

**W.C. AND A.N. MILLER
DEVELOPMENT COMPANY
AND SUBSIDIARIES**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 and 2013

W.C. AND A.N. MILLER
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AND SUBSIDIARIES
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SEPTEMBER 30, 2014 and 2013

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Alan L. Gordon, CPA, P.A.



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Stockholders of
W.C. and A.N. Miller Development Company

We have reviewed the accompanying consolidated balance sheets of W.C. and A.N. Miller Development Company and Subsidiaries as of September 30, 2014 and 2013, and the related consolidated statements of income (loss), retained deficit, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Supplementary Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.



ALAN L. GORDON, CPA, P.A.

December 15, 2014

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014 and 2013

ASSETS	2014	2013
Current Assets		
Cash and cash equivalents	\$ 4,761,810	\$ 5,602,354
Accounts receivable, net of allowance for doubtful accounts (Note 1)	6,521,945	6,153,958
Other receivables (Note 3)	901,233	929,623
Inventory (Note 4)	37,317	37,317
Current portion of deferred income taxes	1,549,119	1,328,181
Prepaid expenses	483,013	456,626
Total Current Assets	<u>14,254,437</u>	<u>14,508,059</u>
Fixed Assets (Notes 5 and 6)		
Land	6,849,900	6,849,900
Buildings	50,204,405	49,724,367
Property and equipment	494,685	462,708
Improvements	<u>14,013,913</u>	<u>13,193,901</u>
Total	<u>71,562,903</u>	<u>70,230,876</u>
Less, Accumulated depreciation	<u>23,842,596</u>	<u>22,216,395</u>
Net Fixed Assets	<u>47,720,307</u>	<u>48,014,481</u>
Other Assets		
Deferred leasing commissions, net	1,533,897	1,397,115
Deferred financing charges, net	995,082	1,104,505
Deposit	17,630	17,630
Long term portion of deferred taxes	6,757,140	6,419,052
Real estate tax escrow	101,686	68,985
Long term investments (Notes 1 and 2)	<u>3,049,433</u>	<u>2,824,080</u>
Total Other Assets	<u>12,454,868</u>	<u>11,831,367</u>
TOTAL ASSETS	<u>\$ 74,429,612</u>	<u>\$ 74,353,907</u>

	2014	2013
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Current maturities of long term debt (Note 9)	\$ 2,628,960	\$ 2,420,516
Accounts payable	33,058	163,440
Accrued expenses	1,271,134	1,460,655
Security deposits	499,715	458,490
Prepaid rent income	605,095	714,003
Total Current Liabilities	<u>5,037,962</u>	<u>5,217,104</u>
Long Term Liabilities		
Long term debt, net of current maturities (Note 9)	91,848,798	94,477,728
Total Long Term Liabilities	<u>91,848,798</u>	<u>94,477,728</u>
TOTAL LIABILITIES	<u>96,886,760</u>	<u>99,694,832</u>
Minority Interest (Note 8)	<u>(7,075,434)</u>	<u>(6,803,475)</u>
Stockholders' Deficit		
Common stock - \$100 par value, 10,000 shares authorized, 8002 shares issued and outstanding	800,200	800,200
Retained earnings (Deficit)	(16,181,914)	(19,337,650)
Total Stockholder's Deficit	<u>(15,381,714)</u>	<u>(18,537,450)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 74,429,612</u>	<u>\$ 74,353,907</u>

See accompanying notes and independent accountant's review report.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND RETAINED DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Rent Income		
Rent income (Note 13)	\$ 16,620,573	\$ 18,176,558
Rent expenses	(4,538,639)	(4,533,812)
Depreciation and amortization (Note 1)	(2,189,428)	(2,068,685)
Interest expense	(4,511,202)	(4,550,553)
Real estate taxes	(1,437,834)	(1,364,929)
Net Rent Income	<u>3,943,470</u>	<u>5,658,579</u>
Revenues		
Sales	-	-
Cost of sales	-	-
Gross Profit (Loss)	<u>-</u>	<u>-</u>
Operating Expenses	<u>1,510,414</u>	<u>1,317,851</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>2,433,056</u>	<u>4,340,728</u>
OTHER INCOME (EXPENSES)		
Dividend and interest income	371,060	264,257
Unrealized gain on investment (Note 2)	126,894	329,154
Realized gain on investment (Note 2)	12,835	-
Miscellaneous income	8,584	64,511
Loss on disposition of fixed assets	(298,965)	(117,125)
TOTAL OTHER INCOME (EXPENSES)	<u>220,408</u>	<u>540,797</u>
INCOME (LOSS) BEFORE PROVISION (CREDIT) FOR INCOME TAXES	<u>2,653,464</u>	<u>4,881,525</u>
Provision (Credit) for Income Taxes (Notes 1 and 12)		
Current	56,754	70,078
Deferred	(559,026)	(173,350)
Total Provision (Credit) for Income Tax	<u>(502,272)</u>	<u>(103,272)</u>
NET INCOME (LOSS)	3,155,736	4,984,797
Retained Deficit, Beginning of Year	(19,337,650)	(17,972,447)
Less, Dividends paid	-	(6,350,000)
RETAINED DEFICIT, END OF YEAR	<u>\$ (16,181,914)</u>	<u>\$ (19,337,650)</u>

See accompanying notes and independent accountant's review report.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013

	2014	2013
Cash Flows for Operating Activities:		
Net Income (Loss)	\$ 3,155,736	\$ 4,984,797
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	2,199,647	2,074,208
Unrealized appreciation of long term investments	(126,894)	(329,154)
Loss on disposition of fixed assets	298,965	103,534
Loss on disposition of intangibles	-	13,591
Gain on disposition of long term investments	(12,835)	-
Income allocated to minority interest	(271,959)	(258,668)
Accounts receivable	(367,987)	(2,234,695)
Other receivables	28,390	39,498
Deferred income taxes	(559,026)	(173,350)
Prepaid expenses	(26,387)	(15,520)
Current maturities of long term debt	208,444	(23,839,899)
Accounts payable	(130,382)	57,140
Accrued expenses	(189,521)	294,979
Security deposits	41,225	64,806
Prepaid rent income	(108,908)	183,454
Total Adjustments	<u>982,772</u>	<u>(24,020,076)</u>
Net Cash Provided by Operating Activities	<u>4,138,508</u>	<u>(19,035,279)</u>
Cash Flow for Investing Activities:		
Acquisition of fixed assets	(1,857,451)	(1,271,793)
Acquisition of intangibles	(374,346)	(396,741)
Acquisition of long term investments	(85,624)	(2,494,926)
Acquisition of real estate tax escrow	(32,701)	46,795
Net Cash Used for Investing Activities	<u>(2,350,122)</u>	<u>(4,116,665)</u>
Cash Flow for Financing Activities:		
Disposition of long term debt	(2,628,930)	(41,770,286)
Acquisition of long term debt	-	75,439,900
Dividends paid	-	(6,350,000)
Net Cash Provided by (Used for) Used for Investing Activities	<u>(2,628,930)</u>	<u>27,319,614</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(840,544)</u>	<u>4,167,670</u>
Cash and cash equivalents, Beginning of Year	<u>5,602,354</u>	<u>1,434,684</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,761,810</u>	<u>\$ 5,602,354</u>

See accompanying notes and independent accountant's review report.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

W.C. and A.N. Miller Development Company and its subsidiaries are primarily engaged in real estate development and investment of residential and commercial property, and rental and property management in the District of Columbia, Maryland, and Virginia.

Principles of Consolidation

The consolidated financial statements include the accounts of W.C. and A.N. Miller Development Company and its wholly owned subsidiaries and majority-owned ventures. Significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements include the accounts of the following companies:

	Form of Entity	Percentage Ownership
Haymount Corporation	Corporation	100%
Sumner Highlands, LLC	LLC	100%
Haymount Limited Partnership II	Partnership	100%
Haymount Limited Partnership	Partnership	85%

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Investments

The Company classifies their investments as non-current. Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair market values based on quoted prices in active markets in the consolidated balance sheet.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Bad Debts

Tenant receivables are reported net of allowance for doubtful accounts. Management's estimate of the allowance is based on a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

	<u>2014</u>	<u>2013</u>
Gross accounts receivables	\$ 6,521,945	\$ 6,195,144
Less, allowance for bad debt	<u>-0-</u>	<u>41,186</u>
Accounts receivable, net of allowance for doubtful accounts	\$ <u>6,521,945</u>	\$ <u>6,153,958</u>

Inventory

Inventory consists of predevelopment work on the land owned by Haymount Limited Partnership II and is carried at cost determined under the specific cost method of accounting, including interest and real estate taxes during the period of development and construction, and a provision for overhead.

Depreciation and Amortization

Buildings and improvements included in investment property and operating assets included in property and equipment are stated at cost. These assets are depreciated and amortized using the straight-line method over the estimated useful lives of three to forty years. Leasing commissions, rent concessions and loan charges included in deferred charges are amortized over the life of the lease or loan agreement. Depreciation expense for the years ended September 30, 2014 and 2013 was \$1,852,660 and \$1,742,192, respectively. Amortization expense for the years ended September 30, 2014 and 2013 was \$346,987 and \$332,016, respectively.

Amortization expense for the five years subsequent to September 30, 2014, is as follows:

<u>September 30,</u>	
2015	\$ 392,330
2016	327,804
2017	301,221
2018	290,036
2019	218,220

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Rental revenues from tenants with leases having scheduled rental increases are recognized on a straight-line basis over the term of the lease; all other rental revenue is recognized as earned. Contingent rental income is recognized once the target or goal used to determine the contingent rental income is met.

Income taxes

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109), which requires the establishment of a deferred tax asset or liability for the recognition of future deductions or taxable amounts, and operating loss and tax credit carryforwards. Deferred tax expense or benefit is recognized as a result of the change in the deferred asset or liability during the year.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$37,080 and \$34,437, respectively, for the years ended September 30, 2014 and 2013.

NOTE 2. INVESTMENTS

Investments consist of the following:

	<u>2014</u>	<u>Market Value</u>	<u>Cost Basis</u>
Money Market Fund	\$ 57,176	\$ 57,176	
Equities	<u>2,992,257</u>	<u>2,536,209</u>	
	<u>\$ 3,049,433</u>	<u>\$ 2,593,385</u>	
	<u>2013</u>		
Money Market Fund	\$ 44,882	\$ 44,882	
Equities	<u>2,779,198</u>	<u>2,450,044</u>	
	<u>\$ 2,824,080</u>	<u>\$ 2,494,926</u>	

During the year ended September 30, 2013, the company established a long term mutual fund investment plan through a brokerage account. Dividend income for the years ended September 30, 2014 and 2013 was \$33,542 and \$46, respectively. Capital gain distributions for the years ended September 30, 2014 and 2013 was \$61,527 and \$-0-, respectively. Realized gains on investment sales for the years ended September 30, 2014 and 2013 was \$12,835 and \$-0-, respectively. There was no interest income earned in this brokerage account.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2. INVESTMENTS (Continued)

Interest earned from all other cash accounts for the years ended September 30, 2014 and 2013, was \$275,991 and \$264,211, respectively.

NOTE 3. NOTE RECEIVABLE

During the year ended September 30, 2008, the Company purchased a note receivable in the amount of \$8,250,230 from Haymount Mezzanine, LLC at a purchase price of \$825,023. The receivable is being carried at cost and is due from Haymount Limited Partnership, an 85% subsidiary of the Company. For presentation purposes, neither the receivable nor the related payable has been eliminated in consolidation. (Note 9)

NOTE 4. INVENTORY

Unimproved land is comprised of 101 acres in Caroline County, Virginia owned by Haymount Limited Partnership, II, which is a 100% subsidiary of the Company as of September 30, 2014.

NOTE 5. REAL ESTATE INVESTMENT PROPERTY

The Company owns and manages commercial and residential income producing properties in the District of Columbia and Montgomery County, Maryland. As of September 30, 2014, and 2013 respectively, the commercial and residential income producing properties were as follows:

	<u>2014</u>	<u>2013</u>
Investment property	\$ 71,462,330	\$ 70,130,303
Less, Accumulated depreciation	<u>23,817,622</u>	<u>22,201,640</u>
	<u>\$ 47,644,708</u>	<u>\$ 47,928,663</u>

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consists of all the following at September 30, 2014 and 2013 respectively:

	<u>2014</u>	<u>2013</u>
Computer equipment	\$ 24,351	\$ 24,351
Furniture, fixtures and equipment	<u>76,222</u>	<u>76,222</u>
	<u>100,573</u>	<u>100,573</u>
Less, Accumulated depreciation	<u>24,974</u>	<u>14,755</u>
	<u>\$ 75,599</u>	<u>\$ 85,818</u>

NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, other receivables, accounts payable, and notes payable approximate their carrying amounts due to the short maturity of these assets and the variable interest rates on these obligations. The cost basis of notes payable due to and from affiliates is a reasonable estimate of its fair value.

NOTE 8. MINORITY INTEREST

Minority interest represents the ownership interest of Haymount Limited Partnership, which has been consolidated into these financial statements. As of September 30, 2014 and 2013, respectively, minority interest consists of the following:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ (6,803,475)	\$ (6,544,807)
Distributions	--	--
Allocation of net income to minority interest	(271,959)	(258,668)
Balance, end of year	<u>\$ (7,075,434)</u>	<u>\$ (6,803,475)</u>

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 9. LONG TERM DEBT

Long-term debt consists of the following at September 30, 2014, and 2013 respectively:

	<u>2014</u>	<u>2013</u>
Operating Notes Payable:		
Note Payable – WC & AN Miller Development Company. Non-interest bearing, payable by Haymount Limited Partnership on demand (Note 3)	\$ 8,250,230	\$ 8,250,230
Note Payable – Shareholder Promissory Notes. By board approval, \$50,000 per month through September 30, 2013, \$100,000 per month thereafter subject to budgetary constraints, including interest at 3.0 % per annum, Due in full December 2032, Unsecured.	3,309,266	4,303,289
Total Operating Notes Payable	<u>11,559,496</u>	<u>12,553,519</u>
Note Payable – Key Bank. \$114,586 per month including interest at 6.47% per annum, Due June 2021, Secured by the real estate assets.	16,711,757	16,995,501
Note Payable – TIAA. \$190,991 per month including interest at 7% per annum. Due October 2018. Secured by the real estate assets.	21,042,039	21,331,141
Note Payable – Cardinal Bank, \$86,152 per month including interest at 4.35% per annum. Due March 2023. Secured by the real estate assets. (Note 16)	16,136,161	16,450,780
Note Payable – Guardian Loan. \$144,612 per month including interest at 4.08%, Due October 2022, Secured by the real estate assets.	29,028,305	29,567,303
Total Investment Property Notes Payable	<u>82,918,262</u>	<u>84,344,725</u>
	94,477,758	96,898,244
Less, Current Maturities	<u>2,628,960</u>	<u>2,420,516</u>
Long Term Debt	<u>\$ 91,848,798</u>	<u>\$ 94,477,728</u>

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 9. LONG TERM DEBT (Continued)

Maturities of long-term debt are as follows:

Year Ending September 30,	\$
2015	2,628,960
2016	2,744,206
2017	2,725,386
2018	1,771,119
2019	21,095,660
Thereafter	63,512,427

The maturities of long-term debt schedule above includes the shareholder promissory note increased to \$100,000 per month. As noted in the description of this debt, payments are subject to board discretion and may change.

NOTE 10. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and accounts and notes receivable.

The company maintains cash balances at several banks. Corporate bank accounts may be insured by the Federal Deposit Insurance Corporation up to \$250,000 for all deposits with each bank. At September 30, 2014, based on those limits, the Company's uninsured cash balances total \$4,752,703.

NOTE 11. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective January 1, 2006, the Company adopted a supplemental executive retirement plan for the benefit of a select group of management or highly compensated employees selected by the Board of Directors. The Plan provides for a supplemental retirement income benefit upon the participant's reaching normal retirement age or to his designated beneficiaries in the event of the death of the participant. Payments are to be made over a 10-year period. As of September 30, 2014, there is one participant under the plan. Said participant, upon reaching age 66, is entitled to 10 annual payments of \$100,000 beginning in the fiscal year ending September 30, 2020. The Company has not accrued a liability for the plan payments and will expense the payments as they occur.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 12. INCOME TAXES

Deferred income taxes are provided for differences between financial statement and income tax reporting, principally from the different methods of depreciation used and the recognition of income from tenants having scheduled rental increases. The provision for income taxes consists of the following for the years ended September 30, 2014, and 2013, respectively.

		<u>2014</u>	<u>2013</u>
Current income tax -	Federal	\$ 37,231	\$ 34,560
	State	<u>19,523</u>	<u>35,518</u>
		<u>56,754</u>	<u>70,078</u>
Deferred income tax -	Federal	435,985	28,143
	State	(995,011)	(201,493)
		<u>(559,026)</u>	<u>(173,350)</u>
Total Income Tax Provision (Credit)		<u>\$ (502,272)</u>	<u>\$ (103,272)</u>

As of September 30, 2014, tax attribute carryovers consisted of the following:

Net operating loss carryover	\$ 22,867,966
AMT net operating loss carryover	32,384,217
AMT contribution carryover	3,250

Federal corporate net operating losses may be carried forward up to twenty years. The net operating loss above will expire between 2027 and 2031 under current tax law.

The Tax Reform Act of 1986 expanded the corporate minimum tax (AMT). Under this act, the Company's tax liability is the greater of its regular tax or the AMT. The Tax Reform Act of 1997 repealed the AMT for corporations with gross income less than \$5 million. The AMT net operating loss carryover is limited to 90% of the alternative minimum taxable income without regard to the net operating loss.

The Company's federal tax returns for the years ended September 30, 2014, and 2013 are subject to examination by the IRS, generally for three years after they are filed. In addition, the Company's state tax returns for the same years are subject to examination by state tax authorities for similar time periods.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 13. RENTAL INCOME

The Company leases commercial properties in Washington, D.C. and Maryland under non-cancelable leases that expire at various dates through 2026 and apartment properties under lease terms of one year. In most cases, management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases.

In addition to minimum rental payments, certain retail store leases require contingent payments based on sales levels. For the years ended September 30, 2014, and 2013, the Company recorded retail percentage of sales rental income of approximately \$9,574 and \$11,296, respectively.

The following is a schedule of future minimum lease receipts required under non-cancelable leases that have initial or remaining terms in excess of one year as of September 30:

Year ended September 30,	\$
2015	11,853,467
2016	10,341,321
2017	8,566,836
2018	6,845,611
2019	4,720,578
Thereafter	12,098,989

NOTE 14. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases office space in Bethesda, Maryland, under an operating lease set to expire November 30, 2014. Under the terms of the lease, minimum rent has scheduled predetermined increases. The lease contains certain increases to the minimum rent amounts. These contingencies are related to real estate taxes and common area maintenance costs. In addition, the lease contains required monthly payments representing estimated annual operating expenses that are subject to periodic adjustment.

For the year ended September 30, 2014, and 2013, rent expense under this operating lease was \$248,365 and \$238,575, respectively, and is included as part of the rental activities comprising Net Rent Income.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)

The Company leases storage space in Palm City, Florida, under an operating lease on a month-to-month basis that expired on May 1, 2014. The lease payments are \$1,500 per month and are expensed as operating expenses.

Minimum future rent payments under the non-cancelable operating lease is as follows:

Years ending September 30,	Amount
2015	\$ 41,641
2016	-0-

Effective October 1, 2011, the Company has sublet the Bethesda office space under an operating lease that expires November 30, 2014.

For the years ended September 30, 2014 and 2013, rent income under this operating lease was \$156,750 and \$156,750, respectively, and is included as part of the rental activities comprising Net Rent Income. Minimum future rent payments under the operating sublease are as follows:

Years ending September 30,	Amount
2015	\$ 26,125
2016	-0-

The Company also leased computer software and Internet connection lines under month to month operating leases. Total equipment rental expense for the years ended September 30, 2014, and 2013 was \$6,713 and \$4,518, respectively, and is included in operating expenses.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)

Pending Litigation

1. *International Benefits Group, Inc. v. Haymount Limited Partnership, L.P., Westminster Associates II, Inc., Haymount Corporation, John Clark, Edward J. Miller, Jr., and American Property Associates, Ltd., pending in the U.S. District Court for the District of New Jersey, Civil Docket No. 2:06-cv-02363-KSH-PS.*

The bankruptcy trustee for International Benefits Group ("IBG") sued on a written brokerage contract. On January 8, 2010, judgment was entered against Haymount Limited Partnership, Westminster Associates II, Inc., and Haymount Corporation in the amount of \$4,469,158. That judgment remains unpaid.

2. *Jonathan Kohn, Trustee v. McGuire Woods LLP, et al., Case No. 2:10-cv-05645-KSH-PS (US District Court for the District of New Jersey) and Case No. 12-3028 (US Court of Appeals for the Third Circuit).*

The judgment creditor (trustee) sought unsuccessfully to hold the Company and various individuals and affiliates liable for the breach-of-contract judgment and to recoup assets associated with the sale of the Haymount property to Avanti. The trial court ruled in favor of the Company and all individuals and affiliates, and that ruling was affirmed on appeal.

Contingent Future Payments

The Company is an 85% owner of Haymount Limited Partnership (HLP). On May 30, 2008, HLP sold 1,600 acres of land to Avanti Development Corporation II (Avanti). Part of the consideration of the sale included a provision that allowed for future payments to be made by Avanti to HLP provided certain predetermined minimum returns on investment were met, among other allowances. Management's opinion is, that based on the present state of the real estate market, the likelihood of any payments to HLP under the agreement would be negligible.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 15. COMPENSATED ABSENCES

Compensated Absences have not been accrued because they cannot be reasonably estimated by management.

NOTE 16. SUBSEQUENT EVENTS

On October 1, 2014, the Company relinquished five properties located in the District of Columbia as part of an Internal Revenue Code (IRC) Section 1031 exchange. An IRC Section 1031 Exchange is a deferred exchange of like-kind properties for replacement property or properties.

Deferred Exchange Rules:

1. There is a 45-Day replacement property identification period to identify one or more properties not exceeding three properties, or any number of properties with an aggregate value of less than 200% of the value of the relinquished properties. Three properties have been identified meeting this requirement. Management's goal is to replace the smaller properties given up in the exchange with one of these three properties.
2. There is a 180-Day Settlement Requirement on the replacement property(s), which ends on March 29, 2015. Two of the properties identified are in the final stages of inspection with the third having been eliminated. The likelihood of this being completed by the 180-Day rule is high.

The following five properties were relinquished on October 1, 2014 as part of this IRC Section 1031 Deferred Exchange:

4820 Massachusetts Avenue
4860 Massachusetts Avenue
4866 Massachusetts Avenue
4872 Massachusetts Avenue
4300 Fordham Road
4300 Fordham Road Parking

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
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NOTE 16. SUBSEQUENT EVENTS (Continued)

The following schedules reflect the resulting effect of the IRC Section 1031 Exchange by property as of September 30, 2014:

<u>ASSETS RELINQUISHED</u>							
	<u>4820 MASS AVE</u>	<u>4860 MASS AVE</u>	<u>4866 MASS AVE</u>	<u>4872 MASS AVE</u>	<u>4300 FORDHAM ROAD</u>	<u>4300 FORDHAM PARKING</u>	<u>TOTAL</u>
Land	\$ 182,344	\$ 22,584	\$ 22,584	\$ 117,433	\$ 148,351	-	\$ 493,296
Buildings	643,336	27,031	13,893	79,897	203,807	-	967,964
Equipment	-	-	-	-	-	151,049	151,049
Improvements	34,356	2,530	2,050	246,028	8,865	7,001	300,830
Total	860,036	52,145	38,527	443,358	361,023	158,050	1,913,139
Less, Accumulated Depreciation	(392,050)	(12,842)	(13,927)	(102,748)	(110,171)	(16,685)	(648,423)
Book Value of Exchanged Assets	\$ 467,986	\$ 39,303	\$ 24,600	\$ 340,610	\$ 250,852	\$ 141,365	\$ 1,264,716

<u>INTANGIBLES WRITTEN OFF IN EXCHANGE</u>							
Deferred Leasing Commissions	\$ 41,065	\$ -	\$ -	\$ 116,067	\$ 66,388	-	\$ 223,520
Deferred Finance Charges	225,320	34,190	16,785	60,762	90,425	-	427,482
Accumulated Amort.	(50,395)	(6,718)	(2,895)	(78,176)	(60,131)	-	(198,315)
Book Value of Disposed Intangibles	\$ 174,925	\$ 27,472	\$ 13,890	\$ (17,414)	\$ 30,294	\$ -	\$ 229,167

1031 EXCHANGE PROCEEDS FROM PROPERTY RELINQUISHED

Sales Price	\$ 40,500,000
Closing Costs	(1,490,945)
Book Value of Exchanged Assets	(1,264,616)
Deferred Gain on Sale	37,744,439
Less, Book Value of Intangibles	(452,687)
Total IRC Section 1031 Deferred Gain	\$ 37,291,752

NET INCOME FROM PROPERTIES RELINQUISHED IN IRC SECTION 1031 EXCHANGE
FOR YEAR ENDING SEPTEMBER 30, 2014

	<u>4820 MASS AVE</u>	<u>4860 MASS AVE</u>	<u>4866 MASS AVE</u>	<u>4872 MASS AVE</u>	<u>4300 FORDHAM ROAD</u>	<u>4300 FORDHAM PARKING</u>	<u>TOTAL</u>
Total Rental Revenue	\$ 949,606	\$ 186,233	\$ 19	\$ 333,551	\$ 447,705	\$ 69,085	\$ 1,986,199
Rental Expenses	139,539	16,615	30,766	58,336	68,287	47,885	361,428
Depreciation	33,988	2,997	1,153	24,524	36,176	15,426	114,264
Interest Expense	459,551	33,834	27,420	81,197	118,583	-	720,585
Real Estate Tax	191,588	10,363	8,477	25,107	44,057	-	279,592
Net Income	\$ 124,940	\$ 122,424	\$ (67,797)	\$ 144,387	\$ 180,602	\$ 5,774	\$ 510,330

Debt on the balance sheet from Cardinal Bank was paid off from the sale proceeds of the properties relinquished reducing total debt by \$16,136,161 (Note 9).

The replacement property will be funded from the sale proceeds and a replacement loan amount, which has yet to be determined.

Management has evaluated all subsequent events, inclusive of the above, through December 15, 2014, the date the financial statements were available to be issued.

SUPPLEMENTARY SCHEDULES

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEETS
SEPTEMBER 30, 2014

	<u>Consolidated</u>	<u>Elimination and Deferred Taxes</u>	<u>Combined</u>	WC & AN Miller Development Company	Haymount Corporation	Sumner Highlands, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 4,761,810	\$ -	\$ 4,761,810	\$ 4,575,266	\$ -	\$ 186,544	\$ -	\$ -
Accounts receivable, net of allowance for doubtful accounts	6,521,945	-	6,521,945	6,510,433	-	11,512	-	-
Other receivables	901,233	(43,452,017)	44,353,250	44,353,250	-	-	-	-
Inventory	37,317	-	37,317	-	-	37,317	-	-
Current portion of deferred income taxes	1,549,119	1,549,119	-	-	-	-	-	-
Prepaid expenses	483,013	-	483,013	375,143	-	106,627	650	593
Total Current Assets	<u>14,254,437</u>	<u>(41,902,898)</u>	<u>56,157,335</u>	<u>55,814,092</u>	<u>-</u>	<u>304,683</u>	<u>37,967</u>	<u>593</u>
Fixed Assets								
Land	6,849,900	-	6,849,900	5,449,225	-	848,737	538,905	13,033
Buildings	50,204,405	-	50,204,405	33,541,936	-	16,537,745	-	124,724
Property and equipment	494,685	-	494,685	486,326	-	8,359	-	-
Improvements	14,013,913	-	14,013,913	13,596,111	-	417,802	-	-
Total	<u>71,562,903</u>	<u>-</u>	<u>71,562,903</u>	<u>53,073,598</u>	<u>-</u>	<u>17,812,643</u>	<u>538,905</u>	<u>137,757</u>
Less, Accumulated depreciation	23,842,596	-	23,842,596	21,060,115	-	2,740,661	-	41,820
Net Fixed Assets	<u>47,720,307</u>	<u>-</u>	<u>47,720,307</u>	<u>32,013,483</u>	<u>-</u>	<u>15,071,982</u>	<u>538,905</u>	<u>95,937</u>
Other Assets								
Deferred leasing commissions, net	1,533,897	-	1,533,897	1,533,897	-	-	-	-
Deferred financing charges, net	995,082	-	995,082	995,082	-	-	-	-
Deposit	17,630	-	17,630	17,630	-	-	-	-
Long term portion of deferred taxes	6,757,140	(688,007)	7,445,147	7,445,147	-	-	-	-
Real estate tax escrow	101,686	-	101,686	64,998	-	36,688	-	-
Fair market value of long term investments	3,049,433	-	3,049,433	3,049,433	-	-	-	-
Investment in subsidiaries	-	42,643,649	(42,643,649)	(40,381,812)	(2,261,837)	-	-	-
Total Other Assets	<u>12,454,868</u>	<u>41,955,642</u>	<u>(29,500,774)</u>	<u>(27,275,625)</u>	<u>(2,261,837)</u>	<u>36,688</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ 74,429,612	\$ 52,744	\$ 74,376,868	\$ 60,551,950	\$ (2,261,837)	\$ 15,413,353	\$ 576,872	\$ 96,530
LIABILITIES AND STOCKHOLDERS' DEFICIT								
Current Liabilities:								
Current maturities of long term debt	\$ 2,628,960	\$ -	\$ 2,628,960	\$ 2,326,301	\$ -	\$ 302,659	\$ -	\$ -
Accounts payable	33,058	-	33,058	33,058	-	-	-	-
Other payables	-	(43,452,017)	43,452,017	-	15,305	1,178,472	612,855	41,645,385
Accrued expenses	1,271,134	1,341	1,269,793	1,214,828	-	54,965	-	-
Security deposits	499,715	-	499,715	458,243	-	41,472	-	-
Prepaid rent income	605,095	-	605,095	573,211	-	31,884	-	-
Total Current Liabilities	<u>5,037,962</u>	<u>(43,450,676)</u>	<u>48,488,638</u>	<u>4,605,641</u>	<u>15,305</u>	<u>1,609,452</u>	<u>612,855</u>	<u>41,645,385</u>
Long Term Liabilities								
Long term debt, net of current maturities	91,848,798	-	91,848,798	67,189,470	-	16,409,098	-	8,250,230
Total Long Term Liabilities	<u>91,848,798</u>	<u>-</u>	<u>91,848,798</u>	<u>67,189,470</u>	<u>-</u>	<u>16,409,098</u>	<u>-</u>	<u>8,250,230</u>
TOTAL LIABILITIES	96,886,760	(43,450,676)	140,337,436	71,795,111	15,305	18,018,550	612,855	49,895,615
Minority Interest	(7,075,434)	(7,075,434)	-	-	-	-	-	-
Stockholders' Deficit								
Common stock	800,200	(80,000)	880,200	800,200	80,000	-	-	-
Retained earnings (Deficit)	(16,181,914)	50,658,854	(66,840,768)	(12,043,361)	(2,357,142)	(2,605,197)	(35,983)	(49,799,085)
Total Stockholder's Deficit	<u>(15,381,714)</u>	<u>50,578,854</u>	<u>(65,960,568)</u>	<u>(11,243,161)</u>	<u>(2,277,142)</u>	<u>(2,605,197)</u>	<u>(35,983)</u>	<u>(49,799,085)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 74,429,612	\$ 52,744	\$ 74,376,868	\$ 60,551,950	\$ (2,261,837)	\$ 15,413,353	\$ 576,872	\$ 96,530

See accompanying notes and independent accountant's review report.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEETS
SEPTEMBER 30, 2013

	<u>Consolidated</u>	<u>Elimination and Deferred Taxes</u>	<u>Combined</u>	WC & AN Miller Development Company	Haymount Corporation	Commonwealth Homes, LLC	Sumner Highlands, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
ASSETS									
Current Assets									
Cash and cash equivalents	\$ 5,602,354	\$ -	\$ 5,602,354	\$ 5,338,645	\$ -	\$ -	\$ 263,709	\$ -	\$ -
Accounts receivable, net of allowance for doubtful accounts	6,153,958	-	6,153,958	6,138,994	-	-	14,964	-	-
Other receivables	929,623	(41,632,178)	42,561,801	42,561,801	-	-	-	-	-
Inventory	37,317	-	37,317	-	-	-	-	37,317	-
Current portion of deferred income taxes	1,328,181	1,328,181	-	-	-	-	-	-	-
Prepaid expenses	456,626	-	456,626	354,529	-	-	101,019	564	514
Total Current Assets	<u>14,508,059</u>	<u>(40,303,997)</u>	<u>54,812,056</u>	<u>54,393,969</u>	<u>-</u>	<u>-</u>	<u>379,692</u>	<u>37,881</u>	<u>514</u>
Fixed Assets									
Land	6,849,900	-	6,849,900	5,449,225	-	-	848,737	538,905	13,033
Buildings	49,724,367	-	49,724,367	33,146,298	-	-	16,453,345	-	124,724
Property and equipment	462,708	-	462,708	457,311	-	-	5,397	-	-
Improvements	13,193,901	-	13,193,901	13,009,894	-	-	184,007	-	-
Total	<u>70,230,876</u>	<u>-</u>	<u>70,230,876</u>	<u>52,062,728</u>	<u>-</u>	<u>-</u>	<u>17,491,486</u>	<u>538,905</u>	<u>137,757</u>
Less, Accumulated depreciation	22,216,395	-	22,216,395	19,864,236	-	-	2,310,339	-	41,820
Net Fixed Assets	<u>48,014,481</u>	<u>-</u>	<u>48,014,481</u>	<u>32,198,492</u>	<u>-</u>	<u>-</u>	<u>15,181,147</u>	<u>538,905</u>	<u>95,937</u>
Other Assets									
Deferred leasing commissions, net	1,397,115	-	1,397,115	1,397,115	-	-	-	-	-
Deferred financing charges, net	1,104,505	-	1,104,505	1,104,505	-	-	-	-	-
Deposit	17,630	-	17,630	17,630	-	-	-	-	-
Long term portion of deferred taxes	6,419,052	(1,026,095)	7,445,147	7,445,147	-	-	-	-	-
Real estate tax escrow	68,985	-	68,985	16,405	-	-	52,580	-	-
Fair market value of long term investments	2,824,080	-	2,824,080	2,824,080	-	-	-	-	-
Investment in subsidiaries	-	41,102,552	(41,102,552)	(38,922,302)	(2,180,250)	-	-	-	-
Total Other Assets	<u>11,831,367</u>	<u>40,076,457</u>	<u>(28,245,090)</u>	<u>(26,117,420)</u>	<u>(2,180,250)</u>	<u>-</u>	<u>52,580</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ 74,353,907	\$ (227,540)	\$ 74,581,447	\$ 60,475,041	\$ (2,180,250)	\$ -	\$ 15,613,419	\$ 576,786	\$ 96,451
LIABILITIES AND STOCKHOLDERS' DEFICIT									
Current Liabilities:									
Current maturities of long term debt	\$ 2,420,516	\$ -	\$ 2,420,516	\$ 2,136,769	\$ -	\$ -	\$ 283,747	\$ -	\$ -
Accounts payable	163,440	-	163,440	163,440	-	-	-	-	-
Other payables	-	(41,632,178)	41,632,178	-	13,825	-	1,176,841	609,262	39,832,250
Accrued expenses	1,460,655	1,341	1,459,314	1,420,954	-	-	38,360	-	-
Security deposits	458,490	-	458,490	412,292	-	-	46,198	-	-
Prepaid rent income	714,003	-	714,003	697,384	-	-	16,619	-	-
Total Current Liabilities	<u>5,217,104</u>	<u>(41,630,837)</u>	<u>46,847,941</u>	<u>4,830,839</u>	<u>13,825</u>	<u>-</u>	<u>1,561,765</u>	<u>609,262</u>	<u>39,832,250</u>
Long Term Liabilities									
Long term debt, net of current maturities	94,477,728	-	94,477,728	69,515,744	-	-	16,711,754	-	8,250,230
Total Long Term Liabilities	<u>94,477,728</u>	<u>-</u>	<u>94,477,728</u>	<u>69,515,744</u>	<u>-</u>	<u>-</u>	<u>16,711,754</u>	<u>-</u>	<u>8,250,230</u>
TOTAL LIABILITIES	99,694,832	(41,630,837)	141,325,669	74,346,583	13,825	-	18,273,519	609,262	48,082,480
Minority Interest	<u>(6,803,475)</u>	<u>(6,803,475)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Stockholders' Deficit									
Common stock	800,200	(80,000)	880,200	800,200	80,000	-	-	-	-
Retained earnings (Deficit)	(19,337,650)	48,286,772	(67,624,422)	(14,671,742)	(2,274,075)	-	(2,660,100)	(32,476)	(47,986,029)
Total Stockholder's Deficit	<u>(18,537,450)</u>	<u>48,206,772</u>	<u>(66,744,222)</u>	<u>(13,871,542)</u>	<u>(2,194,075)</u>	<u>-</u>	<u>(2,660,100)</u>	<u>(32,476)</u>	<u>(47,986,029)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 74,353,907	\$ (227,540)	\$ 74,581,447	\$ 60,475,041	\$ (2,180,250)	\$ -	\$ 15,613,419	\$ 576,786	\$ 96,451

See accompanying notes and independent accountant's review report.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF INCOME (LOSS) AND RETAINED DEFICIT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Consolidated</u>	<u>Elimination and Deferred Taxes</u>	<u>Combined</u>	WC & AN Miller Development Company	Haymount Corporation	Sumner Highlands, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
Rent Income								
Rent income	\$ 16,620,573	\$ -	\$ 16,620,573	\$ 14,286,493	\$ -	\$ 2,334,080	\$ -	\$ -
Rent expenses	(4,538,639)	-	(4,538,639)	(3,902,249)	-	(636,390)	-	-
Depreciation and amortization	(2,189,428)	-	(2,189,428)	(1,759,105)	-	(430,323)	-	-
Interest expense	(4,511,202)	-	(4,511,202)	(3,418,604)	-	(1,092,598)	-	-
Real estate taxes	(1,437,834)	-	(1,437,834)	(1,319,599)	-	(118,235)	-	-
Net Rent Income	<u>3,943,470</u>	<u>-</u>	<u>3,943,470</u>	<u>3,886,936</u>	<u>-</u>	<u>56,534</u>	<u>-</u>	<u>-</u>
Revenues								
Sales	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-
Gross Profit (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses	<u>1,510,414</u>	<u>(1,104)</u>	<u>1,511,518</u>	<u>1,497,426</u>	<u>1,480</u>	<u>1,750</u>	<u>3,507</u>	<u>7,355</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>2,433,056</u>	<u>1,104</u>	<u>2,431,952</u>	<u>2,389,510</u>	<u>(1,480)</u>	<u>54,784</u>	<u>(3,507)</u>	<u>(7,355)</u>
OTHER INCOME (EXPENSES)								
Dividend and interest income	371,060	(1,534,846)	1,905,906	1,905,906	-	-	-	-
Unrealized gain on investments	126,894	-	126,894	126,894	-	-	-	-
Realized gain on investments	12,835	-	12,835	12,835	-	-	-	-
Miscellaneous income	8,584	-	8,584	8,465	-	119	-	-
Loss on sale of assets	(298,965)	-	(298,965)	(298,965)	-	-	-	-
Loss from passthrough	-	1,541,097	(1,541,097)	(1,459,510)	(81,587)	-	-	-
Interest expense	-	1,805,701	(1,805,701)	-	-	-	-	(1,805,701)
TOTAL OTHER INCOME (EXPENSES)	<u>220,408</u>	<u>1,811,952</u>	<u>(1,591,544)</u>	<u>295,625</u>	<u>(81,587)</u>	<u>119</u>	<u>-</u>	<u>(1,805,701)</u>
INCOME (LOSS) BEFORE PROVISION (CREDIT) FOR INCOME TAXES	<u>2,653,464</u>	<u>\$ 1,813,056</u>	<u>\$ 840,408</u>	<u>\$ 2,685,135</u>	<u>\$ (83,067)</u>	<u>\$ 54,903</u>	<u>\$ (3,507)</u>	<u>\$ (1,813,056)</u>
Provision (Credit) for Income Taxes								
Current	56,754							
Deferred	(559,026)							
Total Provision (Credit) for Income Tax	<u>(502,272)</u>							
NET INCOME	3,155,736							
Retained Deficit, Beginning of Year	(19,337,650)							
Less, Dividends paid	<u>-</u>							
RETAINED DEFICIT, END OF YEAR	<u>\$ (16,181,914)</u>							

See accompanying notes and independent accountant's review report.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF INCOME (LOSS) AND RETAINED DEFICIT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Consolidated</u>	<u>Elimination and Deferred Taxes</u>	<u>Combined</u>	<u>WC & AN Miller Development Company</u>	<u>Haymount Corporation</u>	<u>Commonwealth Homes, LLC</u>	<u>Sumner Highlands, LLC</u>	<u>Haymount Limited Partnership II</u>	<u>Haymount Limited Partnership</u>
Rent Income									
Rent income	\$ 18,176,558	\$ -	\$ 18,176,558	\$ 15,781,988	\$ -	\$ -	\$ 2,394,570	\$ -	\$ -
Rent expenses	(4,533,812)	-	(4,533,812)	(3,866,481)	-	-	(667,331)	-	-
Depreciation and amortization	(2,068,685)	-	(2,068,685)	(1,648,204)	-	-	(420,481)	-	-
Interest expense	(4,550,553)	-	(4,550,553)	(3,441,529)	-	-	(1,109,024)	-	-
Real estate taxes	(1,364,929)	-	(1,364,929)	(1,254,339)	-	-	(110,590)	-	-
Net Rent Income	<u>5,658,579</u>	<u>-</u>	<u>5,658,579</u>	<u>5,571,435</u>	<u>-</u>	<u>-</u>	<u>87,144</u>	<u>-</u>	<u>-</u>
Revenues									
Sales	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-
Gross Profit (Loss)	-	-	-	-	-	-	-	-	-
Operating Expenses	1,317,851	(711)	1,318,562	1,304,253	1,410	1,988	2,855	3,313	4,743
NET INCOME (LOSS) FROM OPERATIONS	<u>4,340,728</u>	<u>711</u>	<u>4,340,017</u>	<u>4,267,182</u>	<u>(1,410)</u>	<u>(1,988)</u>	<u>84,289</u>	<u>(3,313)</u>	<u>(4,743)</u>
OTHER INCOME (EXPENSES)									
Dividend and interest income	264,257	(1,461,759)	1,726,016	1,726,016	-	-	-	-	-
Unrealized gain on investments	329,154	-	329,154	329,154	-	-	-	-	-
Miscellaneous income	64,511	-	64,511	100	-	64,327	84	-	-
Loss on sale of assets	(117,125)	-	(117,125)	(117,125)	-	-	-	-	-
Loss from passthrough	-	1,465,789	(1,465,789)	(1,388,189)	(77,600)	-	-	-	-
Interest expense	-	1,719,716	(1,719,716)	-	-	-	-	-	(1,719,716)
Cancellation of debt income	-	-	-	(4,841,788)	-	4,841,788	-	-	-
TOTAL OTHER INCOME (EXPENSES)	<u>540,797</u>	<u>1,723,746</u>	<u>(1,182,949)</u>	<u>(4,291,832)</u>	<u>(77,600)</u>	<u>4,906,115</u>	<u>84</u>	<u>-</u>	<u>(1,719,716)</u>
INCOME (LOSS) BEFORE PROVISION (CREDIT) FOR INCOME TAXES	<u>4,881,525</u>	<u>\$ 1,724,457</u>	<u>\$ 3,157,068</u>	<u>\$ (24,650)</u>	<u>\$ (79,010)</u>	<u>\$ 4,904,127</u>	<u>\$ 84,373</u>	<u>\$ (3,313)</u>	<u>\$ (1,724,459)</u>
Provision (Credit) for Income Taxes									
Current	70,078								
Deferred	(173,350)								
Total Provision (Credit) for Income Tax	<u>(103,272)</u>								
NET INCOME (LOSS)	4,984,797								
Retained Deficit, Beginning of Year	(17,972,447)								
Less, Dividends paid	(6,350,000)								
RETAINED DEFICIT, END OF YEARS	<u>\$ (19,337,650)</u>								

See accompanying notes and independent accountant's review report.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Consolidated</u>	<u>Elimination and Deferred Taxes</u>	<u>Combined</u>	WC & AN Miller Development Company	Haymount Corporation	Sumner Highlands, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
Auto expense	\$ 150	\$ -	\$ 150	\$ 150	-	-	-	-
Bank charges	1,887	-	1,887	1,887	-	-	-	-
Benefits	15,187	-	15,187	15,187	-	-	-	-
Board of directors fees	216,000	-	216,000	216,000	-	-	-	-
Charitable contribution	3,250	-	3,250	3,250	-	-	-	-
Consulting	27,664	-	27,664	27,664	-	-	-	-
Depreciation and amortization	10,219	-	10,219	10,219	-	-	-	-
Dues and subscriptions	89	-	89	89	-	-	-	-
Equipment Rental	6,713	-	6,713	6,713	-	-	-	-
Executive compensation	487,500	-	487,500	487,500	-	-	-	-
Health insurance	18,284	-	18,284	18,284	-	-	-	-
Insurance	33,456	-	33,456	33,456	-	-	-	-
Interest expense	129,853	-	129,853	129,853	-	-	-	-
Investment fees	9,445	-	9,445	9,445	-	-	-	-
Legal and accounting	251,762	(647)	252,409	245,264	1,380	1,450	-	4,315
Marketing and promotion	3,905	-	3,905	3,905	-	-	-	-
Meals and entertainment	12,192	-	12,192	12,192	-	-	-	-
Office salary	117,100	-	117,100	117,100	-	-	-	-
Office supplies	17,993	-	17,993	17,993	-	-	-	-
Other taxes and licenses	45,245	(8)	45,253	44,628	100	300	175	50
Payroll taxes	23,606	-	23,606	23,606	-	-	-	-
Payroll processing	4,332	-	4,332	4,332	-	-	-	-
Penalties	628	-	628	628	-	-	-	-
Postage and delivery	3,463	-	3,463	3,463	-	-	-	-
Real estate tax expense	5,873	(449)	6,322	-	-	-	3,332	2,990
Rent	18,000	-	18,000	18,000	-	-	-	-
Telephone	7,940	-	7,940	7,940	-	-	-	-
Travel	38,678	-	38,678	38,678	-	-	-	-
TOTAL OPERATING EXPENSES	\$ 1,510,414	\$ (1,104)	\$ 1,511,518	\$ 1,497,426	\$ 1,480	\$ 1,750	\$ 3,507	\$ 7,355

See accompanying notes and independent accountant's review report.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Consolidated</u>	<u>Elimination and Deferred Taxes</u>	<u>Combined</u>	WC & AN Miller Development Company	Haymount Corporation	Commonwealth Homes, LLC	Sumner Highlands, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
Auto expense	\$ 1,167	\$ -	\$ 1,167	\$ 1,167	-	-	-	-	-
Bank charges	1,480	-	1,480	1,480	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Board of directors fees	222,000	-	222,000	222,000	-	-	-	-	-
Charitable contribution	11,800	-	11,800	11,800	-	-	-	-	-
Consulting	16,614	-	16,614	16,614	-	-	-	-	-
Depreciation and amortization	5,522	-	5,522	5,522	-	-	-	-	-
Equipment rental	4,518	-	4,518	4,518	-	-	-	-	-
Executive compensation	375,000	-	375,000	375,000	-	-	-	-	-
Health insurance	32,683	-	32,683	32,683	-	-	-	-	-
Insurance	28,633	-	28,633	27,780	-	853	-	-	-
Interest expense	103,289	-	103,289	103,289	-	-	-	-	-
Investment Fees	5,120	-	5,120	5,120	-	-	-	-	-
Legal and accounting	215,303	(288)	215,591	209,806	1,310	-	2,555	-	1,920
Marketing and promotion	35,400	-	35,400	35,400	-	-	-	-	-
Meals and entertainment	10,958	-	10,958	10,958	-	-	-	-	-
Office salary	112,000	-	112,000	112,000	-	-	-	-	-
Office supplies	18,120	-	18,120	18,120	-	-	-	-	-
Other taxes and licenses	2,857	-	2,857	2,285	100	25	300	147	-
Payroll taxes	22,317	-	22,317	22,317	-	-	-	-	-
Payroll processing	4,498	-	4,498	4,498	-	-	-	-	-
Postage and delivery	3,252	-	3,252	3,252	-	-	-	-	-
Real estate tax expense	5,566	(423)	5,989	-	-	-	-	3,166	2,823
Rent	12,050	-	12,050	12,050	-	-	-	-	-
Repairs and maintenance	1,110	-	1,110	-	-	1,110	-	-	-
Telephone	7,120	-	7,120	7,120	-	-	-	-	-
Travel	59,474	-	59,474	59,474	-	-	-	-	-
TOTAL OPERATING EXPENSES	\$ 1,317,851	\$ (711)	\$ 1,318,562	\$ 1,304,253	\$ 1,410	\$ 1,988	\$ 2,855	\$ 3,313	\$ 4,743

See accompanying notes and independent accountant's review report.

W.C. AND A.N. DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF RENTAL ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	4701 Sangamore Road	4611 Sangamore Road	4820 Massachusetts Avenue	4860 Massachusetts Avenue	4866 Massachusetts Avenue	4872 Massachusetts Avenue	4900 Massachusetts Avenue	4910 Massachusetts Avenue	4301 50th Street	4315 50th Street	4300 Fordham Parking	4900 Yuma Parking	4300 Fordham	East West Highway	Total Development Company	Sumner Highlands	Combined
Rental Revenues																	
Rental income	\$ 2,177,814	4,031,799	949,077	186,210	-	333,495	1,188,301	3,341,579	419,017	446,367	69,085	539,114	447,223	156,750	\$ 14,285,831	\$ 2,334,080	\$ 16,619,911
Tenant expense reimbursement		(10,362)					(698)	70					400	-	(10,590)	-	(10,590)
Interest income	3,222	6,213	529	23	19	56	265	591	126	126			82	-	11,252	-	11,252
Total Rental Revenue	<u>2,181,036</u>	<u>4,027,650</u>	<u>949,606</u>	<u>186,233</u>	<u>19</u>	<u>333,551</u>	<u>1,187,868</u>	<u>3,342,240</u>	<u>419,143</u>	<u>446,493</u>	<u>69,085</u>	<u>539,114</u>	<u>447,705</u>	<u>156,750</u>	<u>14,286,493</u>	<u>2,334,080</u>	<u>16,620,573</u>
Rental Expenses																	
Administrative expense	7,255	11,545	3,275	308	257	1,137	2,564	6,196	1,125	1,135	-	-	931	-	35,728	1,383	37,111
Advertising		-	-	-	-	-	-	-	-	-	-	-	-	-	37,080	-	37,080
Asset management	32,277	56,891	-	-	-	5,343	17,038	44,217	5,351	6,687	-	-	-	-	167,804	-	167,804
Bad debt	-	-	-	-	-	-	-	-	-	11,000	-	-	-	-	11,000	-	11,000
Cleaning contract	113,319	23,360	-	-	-	-	36,111	103,712	14,095	16,759	-	-	-	-	307,356	26,552	333,908
Cleaning supplies	1,451	-	-	-	-	-	9,216	8,371	5,951	5,084	-	-	-	-	30,073	-	30,073
Credit checks and signage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,737	7,737
Engineer services	115,305	42,026	23,433	2,257	1,829	5,416	28,900	64,539	13,749	13,749	-	-	7,910	-	319,113	-	319,113
Engineering benefits and taxes	28,506	13,080	6,348	591	479	1,418	7,387	16,515	3,514	3,494	-	-	2,023	-	83,355	-	83,355
Exterminating	1,303	1,925	-	-	-	1,206	2,390	2,073	804	804	-	-	-	-	10,505	1,449	11,954
Fire protection	11,880	1,104	-	-	-	56	769	3,788	3,405	1,500	-	-	-	-	22,502	7,865	30,367
Garage contractor	-	-	-	-	-	-	-	-	-	-	43,048	126,621	-	-	169,669	-	169,669
Insurance	7,223	10,050	7,372	1,097	2,293	3,388	4,810	9,720	2,833	2,474	-	-	3,515	-	54,775	20,874	75,649
Legal and professional	1,195	18,005	1,040	-	6,732	-	2,280	4,974	65	1,638	-	-	-	-	35,929	5,463	41,392
Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,750	-	4,750
Management fee	75,313	132,747	39,588	7,032	500	12,467	39,756	103,172	12,486	15,602	2,418	18,869	19,577	-	479,527	69,913	549,440
Office expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,149	-	5,149
Porter service	15,208	41,423	15,451	1,137	917	2,730	10,301	23,382	4,899	4,899	-	-	3,986	-	124,333	-	124,333
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	248,365	248,365	248,365
Repairs and maintenance	162,571	142,500	17,879	2,359	8,822	8,554	66,964	105,859	29,876	34,552	-	-	20,886	-	600,822	154,999	755,821
Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	111,818	111,818
Security contract	18,285	35,404	-	-	-	-	540	5,438	8,882	1,120	1,272	-	-	-	70,941	7,221	78,162
Snow removal	28,026	76,334	23,952	1,746	1,429	4,232	10,933	24,413	5,202	5,201	-	-	6,181	-	187,649	30,987	218,636
Taxes payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,283	24,283
Telephone expense	4,711	3,831	1,201	88	72	734	2,646	5,439	3,060	4,251	-	-	310	-	26,343	24,253	50,596
Trash removal	3,878	33,719	-	-	-	110	6,808	15,169	3,172	3,802	-	-	-	-	66,658	17,109	83,767
Uniforms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	356	-	356
Utilities	308,907	138,443	-	-	7,436	11,005	52,025	251,782	39,381	35,436	2,419	-	2,968	-	849,802	49,326	899,128
Total Rental Expenses	<u>936,613</u>	<u>782,387</u>	<u>139,539</u>	<u>16,615</u>	<u>30,766</u>	<u>58,336</u>	<u>306,336</u>	<u>802,203</u>	<u>150,088</u>	<u>169,339</u>	<u>47,885</u>	<u>145,490</u>	<u>68,287</u>	<u>248,365</u>	<u>3,902,249</u>	<u>636,390</u>	<u>4,538,639</u>
Net Rental Income before Depreciation, Interest Expense and Real Estate Tax	<u>1,244,423</u>	<u>3,245,263</u>	<u>810,067</u>	<u>169,618</u>	<u>(30,747)</u>	<u>275,215</u>	<u>881,532</u>	<u>2,540,037</u>	<u>269,055</u>	<u>277,154</u>	<u>21,200</u>	<u>393,624</u>	<u>379,418</u>	<u>(91,615)</u>	<u>10,384,244</u>	<u>1,697,690</u>	<u>12,081,934</u>
Depreciation and amortization	948,216	79,698	33,988	2,997	1,153	24,524	110,835	320,809	62,996	98,982	15,426	23,305	36,176	-	1,759,105	430,323	2,189,428
Interest expense	-	1,194,506	459,551	33,834	27,420	81,197	359,294	802,365	170,927	170,927	-	-	118,583	-	3,418,604	1,092,598	4,511,202
Real estate tax	142,864	226,439	191,588	10,363	8,477	25,107	181,257	373,942	56,318	59,187	-	-	44,057	-	1,319,599	118,235	1,437,834
Total Depreciation, Interest Expense and Real Estate Tax	<u>1,091,080</u>	<u>1,500,643</u>	<u>685,127</u>	<u>47,194</u>	<u>37,050</u>	<u>130,828</u>	<u>651,386</u>	<u>1,497,116</u>	<u>290,241</u>	<u>329,096</u>	<u>15,426</u>	<u>23,305</u>	<u>198,816</u>	<u>-</u>	<u>6,497,308</u>	<u>1,641,156</u>	<u>8,138,464</u>
NET RENTAL INCOME (LOSS)	<u>\$ 153,343</u>	<u>\$ 1,744,620</u>	<u>\$ 124,940</u>	<u>\$ 122,424</u>	<u>\$ (67,797)</u>	<u>\$ 144,387</u>	<u>\$ 230,146</u>	<u>\$ 1,042,921</u>	<u>\$ (21,186)</u>	<u>\$ (51,942)</u>	<u>\$ 5,774</u>	<u>\$ 370,319</u>	<u>\$ 180,602</u>	<u>\$ (91,615)</u>	<u>\$ 3,886,936</u>	<u>\$ 56,534</u>	<u>\$ 3,943,470</u>

See accompanying notes and independent accountant's review report.

W.C. AND A.N. DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF RENTAL ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	4701 Sangamore Road	4611 Sangamore Road	4820 Massachusetts Avenue	4860 Massachusetts Avenue	4866 Massachusetts Avenue	4872 Massachusetts Avenue	4900 Massachusetts Avenue	4910 Massachusetts Avenue	4301 50th Street	4315 50th Street	4300 Fordham Parking	4900 Yuma Parking	4300 Fordham Parking	East West Highway	Total Development Company	Sumner Highlands	Combined	
Rental Revenues																		
Rental income	\$ 2,257,700	3,694,617	2,489,187	184,742	232,347	329,114 (300)	1,160,964	3,040,332 (394)	306,733	499,884	51,799	507,632	847,988 (200)	156,750	\$ 15,759,789	\$ 2,394,570	\$ 18,154,359	
Tenant expense reimbursement	1,299	7,533	-	500	26	62	-	640	-	-	-	-	90	-	8,438	-	8,438	
Interest income	3,284	8,517	562	21	26	287	640	136	136	-	-	-	-	-	13,761	-	13,761	
Total Rental Revenue	<u>2,262,283</u>	<u>3,710,667</u>	<u>2,489,749</u>	<u>184,768</u>	<u>232,868</u>	<u>328,876</u>	<u>1,161,251</u>	<u>3,040,578</u>	<u>306,869</u>	<u>500,020</u>	<u>51,799</u>	<u>507,632</u>	<u>847,878</u>	<u>156,750</u>	<u>15,781,988</u>	<u>2,394,570</u>	<u>18,176,558</u>	
Rental Expenses																		
Administrative expense	7,739	12,177	3,849	280	267	739	5,317	6,467	1,287	1,204	-	-	1,029	-	40,355	1,268	41,623	
Advertising	-	-	-	-	-	-	1,881	-	-	-	-	-	-	-	1,881	32,556	34,437	
Asset management	31,930	54,508	-	-	-	5,265	16,732	41,702	4,385	7,109	-	-	-	-	161,631	-	161,631	
Bad debt	-	-	-	-	41,186	-	7,313	-	-	-	-	-	-	-	48,499	6,185	54,684	
Charitable Contributions	193	307	-	-	-	-	-	-	-	-	-	-	-	-	500	-	500	
Cleaning contract	110,188	32,417	-	-	-	-	38,407	106,728	14,926	21,715	-	-	-	-	324,381	25,334	349,715	
Cleaning supplies	197	312	-	-	-	-	4,003	5,407	1,688	1,688	-	-	-	-	13,295	-	13,295	
Credit checks and signage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,293	6,293	6,293	
Engineer services	111,765	40,488	21,634	2,307	1,870	5,536	27,685	61,825	13,171	13,170	-	-	8,086	-	307,537	3,300	310,837	
Engineering benefits and taxes	18,320	19,601	8,441	678	549	1,627	6,654	14,860	3,166	3,165	-	-	2,392	-	79,453	-	79,453	
Exterminating	742	742	-	-	-	1,179	1,581	1,263	786	786	-	-	-	-	7,079	1,620	8,699	
Fire protection	8,057	2,172	-	-	-	72	784	2,576	2,157	1,581	-	-	116	-	17,515	6,533	24,048	
Garage contractor	-	-	-	-	-	-	-	-	-	-	-	71,857	144,458	-	-	216,315	-	216,315
Information management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	197	197	197	
Insurance	5,577	9,272	6,926	1,173	3,321	4,418	4,029	7,241	2,717	2,218	-	-	4,408	-	51,300	37,760	89,060	
Insurance - medical, life, and disability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,608	3,608	3,608	
Legal and professional	15,469	13,520	-	-	6,669	-	13,664	9,200	11,529	1,161	-	-	-	-	71,212	8,101	79,313	
Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,750	4,750	4,750	
Management fee	74,504	127,186	36,526	6,377	8,468	12,285	39,042	97,305	10,233	16,587	1,813	17,767	18,358	-	466,451	82,185	548,636	
Office expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,044	8,044	8,044
Porter service	13,359	36,464	13,556	997	808	2,395	8,847	19,756	4,208	4,208	-	-	3,497	-	108,095	-	108,095	
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	238,575	238,575	238,575	
Repairs and maintenance	161,088	171,219	15,208	2,689	1,935	7,074	73,731	129,219	11,099	21,159	-	-	17,179	-	611,600	192,456	804,056	
Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	126,457	126,457	126,457
Security contract	20,884	40,143	-	-	-	540	4,994	8,566	1,105	1,304	-	-	-	-	77,536	4,969	82,505	
Snow removal	8,207	22,353	7,941	585	474	1,403	3,977	8,879	1,892	1,892	-	-	2,049	-	59,652	12,666	72,318	
Tax appeals fee	-	-	-	-	-	-	-	-	1,468	210	-	-	-	-	1,888	-	1,888	
Taxes - payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,243	10,243	10,243
Telephone expense	3,907	3,838	1,295	95	77	711	2,745	5,210	3,045	4,151	-	-	334	-	25,408	21,509	46,917	
Trash removal	5,410	50,781	-	-	-	95	10,444	23,529	4,969	4,969	-	-	-	-	100,197	15,952	116,149	
Uniforms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,238	1,238	1,238
Utilities	346,113	95,295	-	-	-	10,735	53,406	253,393	34,740	37,696	1,994	-	2,754	-	836,126	54,107	890,233	
Total Rental Expenses	<u>943,649</u>	<u>732,795</u>	<u>115,376</u>	<u>15,181</u>	<u>65,624</u>	<u>54,074</u>	<u>325,236</u>	<u>804,594</u>	<u>127,313</u>	<u>145,973</u>	<u>75,664</u>	<u>162,225</u>	<u>60,202</u>	<u>238,575</u>	<u>3,866,481</u>	<u>667,331</u>	<u>4,533,812</u>	
Net Rental Income before Depreciation, Interest Expense and Real Estate Tax	<u>1,318,634</u>	<u>2,977,872</u>	<u>2,374,373</u>	<u>169,587</u>	<u>167,244</u>	<u>274,802</u>	<u>836,015</u>	<u>2,235,984</u>	<u>179,556</u>	<u>354,047</u>	<u>(23,865)</u>	<u>345,407</u>	<u>787,676</u>	<u>(81,825)</u>	<u>11,915,507</u>	<u>1,727,239</u>	<u>13,642,746</u>	
Depreciation and amortization	930,747	51,801	30,557	2,745	8,799	24,616	106,286	308,082	45,882	98,161	1,259	3,979	35,290	-	1,648,204	420,481	2,068,685	
Interest expense	-	1,227,533	440,434	32,427	26,279	77,819	364,044	812,971	173,186	173,186	-	-	113,650	-	3,441,529	1,109,024	4,550,553	
Real estate tax	138,731	219,889	169,600	10,060	8,232	24,376	161,648	359,415	61,233	62,001	-	-	39,154	-	1,254,339	110,590	1,364,929	
Total Depreciation, Interest Expense and Real Estate Tax	<u>1,069,478</u>	<u>1,499,223</u>	<u>640,591</u>	<u>45,232</u>	<u>43,310</u>	<u>126,811</u>	<u>631,978</u>	<u>1,480,468</u>	<u>280,301</u>	<u>333,348</u>	<u>1,259</u>	<u>3,979</u>	<u>188,094</u>	<u>-</u>	<u>6,344,072</u>	<u>1,640,095</u>	<u>7,984,167</u>	
NET RENTAL INCOME (LOSS)	<u>\$ 249,156</u>	<u>\$ 1,478,649</u>	<u>\$ 1,733,782</u>	<u>\$ 124,355</u>	<u>\$ 123,934</u>	<u>\$ 147,991</u>	<u>\$ 204,037</u>	<u>\$ 755,516</u>	<u>\$ (100,745)</u>	<u>\$ 20,699</u>	<u>\$ (25,124)</u>	<u>\$ 341,428</u>	<u>\$ 599,582</u>	<u>\$ (81,825)</u>	<u>\$ 5,571,435</u>	<u>\$ 87,144</u>	<u>\$ 5,658,579</u>	

See accompanying notes and independent accountant's review report.