

	Income										Net Income	
Year	Interest Earned	Credit Repair	Pedigree Properties Income	Pedigree Properties Interest	Total Income	Commissions and Referrals	Interest Expense	Rent	Other	Total Expenses	Net Income	Year
2002	5,850.00	9,798.53			15,648.53	11,040.00	390.62	828.19	821.79	13,080.60	2,567.93	2006
2003	5,250.00				5,250.00		400.00		142.00	542.00	4,708.00	
2004	5,190.00				5,190.00	-25.00			132.00	107.00	5,083.00	
2005	5,200.00				5,200.00				122.00	122.00	5,078.00	
2006	5,200.00				5,200.00				120.00	120.00	5,080.00	
2007	5,200.00				5,200.00				70.00	70.00	5,130.00	2007
2008	4,831.02				4,831.02					0.00	4,831.02	2008
2009	4,800.00		-4,818.00	5,244.00	5,226.00					0.00	5,226.00	2009
2010	4,800.00		-4,617.00	5,244.00	5,427.00					0.00	5,427.00	2010
2011	4,800.00				4,800.00					0.00	4,800.00	2011
2012*					0.00					0.00	0.00	2012
Total	**51,121.02**	**9,798.53**	**-9,435.00**	**10,488.00**	**61,972.55**	**11,015.00**	**790.62**	**828.19**	**1,407.79**	**14,041.60**	**47,930.95**	

* *Through 6/25/12*

FINANCIAL STATEMENT COMPARISONS

Passport Properties - Balance Sheet

From NNU Internal Accounting Records

	Assets							Liabilities					Equity	
Year	Cash	NR: NNU	NR: Family Members	Escrow and Suspense	NP: Mortgage Service Ctr.	Pedigree Properties Capital	Total Assets	Due to Pedigree Properties	Restitution	NP Other	Notes Payable to NNU	Total Liabilities	Equity	Year
2002	211.33	3,000.00	2,600.00	826.61			6,637.94		-2,000.00	-706.48	1,000.00	-1,706.48	8,344.42	2002
2003	119.33	3,000.00	2,600.00	826.61			6,545.94		-6,800.00	-706.48	1,000.00	-6,506.48	13,052.42	2003
2004	822.33	3,000.00	2,600.00	826.61			7,248.94		-11,200.00	-706.48	1,000.00	-10,906.48	18,155.42	2004
2005	1,100.33	3,000.00	2,600.00	826.61			7,526.94		-16,000.00	-706.48	1,000.00	-15,706.48	23,233.42	2005
2006	1,370.33	3,000.00	23,400.00	826.61	706.48		29,303.42				1,000.00	1,000.00	28,303.42	2006
2007	1,700.33	3,000.00	28,200.00	826.61	706.48		34,433.42				1,000.00	1,000.00	33,433.42	2007
2008	1,731.35	3,000.00	33,000.00	826.61	706.48		39,264.44				1,000.00	1,000.00	38,264.44	2008
2009	1,731.35	2,000.00	37,800.00			3,611.00	45,142.35					0.00	45,142.35	2009
2010	1,731.35	2,000.00	42,600.00			46,654.00	92,985.35	42,416.00				42,416.00	50,569.35	2010
2011	1,731.35	2,000.00	47,400.00			46,654.00	97,785.35	42,416.00				42,416.00	55,369.35	2011
2012*	531.35	2,000.00	48,600.00			46,654.00	97,785.35	42,416.00				42,416.00	55,369.35	2012

* For the period through 6/25/12.

Tab 8

FINANCIAL STATEMENT COMPARISONS

Pedigree Properties - Income Statement

	Income										Net Income	
Year	Note Interest Income		Other	Total Income	Bank Fees	Legal and Accounting	Taxes	Interest Expense	Other	Total Expenses	Net Income	Year
2002	52,440.00			52,440.00	40.00	1,724.93		58,500.00	10.00	60,274.93	-7,834.93	2002
2003	52,440.00			52,440.00	64.00				171.18	235.18	52,204.82	2003
2004	52,440.00			52,440.00	54.00	535			12.00	601.00	51,839.00	2004
2005	52,440.00			52,440.00	72.00	220.00			12.00	304.00	52,136.00	2005
2006	52,440.00			52,440.00	72.00	245.00			24.00	341.00	52,099.00	2006
2007	52,440.00			52,440.00	56.00	245.00	53.40		157.10	511.50	51,928.50	2007
2008	48,397.78			48,397.78	56.00	245.00			12.00	313.00	48,084.78	2008
2009	10,488.00			10,488.00	24.00			9,600.00	12.00	9,636.00	852.00	2009
2010	10,488.00			10,488.00	33.00			9,200.00		9,233.00	1,255.00	2010
2011	3,496.00			3,496.00	42.00			6,400.00		6,442.00	-2,946.00	2011
2012*				0.00	18.50					18.50	-18.50	2012
Total	**387,509.78**	**0.00**	**0.00**	**387,509.78**	**531.50**	**3,214.93**	**53.40**	**83,700.00**	**410.28**	**87,910.11**	**299,599.67**	

** Through 6/25/12*

FINANCIAL STATEMENT COMPARISONS

Pedigree Properties - Balance Sheet

From NNU Internal Accounting Records

	Assets			Liabilities		Equity	
Year	Cash	NR: NNU	Total Assets	Notes Payable to NNU	Total Liabilities	Equity	Year
2002	780.22		780.22	5,248.25	5,248.25	-4,468.03	2002
2003	485.04		485.04	5,248.25	5,248.25	-4,763.21	2003
2004	424.04		424.04	5,248.25	5,248.25	-4,824.21	2004
2005	550.04		550.04	5,248.25	5,248.25	-4,698.21	2005
2006	649.04		649.04	5,248.25	5,248.25	-4,599.21	2006
2007	577.54		577.54	5,248.25	5,248.25	-4,670.71	2007
2008	3,800.29	87,400.00	91,200.29	5,248.25	5,248.25	85,952.04	2008
2009	4,652.29	87,400.00	92,052.29		0.00	92,052.29	2009
2010	5,907.29	87,400.00	93,307.29		0.00	93,307.29	2010
2011	2,961.29	87,400.00	90,361.29		0.00	90,361.29	2011
2012*	2,942.79	87,400.00	90,342.79		0.00	90,342.79	2012

* For the period through 6/25/12.

Tab 9

FINANCIAL STATEMENT COMPARISONS

Prime Wave - Income Statement

	Income											Net Income	
Year	Interest Earned	Commissions	Discounts Taken	Other	Total Income	Advertising	Labor	Travel, Vehicles	Interest, Points: TIT	Other	Total Expenses	Net Income	Year
2006		14,610.11			14,610.11	1,719.73	14,862.36	1,047.05		601.57	18,230.71	-3,620.60	2006
2007	2,794.44	11,158.56	5.60	15,684.65	29,643.25	599.20	19,629.89	7,165.96	561.73	3,025.79	30,982.57	-1,339.32	2007
2008	1,032.08				1,032.08	156.00			3.32	1,971.38	2,130.70	-1,098.62	2008
2009	542.84				542.84			510.00	587.60	1,769.71	2,867.31	-2,324.47	2009
2010	611.68				611.68					1,860.16	1,860.16	-1,248.48	2010
2011	689.25				689.25					639.28	639.28	49.97	2011
2012*	61.24				61.24					0.00	0.00	61.24	2012
Total	**1,905.01**	**25,768.67**	**5.60**	**15,684.65**	**43,363.93**	**2,474.93**	**34,492.25**	**8,723.01**	**1,152.65**	**9,867.89**	**56,710.73**	**-9,520.28**	

** Through 6/25/12*

FINANCIAL STATEMENT COMPARISONS

Prime Wave - Balance Sheet

From NNU Internal Accounting Records

	Assets								Liabilities				Equity	
Year	Cash	NR: NNU	NNU-Bandana Ranch	Land Utah	Kanab Cabin	Whisper Creek Franchise	Other	Total Assets	Advances from NNU-TIT	Notes Payable to NNU	Notes Payable on Sales	Total Liabilities	Equity	Year
2006	1,948.00		4,536.40					6,484.40				0.00	6,484.40	2006
2007	6,786.84	3,248.16	5,968.78	902.16	214,772.91	15,000.00	71.24	246,750.09	32,115.27	214,694.74	8,400.00	255,210.01	-8,459.92	2007
2008	2,023.53	4,280.24	5,968.78	902.16	267,193.17	15,000.00		295,367.88	32,118.59	264,407.83	8,400.00	304,926.42	-9,558.54	2008
2009	448.38	4,823.08	5,968.78	902.16	384,174.17	15,000.00		411,316.57		414,799.58	8,400.00	423,199.58	-11,883.01	2009
2010	101.38	5,434.76	5,968.78	902.16	384,274.17	15,000.00		411,681.25		416,412.74	8,400.00	424,812.74	-13,131.49	2010
2011	84.51	6,124.01	5,968.78	902.16				13,079.46		32,760.98	8,400.00	41,160.98	-28,081.52	2011
2012*	84.51	6,185.25	5,968.78	902.16				13,140.70		32,760.98	8,400.00	41,160.98	-28,020.28	2012

* For the period through 6/25/12.

Tab 10

FINANCIAL STATEMENT COMPARISONS

Property Company Trust - Income Statement

	Income							Net Income	
Year	N.A.			Total Income	N.A.		Total Expenses	Net Income	Year
2006				0.00			0.00	0.00	2006
2007				0.00			0.00	0.00	2007
2008				0.00			0.00	0.00	2008
2009				0.00			0.00	0.00	2009
2010				0.00			0.00	0.00	2010
2011				0.00			0.00	0.00	2011
2012*				0.00			0.00	0.00	2012
Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	

* *Through 6/25/12*

FINANCIAL STATEMENT COMPARISONS

Property Company Trust - Balance Sheet

From NNU Internal Accounting Records

	Assets		Liabilities		Equity	
Year	Bank Deposits	Total Assets	Earnest Money, Deposits	Total Liabilities	Equity	Year
2006	11,864.25	11,864.25	11,864.25	11,864.25	0.00	2006
2007	13,364.25	13,364.25	13,364.25	13,364.25	0.00	2007
2008	1,864.25	1,864.25	1,864.25	1,864.25	0.00	2008
2009	364.25	364.25	364.25	364.25	0.00	2009
2010	364.25	364.25	364.25	364.25	0.00	2010
2011	364.25	364.25	364.25	364.25	0.00	2011
2012*	1,364.25	1,364.25	1,364.25	1,364.25	0.00	2012

* For the period through 6/25/12.

Tab 11

FINANCIAL STATEMENT COMPARISONS

Top Flight - Income Statement

Year	Lease Income			Total Income	Loan Interest to BofA	Airplane Supplies, Maintenance, Repairs	Depreciation	Licenses, Navigation Supplies	Insurance	Other Operating Expenses	Sales, Use Taxes	Total Expenses	Net Income Net Income	Year
2008	30,000.00			30,000.00	20,303.64	1,859.33	358,629.00	1,968.81	8,310.00	3,660.00		394,730.78	-364,730.78	2008
2009	55,000.00			55,000.00	34,044.04	34.73	84,645.00	151.00		60.50	4,252.17	123,187.44	-68,187.44	2009
2010	54,200.00			54,200.00	33,031.64		60,462.00	112.50	697.00	155.00	3,644.20	98,102.34	-43,902.34	2010
2011	57,100.00			57,100.00	31,958.48		43,186.00	75.00	6,475.00	83.00	3,904.50	85,681.98	-28,581.98	2011
2012	18,000.00			18,000.00	10,403.34						1,979.65	12,382.99	5,617.01	2012
Total	**214,300.00**	**0.00**	**0.00**	**214,300.00**	**129,741.14**	**1,894.06**	**546,922.00**	**2,307.31**	**15,482.00**	**3,958.50**	**13,780.52**	**714,085.53**	**-499,785.53**	

FINANCIAL STATEMENT COMPARISONS

Top Flight - Balance Sheet

From NNU Internal Accounting Records

	Assets									Equity	
Year	Cash	Notes Receivable	Subscriptions Due From Partner	Aircraft (less depr.)	Total Assets	Notes Payable to NNU Affiliate	Prepaid Lease Fee	NP: Bank of America	Total Liabilities	Equity	Year
2008	4,354.75		1,000.00	296,258.55	301,613.30		74,744.17	590,599.91	665,344.08	-363,730.78	2008
2009	3,935.67		1,000.00	211,613.55	216,549.22		74,744.17	573,723.27	648,467.44	-431,918.22	2009
2010	2,606.29		1,000.00	151,151.55	154,757.84		74,744.17	555,834.23	630,578.40	-475,820.56	2010
2011	1,548.11		1,000.00	107,965.55	110,513.66	3,300.00	74,744.17	536,872.03	614,916.20	-504,402.54	2011
2012*	594.90		1,000.00	107,965.55	109,560.45	3,300.00	74,744.17	530,301.81	608,345.98	-498,785.53	2012

* For the period through 6/25/12.