

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 and 2009

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Alan L. Gordon, CPA, P.A.

December 13, 2010


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, 2010 and 2009, and the related consolidated statements of income (loss), retained deficit, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of W.C. and A.N. Miller Development Company and Subsidiaries.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

Our review was made for the purpose of expressing a limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedules is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.


ALAN L. GORDON, CPA, P.A.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2010 and 2009

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,557,847	\$ 1,959,410
Accounts receivable, net of allowance for doubtful accounts	3,815,742	4,438,982
Other receivables	1,042,455	859,747
Inventory	1,782,455	1,773,617
Current portion of deferred income taxes	1,407,682	1,444,444
Prepaid expenses	450,174	474,774
Total Current Assets	<u>10,056,355</u>	<u>10,950,974</u>
Fixed Assets (Notes 4 and 5)		
Land	6,849,900	8,817,746
Buildings	48,957,009	41,532,837
Property and equipment	304,992	2,371,668
Improvements	12,166,080	17,079,203
Total	<u>68,277,981</u>	<u>69,801,454</u>
Less, Accumulated depreciation	<u>17,416,985</u>	<u>15,941,504</u>
Net Fixed Assets	<u>50,860,996</u>	<u>53,859,950</u>
Other Assets		
Deferred leasing commissions, net	515,535	435,363
Deferred financing charges, net	772,942	927,568
Deposit	17,630	17,630
Long term portion of deferred taxes	5,832,750	5,277,265
Real estate tax escrow	239,884	258,684
Total Other Assets	<u>7,378,741</u>	<u>6,916,510</u>
TOTAL ASSETS	<u>\$ 68,296,092</u>	<u>\$ 71,727,434</u>

	2010	2009
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Current maturities of long term debt	\$ 1,520,021	\$ 1,812,827
Accounts payable	559,617	23,581
Accrued income taxes	-	35,576
Accrued expenses	1,066,789	998,229
Security deposits	325,128	345,899
Prepaid rent income	660,080	200,678
Total Current Liabilities	<u>4,131,635</u>	<u>3,416,790</u>
Long Term Liabilities		
Long term debt, net of current maturities	86,531,002	88,039,468
Guaranty reserve	-	34,310
Total Long Term Liabilities	<u>86,531,002</u>	<u>88,073,778</u>
TOTAL LIABILITIES	<u>90,662,637</u>	<u>91,490,568</u>
Minority Interest	<u>(6,063,990)</u>	<u>(5,832,747)</u>
Stockholders' Deficit		
Common stock - \$100 par value, 10,000 shares authorized, 8002 shares issued and outstanding	800,200	800,200
Retained earnings (Deficit)	(17,102,755)	(14,730,587)
Total Stockholder's Deficit	<u>(16,302,555)</u>	<u>(13,930,387)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ <u><u>68,296,092</u></u>	\$ <u><u>71,727,434</u></u>

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME (LOSS) AND RETAINED DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Rent Income		
Rent income	\$ 15,092,400	\$ 20,577,068
Rent expenses	(5,411,110)	(4,560,142)
Depreciation and amortization	(2,875,635)	(1,826,512)
Interest expense	(5,408,492)	(5,077,978)
Real estate taxes	(1,540,948)	(1,433,270)
Net Rent Income	<u>(143,785)</u>	<u>7,679,166</u>
Revenues		
Sales	34,310	3,216,233
Cost of sales	8,000	5,022,763
Gross Profit (Loss)	<u>26,310</u>	<u>(1,806,530)</u>
Operating Expenses	<u>1,641,060</u>	<u>2,425,873</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(1,758,535)</u>	<u>3,446,763</u>
OTHER INCOME (EXPENSES)		
Miscellaneous income	1,918	820,120
Management fee income	-	41,934
Interest income	239,889	248,983
Miscellaneous expense	-	(414,797)
Loss on disposition of fixed assets	(974,163)	(1,158,247)
Interest expense	-	(44,948)
TOTAL OTHER INCOME (EXPENSES)	<u>(732,356)</u>	<u>(506,955)</u>
INCOME (LOSS) BEFORE PROVISION (CREDIT) FOR INCOME TAXES	<u>(2,490,891)</u>	<u>2,939,808</u>
Provision (Credit) for Income Taxes		
Current	-	35,576
Deferred	(518,723)	687,862
Total Provision (Credit) for Income Tax	<u>(518,723)</u>	<u>723,438</u>
NET INCOME (LOSS)	(1,972,168)	2,216,370
Retained Deficit, Beginning of Year	(14,730,587)	(16,946,957)
Less, Dividends paid	<u>(400,000)</u>	<u>-</u>
RETAINED DEFICIT, END OF YEAR	<u>\$ (17,102,755)</u>	<u>\$ (14,730,587)</u>

W.C. AND A.N. MILLER DEVELOPMENT COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 and 2009

	2010	2009
Cash Flows for Operating Activities:		
Net Income (Loss)	\$ (1,972,168)	\$ 2,216,370
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	2,909,650	1,966,748
Loss on disposition of fixed assets	974,163	1,158,247
Dividends paid	(400,000)	-
Income allocated to minority interest	(231,243)	(192,750)
Accounts receivable	623,240	(735,089)
Other receivables	(182,708)	(825,430)
Inventory	(8,838)	4,719,989
Deferred income taxes	(518,723)	687,862
Prepaid expenses	24,600	525,121
Current maturities of long term debt	(292,806)	1,812,827
Accounts payable	536,036	29,539
Accrued income taxes	(35,576)	35,476
Accrued expenses	68,560	(240,807)
Security deposits	(20,771)	33,830
Prepaid rent income	459,402	200,678
Total Adjustments	<u>3,904,986</u>	<u>9,176,241</u>
Net Cash Provided by (Used for) Operating Activities	<u>1,932,818</u>	<u>11,392,611</u>
Cash Flow for Investing Activities:		
Acquisition of fixed assets	(660,942)	(544,946)
Acquisition of deferred financing charges	(149,463)	(1,252,681)
Acquisition of real estate tax escrow	18,800	(48,163)
Disposition of guaranty reserve	(34,310)	(140)
Disposition of deposit	-	5,000
Net Cash Used for Investing Activities	<u>(825,915)</u>	<u>(1,840,930)</u>
Cash Flow for Financing Activities:		
Disposition of long term debt	(1,508,466)	(46,804,589)
Acquisition of long term debt	-	36,141,971
Net Cash Used for Investing Activities	<u>(1,508,466)</u>	<u>(10,662,618)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(401,563)	(1,110,937)
Cash and cash equivalents, Beginning of Year	<u>1,959,410</u>	<u>3,070,347</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,557,847</u>	<u>\$ 1,959,410</u>

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 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%
Commonwealth Homes, LLC	LLC	100%
Sumner Highland, LLC	LLC	100%
Miller New Homes, 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.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

Inventory

Inventory, which includes building lots and homes completed and in progress, 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.

Amortization expense for the five years subsequent to September 30, 2010, is as follows:

<u>September 30,</u>	
2011	\$ 241,534
2012	214,183
2013	160,495
2014	155,189
2015	147,700

Revenue Recognition

Real estate sales revenue and commission revenue are recognized at the time of settlement. 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.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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

Guaranty Reserve

For the year ended September 30, 2009, the Company provided a one-year warranty on all new custom homes sold. Based on the Company's actual experience with guaranty claims paid, the Company recorded a guaranty reserve of 1% of the sales price on new custom homes sold. During the year ended September 30, 2010, the guaranty reserve was reduced to zero.

	<u>2010</u>	<u>2009</u>
Guaranty reserve – beginning of year	\$ 34,310	\$ 33,920
Provision for additional guaranties	--	390
Expenditures against prior accruals	--	--
Write off expired guaranty reserve	<u>(34,310)</u>	<u>--</u>
Guaranty reserve – end of year	\$ <u>--</u>	\$ <u>34,310</u>

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.

NOTE 2. 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 7)

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 3. INVENTORY

Inventory includes three subdivided lots in Montgomery County, Maryland as of September 30, 2010.

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, 2010.

NOTE 4. 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, 2010 and 2009 respectively, the commercial and residential income producing properties were as follows:

	<u>2010</u>	<u>2009</u>
Investment property	\$ 68,006,910	\$ 67,391,348
Less, Accumulated depreciation	<u>17,259,680</u>	<u>14,575,058</u>
	<u>\$ 50,747,230</u>	<u>\$ 52,816,290</u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of all the following at September 30, 2010 and 2009 respectively:

	<u>2010</u>	<u>2009</u>
Computer equipment	\$ 144,327	\$ 144,327
Leasehold improvements	--	1,145,158
Furniture, fixtures and equipment	99,737	121,814
Office equipment	27,007	85,506
Software	--	913,301
	<u>271,071</u>	<u>2,410,106</u>
Less, Accumulated depreciation	<u>157,305</u>	<u>1,366,446</u>
	<u>\$ 113,766</u>	<u>\$ 1,043,660</u>

NOTE 6. 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 to and due from affiliates is a reasonable estimate of its fair value.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 7. LONG TERM DEBT

Long-term debt consists of the following at September 30, 2010 and 2009 respectively:

	<u>2010</u>	<u>2009</u>
Operating Notes Payable:		
Note Payable - Washington Securities. Interest only payable at 1% over Prime Rate per annum. Expired, Unsecured.	\$ 200,000	\$ 200,000
Subordinate Debentures. Interest payable monthly at prime rate of 8.5%. Unsecured.	440,000	440,000
Note Payable – WC & AN Miller Development Company. Non-interest bearing, payable by Haymount Limited Partnership on demand (Note 2)	8,250,230	8,250,230
Total Operating Notes Payable	<u>8,890,230</u>	<u>8,890,230</u>
Investment Property Notes Payable:		
Note Payable - Burke & Herbert, \$96,849 per month including interest at 7%. Due August 2016, Secured by the real estate assets.	12,674,323	13,562,617
Note Payable – MetLife. \$186,671 per month including interest at 6.35%, Due January 2013, Secured by the real estate assets.	26,656,545	27,185,532
Note Payable – Key Bank, \$114,586 per month including interest at 6.47% per annum. Due June 2021, Secured by the real estate assets.	17,744,718	17,963,916
Note Payable – TIAA. \$190,991 per month including interest at 7% per annum. Due October 2018. Secured by the real estate assets.	22,085,207	22,250,000
Total Investment Property Notes Payable	<u>79,160,793</u>	<u>80,962,065</u>
	88,051,023	89,852,295
Less, Current maturities	<u>1,520,021</u>	<u>1,812,827</u>
Long Term Debt	\$ <u>86,531,002</u>	\$ <u>88,039,468</u>

Maturities of long-term debt are as follows:

Year Ending September 30,	
2011	\$ 1,520,021
2012	1,408,005
2013	26,359,856
2014	928,786
2015	1,434,999
Thereafter	56,399,356

See Accountant's Report
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W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 8. 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, 2010 and 2009, respectively:

		<u>2010</u>	<u>2009</u>
Current income tax -	Federal	\$ --	\$ 35,112
	State	--	464
		<u>--</u>	<u>35,576</u>
Deferred income tax -	Federal	(47,377)	271,076
	State	<u>(471,346)</u>	<u>416,786</u>
		(518,723)	687,862
Total Income Tax Provision (Credit)		\$ <u>(518,723)</u>	\$ <u>723,438</u>

As of September 30, 2010, tax attribute carryovers consisted of the following:

Net operating loss carryover	\$ 24,712,284
Contribution carryover	57,459
AMT net operating loss carryover	36,710,431
AMT contribution carryover	34,454

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.

NOTE 9. RENTAL INCOME

The Company leases commercial properties in Washington, D.C. and Maryland under non-cancelable leases that expire at various dates through 2035 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, 2009 and 2010, the Company recorded retail percentage of sales rental income of approximately \$40,716, and \$138,850, respectively.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 9. RENTAL INCOME (Continued)

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,	
2011	\$ 9,113,576
2012	8,345,567
2013	6,659,420
2014	5,174,411
2015	4,211,555
Thereafter	17,372,650

NOTE 10. MINORITY INTEREST

Minority interest represents the ownership interest Haymount Limited Partnership, which has been consolidated into these financial statements. As of September 30, 2010 and 2009 respectively, minority interest consists of the following:

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ (5,832,747)	\$ (5,639,997)
Distributions	--	--
Allocation of net income to minority interest	(231,243)	(192,750)
Balance, end of year	\$ <u>(6,063,990)</u>	\$ <u>(5,832,747)</u>

NOTE 11. 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's management believes the risk of loss associated with cash and cash equivalents is very low since cash and cash equivalents are maintained in financial institutions.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 12. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases office space in Bethesda, Maryland, under an operating lease set to expire November 30, 2015. 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, 2010 and 2009, rent expense under this operating lease was \$216,108 and \$179,361, respectively, and is included as part of the rental activities comprising Net Rent Income.

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

Years ending September 30,	Amount
2011	\$ 221,985
2012	228,645
2013	235,504
2014	242,569
2015	41,641
2016 and after	--

Effective November 15, 2008, the Company had sub-let the Bethesda office space under an operating lease that expired November 14, 2009. Under the terms of the lease, the subtenant was given a right to terminate the sublease with certain notification provisions and a payment of an early termination fee equal to one and one-half months' rent. The Company received timely notification of the subtenant's intent to terminate the sublease effective August 31, 2009.

Effective October 1, 2009, the Company has sub-let the Bethesda office space under an operating lease that expires September 30, 2011. Under the terms of the lease, the October 2009 rent payment due from the subtenant has been abated. In addition, the lease contains minimum rent with scheduled predetermined increases

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)

For the years ended September 30, 2010 and 2009, rent income under this operating lease was \$132,193 and \$192,375 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
2011	\$ 156,750
2012	--
2013	--
2014	--
2015	--
2016 and after	--

The Company also leased computer software and Internet connection lines under operating leases that expired within the year ended September 30, 2010. Total equipment rental expense for the years ended September 30, 2010 and 2009 was \$24,649 and \$51,821 respectively and is included in Operating Expenses.

Pending Litigation

Haymount Limited Partnership, L.P., Haymount Corporation, Edward J. Miller, Jr., and others were sued in 2006 in a lawsuit in New Jersey, *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 Consultants, Ltd. (hereinafter, the "defendants")*, pending in the U.S. District Court for the District of New Jersey, Civil Docket No. 2:06-cv-02363-KSH-PS. This case was filed by the bankruptcy trustee for International Benefits Group (IBG) to recover a \$3,000,000 brokerage fee that IBG claims it is owed in connection with certain financing associated with the Haymount redevelopment project in Caroline County, Virginia. Plaintiff claims entitlement to the following damages: (1) the \$3,000,000 Loan Fee, (2) \$1,000,000 in interest, and (3) \$10,000,000 in lost profits. Plaintiff further claims that it is entitled to treble damage for a statutory civil conspiracy, bringing the total potential damages to approximately \$42,000,000. Edward J. Miller, Jr. has been dismissed as a defendant in the litigation. Counsel for Haymount Limited Partnership and Haymount Corporation filed a motion with the court in late 2009 requesting permission to withdraw as counsel of record.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Pending Litigation Continued)

Counsel further informed the court that the remaining defendants have no assets and do not intend to present a defense at the trial scheduled for January 11, 2010. The court denied that motion, and entered a judgment against the remaining defendants in the amount of \$4,469,158.

After September 30, 2010, Jonathan Kohn, the appointed trustee in bankruptcy for International Benefits Group, Inc. (IBG), filed an action in the United States District Court for the District of New Jersey, *Kohn v. McGuire Wood LLP, et al.*, Case 2:10-cv-05645 (filed November 1, 2010). The named defendants in this action are (1) McGuire Woods, LLP, (2) Haymount Limited Partnership, (3) Haymount Mezz, LLC, (4) W.C. & A.N. Miller Investment Company, LLC, (5) W.C. & A.N. Miller ESI Ventures, LLC, (6) W.C. & A.N. Miller Development Company, (7) Edward J. Miller, Jr., (8) Ernest M. Miller, Jr., (9) Robert R. Miller, (10) John A. Clark, and (11) Vincent J. Pasko.

Holland & Knight LLP has recently been retained by defendants 2-7, 9, and 11, in a joint representation, and may also be representing defendant 8.

The Kohn lawsuit alleges that some or all of the defendants are liable to the plaintiff under one of two broad theories:

1. Kohn alleges that there was a "fraudulent conveyance" involving a payment made by Haymount Limited Partnership to Haymount Mezz at a time when, it is alleged, IBG was a creditor of Haymount Limited Partnership, and that Haymount Mezz and its general partners, Miller ESI Ventures and Miller Investment, are liable under New Jersey (Complaint Count I) and Virginia (Count II) law for the amounts received in this transaction. The claimed amount of this conveyance is approximately \$5 Million.
2. Kohn also alleges that the steps taken by the defendants in structuring the "Avanti Transaction" and in dealing with Haymount Mezz constituted a "fraud" or "conspiracy" among all the defendants, including the named individuals and counsel at McGuire Woods. On the counts of common-law conspiracy (Count III), statutory business conspiracy under Virginia law (Count IV), aiding and abetting (Count V), and "creditor fraud" (Count VI), the plaintiff seeks judgments of \$4.4 Million, and in the case of the Virginia conspiracy statute, trebled damages. Plaintiff also seeks an award of attorneys' fees and costs of suit. Finally, plaintiff seeks a separate award of punitive damages against McGuire Woods in the amount of \$10 Million.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Pending Litigation Continued)

All of the defendants that Holland & Knight represents have been served or have agreed to be served. The defendants intend to contest vigorously their liability on these counts or any attempt to pass through to them liability for a judgment entered against Haymount Limited Partnership and its partners in January 2010 on a suit brought against Haymount Limited Partnership for monies alleged to be due to IBG (now Kohn). The defendants have not yet filed an answer or any preliminary motions.

It is not yet clear whether any or all of the amounts sought could be covered by insurance. Company Management has sent notice to its carriers seeking coverage.

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.

NOTE 13. ACCRUED SEVERANCE PAYMENTS

The Company entered into various employment contracts with executives of the Company requiring severance payments to be made in the event of termination. These severance payments were expensed in the year that the executives were terminated from the Company and have been paid out over the course of several years, terminating in the year ended September 30, 2010. For the fiscal years ended September 30, 2010 and 2009, the Company paid out \$80,926 and \$580,325 respectively.

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 14. 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, 2010, there is one participant under the plan. Said participant is entitled to 10 annual payments of \$100,000. The Company has not accrued a liability for the plan payments and will expense the payments as they occur.

SUPPLEMENTARY SCHEDULES

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEETS
SEPTEMBER 30, 2010

ASSETS	Consolidated	Elimination and Deferred Taxes	Combined	WC & AN Miller Development Company	Haymount Corporation	Commonwealth Homes, LLC	Sumner Highlands, LLC	Miller New Homes, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
Current Assets										
Cash and cash equivalents	\$ 1,557,847	\$ -	\$ 1,557,847	\$ 1,372,133	\$ -	\$ -	\$ 185,714	\$ -	\$ -	\$ -
Accounts receivable, net of allowance for doubtful accounts	3,815,742		3,815,742	3,807,343			2,399	6,000		
Other receivables	1,042,455	(43,380,796)	44,423,251	44,423,251						
Inventory	1,782,455		1,782,455					1,745,137	37,318	
Current portion of deferred income taxes	1,407,682	(226,769)	1,634,451	1,634,451						
Prepaid expenses	450,174		450,174	342,303	604	661	96,867	8,134	584	1,021
Total Current Assets	10,056,355	(43,607,565)	53,663,920	51,579,481	604	661	284,990	1,759,271	37,902	1,021
Fixed Assets										
Land	6,849,900		6,849,900	5,449,225			848,737		538,905	13,033
Buildings	48,957,009		48,957,009	32,395,179			16,437,106			124,724
Property and equipment	304,992		304,992	304,403			589			
Improvements	12,166,080		12,166,080	12,109,086			56,994			
Total	68,277,981		68,277,981	50,257,893			17,343,426		538,905	137,757
Less, Accumulated depreciation	17,416,985		17,416,985	16,317,077			1,058,088		538,905	41,820
Net Fixed Assets	50,860,996		50,860,996	33,940,816			16,285,338			95,937
Other Assets										
Deferred leasing commissions, net	515,535		515,535	515,535						
Deferred financing charges, net	772,942		772,942	772,942						
Deposit	17,630		17,630	17,630						
Long term portion of deferred taxes	5,832,750	22,054	5,810,696	5,810,696			57,489			
Real estate tax escrow	239,884		239,884	182,395						
Investment in subsidiaries		36,912,120	(36,912,120)	(34,953,715)	(1,958,405)					
Total Other Assets	7,378,741	36,934,174	(29,555,433)	(27,654,517)	(1,958,405)		57,489			
TOTAL ASSETS	\$ 68,296,092	\$ (6,673,391)	\$ 74,969,483	\$ 57,865,780	\$ (1,957,801)	\$ 661	\$ 16,627,807	\$ 1,759,271	\$ 576,807	\$ 96,958
LIABILITIES AND STOCKHOLDERS' DEFICIT										
Current Liabilities										
Current maturities of long term debt	\$ 1,520,021	\$ -	\$ 1,520,021	\$ 1,286,212	\$ -	\$ -	\$ 233,809	\$ -	\$ -	\$ -
Accounts payable	559,617		559,617	559,617						
Other payables		(43,380,797)	43,380,797		11,021	4,698,508	1,781,115	1,388,703	598,611	34,902,839
Accrued expenses	1,066,789		1,066,789	1,043,830			22,959			
Security deposits	325,128		325,128	267,064		1,050	57,014			
Prepaid rent income	660,080		660,080	634,778			25,302			
Total Current Liabilities	4,131,635	(43,380,797)	47,512,432	3,791,501	11,021	4,699,558	2,120,199	1,388,703	598,611	34,902,839
Long Term Liabilities										
Long term debt, net of current maturities	86,531,002		86,531,002	60,769,863			17,510,909			8,250,230
Guaranty reserve										
Total Long Term Liabilities	86,531,002		86,531,002	60,769,863			17,510,909			8,250,230
TOTAL LIABILITIES	90,662,637	(43,380,797)	134,043,434	64,561,364	11,021	4,699,558	19,631,108	1,388,703	598,611	43,153,069
Minority Interest	(6,063,990)									
Stockholders' Deficit										
Common stock	800,200	(80,000)	880,200	800,200	80,000					
Retained earnings (Deficit)	(17,102,755)	42,851,396	(59,954,151)	(7,495,784)	(2,048,822)	(4,698,897)	(3,003,301)	370,568	(21,804)	(43,056,111)
Total Stockholder's Deficit	(16,302,555)	42,771,396	(59,073,951)	(6,695,584)	(1,968,822)	(4,698,897)	(3,003,301)	370,568	(21,804)	(43,056,111)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 68,296,092	\$ (6,673,391)	\$ 74,969,483	\$ 57,865,780	\$ (1,957,801)	\$ 661	\$ 16,627,807	\$ 1,759,271	\$ 576,807	\$ 96,958

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEETS
SEPTEMBER 30, 2009

ASSETS											
Current Assets											
Cash and cash equivalents	\$	1,959,410	\$	1,959,410	\$	1,867,385	\$	86,138	\$	\$	5,887
Accounts receivable, net of allowance for doubtful accounts		4,438,982		4,438,982		4,422,780		10,202		6,000	
Other receivables		859,747	(41,848,178)	42,707,925		42,673,608				34,317	
Inventory		1,773,617		1,773,617		1,634,451				1,736,299	
Current portion of deferred income taxes		1,444,444	(190,007)	1,634,451		1,634,451					37,318
Prepaid expenses		474,774		474,774		352,279				7,152	584
Total Current Assets		10,950,974	(42,038,185)	52,969,159		50,950,503		209,680		1,783,768	757
											6,644
Fixed Assets											
Land		8,817,746		8,817,746		7,417,071		848,737		538,905	13,033
Buildings		41,532,837		41,532,837		24,972,064		16,436,049			124,724
Property and equipment		2,371,668		2,371,668		2,371,079		589			
Improvements		17,079,203		17,079,203		17,032,517		46,686			
Total		69,801,454		69,801,454		51,792,731		17,332,061		538,905	137,757
Less, Accumulated depreciation		15,941,504		15,941,504		15,254,285		645,399			41,820
Net Fixed Assets		53,859,950		53,859,950		36,538,446		16,686,662		538,905	95,937
Other Assets											
Deferred leasing commissions, net		435,363		435,363		435,363					
Deferred financing charges, net		927,568		927,568		802,573		124,995			
Deposit		17,630		17,630		17,630					
Long term portion of deferred taxes		5,277,265	(497,855)	5,775,120		5,775,120					
Real estate tax escrow		258,684		258,684		123,825		134,859			
Investment in subsidiaries		-	35,601,737	(35,601,737)		(33,712,705)	(1,889,032)				
Total Other Assets		6,916,510	35,103,882	(28,187,372)		(26,558,194)	(1,889,032)	259,854		-	
TOTAL ASSETS		\$ 71,727,434	\$ (6,934,303)	\$ 78,661,737	\$	60,930,755	\$ (1,889,032)	\$ 17,156,196	\$ 1,783,768	\$ 576,807	\$ 102,581
LIABILITIES AND STOCKHOLDERS' DEFICIT											
Current Liabilities											
Current maturities of long term debt	\$	1,812,827	\$	1,812,827	\$	1,593,629	\$	219,198	\$	\$	
Accounts payable		23,581		23,581		21,236		2,345			
Other payables			(41,848,178)	41,848,178			10,087	1,904,833	1,404,521	594,786	33,366,835
Accrued income taxes		35,576									
Accrued expenses		998,229		998,229		965,560		30,169	1,250		
Security deposits		345,899		345,899		280,161		65,288			
Prepaid rent income		200,678		200,678		196,528		4,150			
Total Current Liabilities		3,416,790	(41,812,602)	45,229,392		3,057,114	10,087	2,225,983	1,405,771	594,786	33,366,835
Long Term Liabilities											
Long term debt, net of current maturities		88,039,468		88,039,468		62,044,520		17,744,718	-		8,250,230
Guaranty reserve		34,310		34,310		62,044,520			6,543		
Total Long Term Liabilities		88,073,778		88,073,778			-	17,744,718	6,543		8,250,230
TOTAL LIABILITIES		91,490,568	(41,812,602)	133,303,170		65,101,634	10,087	19,970,701	1,412,314	594,786	41,617,065
Minority Interest											
		(5,832,747)	(5,832,747)								
Stockholders' Deficit											
Common stock		800,200	(80,000)	880,200		800,200	80,000				
Retained earnings (Deficit)		(14,730,587)	40,791,046	(55,521,633)		(4,971,079)	(1,979,119)	(2,814,505)	371,454	(17,979)	(41,514,484)
Total Stockholder's Deficit		(13,930,387)	40,711,046	(54,641,433)		(4,170,879)	(1,899,119)	(2,814,505)	371,454	(17,979)	(41,514,484)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		\$ 71,727,434	\$ (6,934,303)	\$ 78,661,737	\$	60,930,755	\$ (1,889,032)	\$ 17,156,196	\$ 1,783,768	\$ 576,807	\$ 102,581

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME (LOSS) AND RETAINED DEFICIT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Consolidated	Elimination and Deferred Taxes	Combined	W.C. & A.N. Miller Development Company	Haymount Corporation	Commonwealth Homes, LLC	Sumner Highlands, LLC	Miller New Homes, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
Rent Income	\$ 15,092,400	\$ -	\$ 15,092,400	\$ 12,817,477	\$ -	\$ -	\$ 2,274,923	\$ -	\$ -	\$ -
Rent income	(5,411,110)		(5,411,110)	(4,728,084)			(683,026)			
Rent expenses	(2,875,635)		(2,875,635)	(2,463,162)			(412,473)			
Depreciation and amortization	(5,408,492)		(5,408,492)	(4,233,443)			(1,175,049)			
Interest expense	(1,540,948)		(1,540,948)	(1,347,754)			(193,194)			
Real estate taxes	(143,785)		(143,785)	45,034			(188,819)			
Net Rent income										
Revenues										
Sales	34,310		34,310			27,767		6,543		
Cost of sales	8,000		8,000			27,767		8,000		
Gross Profit (Loss)	26,310		26,310					(1,457)		
Operating Expenses	1,641,060	(8,411)	1,649,471	1,458,501	330	130,743	-	-	3,825	56,072
NET INCOME (LOSS) FROM OPERATIONS	(1,758,535)	8,411	(1,766,946)	(1,413,467)	(330)	(102,976)	(188,819)	(1,457)	(3,825)	(56,072)
OTHER INCOME (EXPENSES)										
Miscellaneous income	1,918		1,918	1,918						
Interest income	239,889	(1,262,722)	1,502,611	1,502,017			23	571		
Loss on sale of assets	(974,163)		(974,163)	(974,163)						
Loss from passsthrough	-	1,310,383	(1,310,383)	(1,241,010)	(69,373)					
Interest expense	-	1,485,555	(1,485,555)		(69,373)					(1,485,555)
TOTAL OTHER INCOME (EXPENSES)	(732,356)	1,533,216	(2,265,572)	(711,238)			23	571		(1,485,555)
INCOME (LOSS) BEFORE PROVISION (CREDIT) FOR INCOME TAXES	(2,490,891)	1,541,627	(4,032,518)	(2,124,705)	(69,703)	(102,976)	(188,796)	(886)	(3,825)	(1,541,627)
Provision (Credit) for Income Taxes										
Current	-									
Deferred	(518,723)									
Total Provision (Credit) for Income Tax	(518,723)									
NET INCOME (LOSS)	(1,972,168)									
Retained Deficit, Beginning of Year	(14,730,587)									
Less, Dividends paid	(400,000)									
RETAINED DEFICIT, END OF YEARS	\$ (17,102,755)									

See Accountant's Review Report

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME (LOSS) AND RETAINED DEFICIT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Consolidated	Elimination and Deferred Taxes	Combined	W.C. & A.N. Miller Development Company	Haymount Corporation	Commonwealth Homes, LLC	Sumner Highlands, LLC	Miller New Homes, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
Rent Income										
Rent income	\$ 20,577,068	\$ -	\$ 20,577,068	\$ 19,242,114	\$ -	\$ -	\$ 1,323,156	\$ 11,798	\$ -	\$ -
Rent expenses	(4,560,142)		(4,560,142)	(3,807,875)			(752,267)	-		
Depreciation and amortization	(1,826,512)		(1,826,512)	(1,400,429)			(426,083)	-		
Interest expense	(5,077,978)		(5,077,978)	(3,871,950)			(1,206,028)	-		
Real estate taxes	(1,433,270)		(1,433,270)	(1,331,102)			(102,168)	-		
Net Rent Income	7,679,166	-	7,679,166	8,830,758	-	-	(1,163,390)	11,798	-	-
Revenues										
Sales	3,216,233		3,216,233			2,016,233		1,200,000		
Cost of sales	5,022,763		5,022,763			2,832,191		2,190,572		
Gross Profit (Loss)	(1,806,530)		(1,806,530)			(815,958)		(990,572)		
Operating Expenses										
	2,425,873	(9,375)	2,435,248	2,309,106	9,890	3,801	-	49,590	361	62,500
NET INCOME (LOSS) FROM OPERATIONS	3,446,763	9,375	3,437,388	6,521,652	(9,890)	(819,759)	(1,163,390)	(1,028,364)	(361)	(62,500)
OTHER INCOME (EXPENSES)										
Miscellaneous income	820,120	(21,447)	841,567				698,589			142,978
Management fee income	41,934	(7,400)	49,334					1,876		49,334
Interest income	248,983	(1,202,592)	1,451,575	1,449,699						
Miscellaneous expense	(414,797)		(414,797)	(414,797)			(132,414)			
Loss on sale of assets	(1,158,247)		(1,158,247)	(1,025,833)						
Loss from passthrough	-	1,092,252	(1,092,252)	(1,034,427)	(57,825)			(19,608)		(1,414,814)
Interest expense	(44,948)	1,414,814	(1,459,762)	-	(57,825)	(25,340)		(17,732)		(1,222,502)
TOTAL OTHER INCOME (EXPENSES)	(506,955)	1,275,627	(1,782,582)	(1,025,358)		(25,340)	566,175			
INCOME (LOSS) BEFORE PROVISION (CREDIT) FOR INCOME TAXES	2,939,808	1,285,002	1,654,806	5,496,294	(67,715)	(845,099)	(597,215)	(1,046,096)	(361)	(1,285,002)
Provision (Credit) for Income Taxes										
Current	35,576									
Deferred	687,862									
Total Provision (Credit) for Income Tax	723,438									
NET INCOME	2,216,370									
Retained Deficit, Beginning of Year	(16,946,957)									
RETAINED DEFICIT, END OF YEAR	\$ (14,730,587)									

See Accountant's Review Report

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Consolidated	Elimination and Deferred Taxes	Combined	WC & AN Miller Development Company	Haymount Corporation	Commonwealth Homes, LLC	Sumner Highlands, LLC	Miller New Homes, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
Auto expense	\$ 8,403	\$	\$ 8,403	\$ 8,403	\$	\$	\$	\$	\$	\$
Bank charges	609		609	609						
Board of directors fees	108,000		108,000	108,000						
Charitable contribution	500		500	500						
Consulting	21,486		21,486	21,486						
Depreciation and amortization	34,015		34,015	34,015						
Equipment rental	24,649		24,649	24,649						
Executive compensation	180,000		180,000	180,000						
Health insurance	15,448		15,448	15,448		1,166				
Insurance	24,969		24,969	23,803						
Interest	165,409		165,409	165,409						
Leases	17,337		17,337	17,337						
Legal and accounting	169,024	(7,957)	176,981	116,771	180	5,499			1,487	53,044
Meals and entertainment	7,303		7,303	7,303						
Office administration	4,509		4,509	4,509						
Office salary	70,000		70,000	70,000						
Office supplies	3,973		3,973	3,973						
Other taxes and licenses	54,096	(454)	54,550	44,892	150	4,142			2,338	3,028
Parking	234		234	234						
Payroll taxes	541,011		541,011	541,011						
Payroll processing	1,886		1,886	1,886						
Postage and delivery	3,071		3,071	3,071						
Rent	3,322		3,322	3,322						
Repairs and maintenance	119,936		119,936			119,936				
Storage	16,584		16,584	16,584						
Telephone	2,372		2,372	2,372						
Travel	42,914		42,914	42,914						
TOTAL OPERATING EXPENSES	\$ 1,641,060	\$ (8,411)	\$ 1,649,471	\$ 1,458,501	\$ 330	\$ 130,743	\$ -	\$ -	\$ 3,825	\$ 56,072

See Accountant's Review Report

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Consolidated	Elimination and Deferred Taxes	Combined	WC & AN Miller Development Company	Haymount Corporation	Commonwealth Homes, LLC	Sumner Highlands, LLC	Miller New Homes, LLC	Haymount Limited Partnership II	Haymount Limited Partnership
	\$ 2,178	\$	\$ 2,178	\$ 2,178	\$	\$	\$	\$	\$	\$
Advertising	711		711	711						
Auto expense	26,916		26,916					26,916		
Bad debt	13,333	(17)	13,350	13,189				48		113
Bank charges	114,000		114,000	114,000						
Board of directors fees	1,000		1,000	1,000						
Charitable contribution	2,849	(96)	2,945	2,305				15,000		640
Computer supplies	94,964		94,964	79,964						
Consulting	140,236		140,236	140,236						
Depreciation and amortization	362		362	362						
Dues and subscriptions	51,821		51,821	51,821						
Equipment rental	150,000		150,000	150,000						
Executive compensation	16,383		16,383	16,383						
Health insurance	71,658		71,658	71,155		503				
Insurance	38,117		38,117	38,117						
Interest	254,984		254,984	254,984						
Leases	285,239	(8,918)	294,157	216,462	9,740	1,510		6,628	361	59,456
Legal and accounting	5,237		5,237	5,237						
Meals and entertainment	13,896		13,896	13,896						
Moving	53,876		53,876	53,000				876		
Office administration	95,964		95,964	95,964						
Office salary	14,637		14,637	14,637						
Office supplies	180,556	(3)	180,559	178,601	150	1,788				20
Other taxes and licenses	2,017		2,017	2,017						
Parking	41,372		41,372	41,372						
Payroll taxes	3,041		3,041	3,041						
Payroll processing	3,763		3,763	3,763						
Postage and delivery	1,930		1,930							
Real estate tax expense	41,979	(341)	41,979	41,979						
Rent	8,745		8,745	8,623				122		
Repairs and maintenance	638,963		638,963	638,963						
Severance	6,253		6,253	6,253						
Storage	6,697		6,697	6,697						
Telephone	42,196		42,196	42,196						
Travel										
TOTAL OPERATING EXPENSES	\$ 2,425,873	\$ (9,375)	\$ 2,435,248	\$ 2,309,106	\$ 9,890	\$ 3,801	\$	\$ 49,590	\$ 361	\$ 62,500

See Accountant's Review Report

W.C. AND A.N. DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF RENTAL ACTIVITIES - PARENT COMPANY
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	4701 Sangamore Road	4611 Sangamore Road	4620 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
Rental Revenues															
Rental income	\$ 1,867,211	\$ 3,853,024	\$ 598,333	\$ 193,139	\$ 96,195	\$ 466,971	\$ 1,068,925	\$ 2,527,716	\$ 405,535	\$ 509,295	\$ 52,435	\$ 471,914	\$ 534,599	\$ 132,193	\$ 12,777,485
Tenant expense reimbursement		5,684	1,005	73	(750)		30	(4,376)		75					674
Interest income	5,150	10,423			60	177	1,291	12,517	7,757	606			259		39,318
Total Rental Revenue	<u>1,872,361</u>	<u>3,869,141</u>	<u>599,338</u>	<u>193,212</u>	<u>95,505</u>	<u>467,148</u>	<u>1,070,246</u>	<u>2,535,858</u>	<u>413,292</u>	<u>509,976</u>	<u>52,435</u>	<u>471,914</u>	<u>534,858</u>	<u>132,193</u>	<u>12,817,477</u>
Rental Expenses															
Asset management	35,080	68,082	16,592	3,550	2,098	6,372	23,482	56,343	8,665	10,152	1,015	9,236	9,945	-	250,612
Bad debt	4,713	468,393	-	-	-	14,571	-	2,782	-	-	-	-	-	-	490,459
Bank fees	331	188	74	5	4	13	82	197	39	39	-	-	19	-	991
Cleaning contract	74,216	27,849	-	-	-	-	41,267	92,686	19,588	24,593	-	-	-	-	280,199
Cleaning supplies	12,997	3,629	-	-	-	-	2,862	5,714	1,643	1,638	-	-	-	-	28,483
Engineer services	84,481	49,380	25,846	1,885	1,542	4,567	28,286	65,083	13,456	13,456	-	-	6,669	-	294,651
Engineering benefits and taxes	20,702	12,637	6,143	448	367	1,148	7,142	17,079	3,435	3,435	42	234	1,585	-	74,577
Exterminating	1,018	1,018	-	-	-	1,155	2,883	763	763	763	-	-	-	-	8,363
Fire protection	10,794	2,434	-	-	-	271	1,367	3,406	2,421	2,661	-	50	476	-	23,880
Garage contractor	-	-	-	-	-	-	-	-	-	-	75,357	210,655	-	-	286,012
Insurance	10,445	10,210	7,224	1,000	2,718	3,865	3,672	7,806	2,507	2,225	-	-	3,941	-	55,613
Insurance - medical, life and disability	-	-	184	13	11	33	204	469	97	97	-	-	48	-	1,156
Legal and professional	12,374	80,336	690	-	-	9,336	9,843	31,403	16,316	15,228	1,523	13,854	14,917	-	160,296
Management fee	52,965	98,015	24,889	5,325	3,147	9,557	35,223	84,514	12,997	4,532	-	-	190	-	372,154
Administrative expense	6,669	1,448	710	204	53	199	1,053	4,532	623	435	27	-	1,225	-	16,143
Porter service	28,109	28,109	4,749	346	283	839	5,251	12,082	2,498	2,498	-	-	-	-	85,989
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	141,415	135,878	21,647	2,497	4,308	19,855	53,236	154,284	18,499	17,422	4,278	29,800	21,575	216,108	624,694
Security contract	4,163	38,886	1	-	-	270	4,804	10,837	1,050	1,045	-	-	-	-	61,056
Snow removal	52,597	134,102	19,842	1,668	3,553	3,690	14,921	35,072	6,987	6,987	-	313	5,062	-	284,794
Telephone expense	4,624	2,486	379	28	23	67	1,903	7,460	1,923	2,330	121	-	98	-	21,442
Trash removal	4,814	38,539	-	-	-	675	14,795	31,896	9,231	6,189	-	-	-	-	106,139
Utilities	319,172	180,224	-	-	-	7,382	64,940	289,994	73,323	46,821	1,125	-	1,490	-	984,271
Total Rental Expenses	<u>881,679</u>	<u>1,381,843</u>	<u>128,970</u>	<u>16,969</u>	<u>18,107</u>	<u>83,965</u>	<u>317,216</u>	<u>914,402</u>	<u>196,241</u>	<u>157,814</u>	<u>83,488</u>	<u>264,142</u>	<u>67,240</u>	<u>216,108</u>	<u>4,728,084</u>
Net Rental Income before Depreciation, Interest Expense and Real Estate Tax	<u>990,682</u>	<u>2,487,298</u>	<u>470,368</u>	<u>176,243</u>	<u>77,398</u>	<u>383,283</u>	<u>753,030</u>	<u>1,621,456</u>	<u>217,051</u>	<u>352,162</u>	<u>(31,053)</u>	<u>207,772</u>	<u>467,618</u>	<u>(83,915)</u>	<u>8,089,393</u>
Depreciation and amortization	983,041	604	27,312	5,347	6,175	27,277	86,015	259,629	43,374	985,413 ⁽¹⁾	-	2,310	22,638	14,027	2,463,162
Interest expense	-	1,711,026	604,541	44,081	36,070	106,815	400,698	826,829	173,713	173,713	-	-	155,997	-	4,233,443
Real estate tax	164,793	223,118	180,050	13,327	11,728	28,254	132,400	347,379	74,823	74,823	-	19,359	77,700	-	1,347,754
Total Depreciation, Interest Expense and Real Estate Tax	<u>1,147,834</u>	<u>1,934,748</u>	<u>811,903</u>	<u>62,755</u>	<u>53,973</u>	<u>162,346</u>	<u>619,073</u>	<u>1,433,837</u>	<u>291,910</u>	<u>1,233,949</u>	<u>(31,053)</u>	<u>21,669</u>	<u>256,335</u>	<u>14,027</u>	<u>8,044,359</u>
NET RENTAL INCOME (LOSS)	<u>\$ (157,152)</u>	<u>\$ 552,550</u>	<u>\$ (341,535)</u>	<u>\$ 113,488</u>	<u>\$ 23,425</u>	<u>\$ 220,937</u>	<u>\$ 133,957</u>	<u>\$ 187,619</u>	<u>\$ (74,859)</u>	<u>\$ (881,787)</u>	<u>\$ (31,053)</u>	<u>\$ 186,103</u>	<u>\$ 211,283</u>	<u>\$ (97,942)</u>	<u>\$ 45,034</u>

(1) Includes correction of depreciation in the amount of \$889,011

W.C. AND A.N. DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF RENTAL ACTIVITIES - PARENT COMPANY
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	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
Rental Revenues															
Rental income	\$ 1,794,750	\$ 3,665,569	\$ 892,149	\$ 197,238	\$ 102,772	\$ 474,284	\$ 2,611,397	\$ 5,940,625	\$ 1,172,262	\$ 1,121,437	\$ 53,111	\$ 489,601	\$ 480,899	\$ 192,375	\$ 19,208,469
Tenant expense reimbursement	2,055	8,356	-	-	(150)	(150)	(129)	(1,813)	7,764	(372)	-	-	-	-	7,797
Interest income	1,796,805	3,693,925	892,149	197,238	102,622	474,134	2,611,461	5,956,619	1,180,026	1,121,149	53,111	489,601	480,899	192,375	25,848
Total Rental Revenue															19,242,114
Rental Expenses															
Advertising	846	15	6	-	-	27	392	740	54	66	-	-	27	-	2,173
Bad debt	-	6,262	-	-	-	35,208	(21,349)	1,153	-	-	-	35,776	-	-	57,050
Bank fees	530	177	122	9	7	22	134	309	64	64	-	-	31	-	1,469
Cleaning contract	84,322	40,784	-	-	-	-	69,822	167,489	23,854	33,474	-	-	-	-	409,745
Cleaning supplies	2,412	1,645	-	-	-	-	-	3,066	964	964	-	-	-	-	10,830
Engineer services	56,689	18,273	22,235	1,621	1,327	3,929	24,566	56,524	11,687	11,727	-	-	5,776	-	214,354
Engineering benefits and taxes	13,461	6,178	3,611	263	216	638	3,921	9,021	1,865	1,825	-	-	893	-	41,892
Exterminating	1,159	210	-	-	-	1,130	338	1,469	270	270	-	-	-	-	4,846
Fire protection	2,416	349	-	-	-	-	129	375	749	547	-	-	134	-	4,699
Garage contractor	-	-	-	-	-	-	-	-	-	-	74,038	201,924	-	-	275,962
Insurance	30,344	5,479	8,444	1,345	696	2,700	7,628	14,317	4,070	3,775	-	-	3,927	-	82,725
Insurance - medical, life and disability	4,652	1,647	836	61	50	148	891	2,051	424	424	-	-	216	-	11,400
Legal and professional	17,493	18,071	-	-	-	1,859	3,163	4,858	-	-	-	-	-	-	45,444
Management fee	87,579	164,907	38,148	9,153	5,362	10,533	53,350	131,619	25,476	24,317	2,364	19,508	19,546	-	591,862
Administrative expense	4,859	2,156	1,275	209	312	317	2,020	10,859	749	755	12	-	409	-	23,932
Porter service	28,133	28,892	4,577	334	273	809	5,061	11,644	2,408	2,407	-	-	1,181	-	85,719
Rent	136,890	63,917	7,008	4,114	5,438	14,957	40,933	94,506	16,413	14,658	-	-	179,361	-	179,361
Repairs and maintenance	4,501	34,018	-	-	-	8,222	4,837	8,222	1,915	1,803	1	859	7,771	-	407,465
Security contract	9,492	20,739	8,859	646	529	1,565	3,277	6,764	1,421	1,421	-	911	2,286	-	55,207
Snow removal	107	77	44	3	3	8	49	112	23	23	-	-	-	-	56,999
Taxes - payroll	4,184	2,144	314	29	21	66	1,649	8,769	1,882	1,943	-	-	11	-	460
Telephone expense	5,735	39,535	-	-	-	615	9,407	52,266	6,023	4,225	-	-	97	-	21,098
Trash removal	222	143	42	3	3	7	47	107	22	22	-	-	-	-	117,806
Uniforms	364,156	168,395	-	611	-	5,653	62,214	387,018	74,723	41,210	-	-	766	-	1,104,748
Utilities	860,184	624,013	95,521	18,401	14,237	80,191	274,258	523,867	94,288	99,463	76,415	258,978	42,305	179,361	3,807,875
Total Rental Expenses															
Net Rental Income before Depreciation, Interest Expense and Real Estate Tax															
	\$ 936,621	\$ 3,069,912	\$ 796,628	\$ 178,837	\$ 88,385	\$ 383,943	\$ 2,337,203	\$ 5,432,752	\$ 1,085,738	\$ 1,021,686	\$ (23,304)	\$ 230,623	\$ 438,594	\$ 13,014	\$ 15,434,239
Depreciation and amortization	933,075	-	17,728	2,012	4,855	17,009	86,485	215,112	41,801	51,985	-	2,311	14,129	13,927	1,400,429
Interest expense	-	1,666,215	388,098	28,907	23,487	68,010	406,538	838,964	176,262	176,262	-	-	99,207	-	3,871,960
Real estate tax	192,402	182,066	171,827	11,869	10,445	25,162	145,700	364,000	71,001	71,001	-	19,359	66,270	-	1,331,102
Total Depreciation, Interest Expense and Real Estate Tax															
	\$ 1,125,477	\$ 1,848,281	\$ 577,653	\$ 42,788	\$ 38,787	\$ 110,181	\$ 638,723	\$ 1,418,076	\$ 289,064	\$ 299,248	\$ -	\$ 21,670	\$ 179,606	\$ 13,927	\$ 6,603,481
NET RENTAL INCOME (LOSS)															
	\$ (188,856)	\$ 1,221,631	\$ 218,975	\$ 136,049	\$ 49,598	\$ 283,762	\$ 1,698,480	\$ 4,014,676	\$ 796,674	\$ 722,438	\$ (23,304)	\$ 208,953	\$ 258,988	\$ (913)	\$ 8,830,759

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W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF RENTAL ACTIVITIES - SUMNER HIGHLANDS, LLC
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Rental Revenues		
Rental income	\$ 2,274,923	\$ 1,323,156
Rental Expenses		
Advertising	55,704	48,611
Bad Debt	12,783	15,042
Cleaning contract	33,710	41,092
Credit checks and signage	4,653	13,377
Engineer services	3,425	1,650
Exterminating	1,746	1,440
Fire protection	6,239	10,855
Information management	1,109	3,389
Insurance	31,570	46,179
Insurance - medical, life and disability	3,147	6,352
Legal and professional	1,016	8,401
Licenses	5,062	4,750
Management fee	72,191	69,909
Administrative expense	6,640	3,129
Office expense	6,057	13,259
Repairs and maintenance	162,027	163,905
Salaries	143,259	169,642
Security contract	4,790	3,275
Snow removal	38,440	10,675
Taxes - payroll	11,878	14,980
Telephone expense	15,586	15,836
Trash removal	26,021	21,924
Uniforms	1,418	887
Utilities	34,555	63,708
Total Rental Expenses	<u>683,026</u>	<u>752,267</u>
Net Rental Income before Depreciation, Interest Expense and Real Estate Tax	<u>1,591,897</u>	<u>570,889</u>
Depreciation and amortization	412,473	426,083
Interest expense	1,175,049	1,206,028
Real estate tax	<u>193,194</u>	<u>102,168</u>
Total Depreciation, Interest Expense and Real Estate Tax	<u>1,780,716</u>	<u>1,734,279</u>
NET RENTAL INCOME (LOSS)	\$ <u>(188,819)</u>	\$ <u>(1,163,390)</u>

See Accountant's Review Report

W.C. AND A.N. MILLER DEVELOPMENT COMPANY AND SUBSIDIARIES
SCHEDULE OF RENTAL ACTIVITIES - MILLER NEW HOMES, LLC
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Rental Revenues		
Rental income	\$ -	\$ 11,798
Rental Expenses		
Advertising		
Bad Debt		
Cleaning contract		
Credit checks and signage		
Engineer services		
Exterminating		
Fire protection		
Information management		
Insurance		
Insurance - medical, life and disability		
Legal and professional		
Licenses		
Management fee		
Administrative expense		
Office expense		
Repairs and maintenance		
Salaries		
Security contract		
Snow removal		
Taxes - payroll		
Telephone expense		
Trash removal		
Uniforms		
Utilities		
Total Rental Expenses	-	-
Net Rental Income before Depreciation, Interest Expense and Real Estate Tax	-	11,798
Depreciation and amortization		
Interest expense		
Real estate tax		
Total Depreciation, Interest Expense and Real Estate Tax	-	-
NET RENTAL INCOME (LOSS)	\$ -	\$ 11,798

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