

Statement of Assets - Explanatory Notes

August 31, 2008

NOTE 11: BREMEN BANK TRUSTS (I-V and VI - Iowa Trust)

Balance represents the adjusted Bremen Bank Trusts I - V including the Iowa Trust (VI). The trust accounts were adjusted to exclude all of the debentures and other related securities associated with NPS as they were not deemed probable for collection due to receivership status. The remaining amounts in the trust account were the cash/cash equivalents and other 3rd party securities. Additionally, the value of all in-force life insurance policies from Lincoln Memorial Life Insurance Company (LMLI) has been reduced to zero through a valuation allowance based upon LMLI currently being in receivership and insufficient and/or inadequate documentation of proper establishment and operation of the trust; which creates significant concern regarding whether or not the related state guaranty associations will be able to pay policy proceeds to the related trust.

Trust I, Bremen Bank (net)	\$	40,639.00
Trust II, Bremen Bank (net)		54,314.00
Trust III, Bremen Bank (net)		30.00
Trust IV, Bremen Bank (net)		1,774,036.00
Trust V, Bremen Bank (net)		1,582,910.00
Trust VI, Bremen Bank (net)		426,724.00
	\$	<u>3,878,653.00</u>

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Balance represents the office furniture and fixtures, automobiles, equipment and leasehold improvements that the Company recorded. These amounts were then adjusted based on the actual ownership of the assets and for their net realizable value (sales price). Per review of the office building and all items within; the listing was not all inclusive. However as the true ownership of these items was not readily determinable these items were not recognized. The equipment (which was all software expenses) and leasehold improvements were also not recognized as having any value. Additionally, the vehicles do have loans which are included on the statement of liabilities, and detailed in note 20 of the statement of liabilities.

Office Furniture and Fixtures	\$	80,253.00
Automobiles		61,090.00
Equipment		-
Leasehold Improvement		-
	\$	<u>141,343.00</u>

NOTE 13: OTHER ASSETS, NET

Balance represents accrued (unpaid) interest expense, which is an account directly from NPS books and records and no supporting documentation has been located. In addition, there are amounts that NPS books and records indicate are receivables from employees. Due to lack of documentation these items are not deemed probable for collection and thus, were fully allowed for as uncollectible.

Accrued Int. Exp. Policy Loans	\$	765,856.88
Employee Advances		7,279.92
Less: Allowance for Doubtful Collection		<u>(773,136.80)</u>
Other Assets, net	\$	<u>-</u>