

W.C. AND A.N. MILLER DEVELOPMENT COMPANY  
AND CONSOLIDATED SUBSIDIARIES  
BETHESDA, MARYLAND

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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

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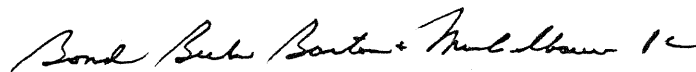
202-244-6500

November 12, 1987

The Board of Directors  
W.C. and A.N. Miller  
Development Company  
4701 Sangamore Road  
Bethesda, Maryland 20816

We have examined the consolidated balance sheet of the W.C. and A.N. Miller Development Company and consolidated subsidiaries as of September 30, 1987 and 1986 and the related consolidated statements of stockholders' equity, income and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements referred to above present fairly the financial position of the W.C. and A.N. Miller Development Company and consolidated subsidiaries as of September 30, 1987 and 1986 and the results of their operations and the changes in financial position for the years then ended, applied on a consistent basis.



CERTIFIED PUBLIC ACCOUNTANTS

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

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1987 AND 1986

ASSETS

REAL ESTATE - At cost	<u>1987</u>	<u>1986</u>	<u>Increase (Decrease)</u>
Investment property	\$ 13,643,239	\$ 7,713,834	\$ 5,929,405
Accumulated depreciation	<u>(3,981,210)</u>	<u>(3,727,644)</u>	<u>(253,566)</u>
	9,662,029	3,986,190	5,675,839
Investment property construction-in-progress	79,657	4,045,342	(3,965,685)
Unimproved land	<u>2,663,560</u>	<u>2,175,135</u>	<u>488,425</u>
	<u>12,405,246</u>	<u>10,206,667</u>	<u>2,198,579</u>
OPERATING ASSETS			
Cash (\$708,035 and \$755,626 held in a fiduciary capacity at September 30, 1987 and 1986)	1,074,519	1,384,765	(310,246)
Accounts receivable	595,312	172,972	422,340
Income tax refunds receivable	468,376	-	468,376
Notes receivable	14,376	2,219	12,157
Completed homes for sale	1,015,779	538,153	477,626
Jobs-in-progress	1,070,389	1,520,040	(449,651)
Land - subdivided lots (construction not started)	1,435,911	1,904,156	(468,245)
Prepaid expenses	87,460	105,485	(18,025)
Business realty, equipment and lease- hold improvements (net of accumulated depreciation of \$711,188 in 1987 and \$578,917 in 1986)	537,496	385,052	152,444
Other	<u>351,972</u>	<u>291,309</u>	<u>60,663</u>
	<u>6,651,590</u>	<u>6,304,151</u>	<u>347,439</u>
TOTAL ASSETS	<u>\$ 19,056,836</u>	<u>\$ 16,510,818</u>	<u>\$ 2,546,018</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>1987</u>	<u>1986</u>	<u>Increase (Decrease)</u>
INVESTMENT PROPERTY LIABILITIES - Note 4			
Investment property notes payable	\$ 3,486,800	\$ 3,722,587	\$ (235,787)
Construction loan payable	4,241,873	1,641,873	2,600,000
Other	<u>1,176</u>	<u>1,763</u>	<u>(587)</u>
	<u>7,729,849</u>	<u>5,366,223</u>	<u>2,363,626</u>
OPERATING LIABILITIES			
Dividends payable	24,006	24,006	-
Accounts payable	499,435	1,242,965	(743,530)
Notes payable - Note 5	1,250,290	252,299	997,991
Deposits on contracts	1,049,362	1,131,985	(82,623)
Income tax payable	-	265,891	(265,891)
Accrued expenses	759,702	599,165	160,537
Escrow funds and rent deposits	<u>135,324</u>	<u>50,540</u>	<u>84,784</u>
	<u>3,718,119</u>	<u>3,566,851</u>	<u>151,268</u>
DEFERRED INCOME TAXES - Note 3	<u>349,791</u>	<u>199,821</u>	<u>149,970</u>
MINORITY INTEREST - In net assets of consolidated entity (Sumner Development & Investment Company)	<u>83,799</u>	<u>94,676</u>	<u>(10,877)</u>
STOCKHOLDERS' EQUITY - Exhibit B	<u>7,175,278</u>	<u>7,283,247</u>	<u>(107,969)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 19,056,836</u>	<u>\$ 16,510,818</u>	<u>\$ 2,546,018</u>

W.C. AND A.N. MILLER DEVELOPMENT COMPANYCONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITYFOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

	<u>1987</u>	<u>1986</u>
COMMON STOCK - Par value \$100		
Authorized - 10,000 shares	\$ 1,000,000	\$ 1,000,000
Unissued - 1,778 shares	<u>(177,800)</u>	<u>(177,800)</u>
Issued - 8,222 shares	822,200	822,200
Issued stock repurchased and held in treasury - 220 shares	<u>(22,000)</u>	<u>(22,000)</u>
COMMON STOCK OUTSTANDING - 8,002 shares	<u>800,200</u>	<u>800,200</u>
RETAINED EARNINGS		
Balance - Beginning of year	6,483,047	5,515,953
Net income for the year - Exhibit C	180,103	1,255,166
Dividends declared	<u>(288,072)</u>	<u>(288,072)</u>
Balance - End of year	<u>6,375,078</u>	<u>6,483,047</u>
TOTAL STOCKHOLDERS' EQUITY	<u>\$ 7,175,278</u>	<u>\$ 7,283,247</u>

To Exhibit A

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

## CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

	Total		Increase
	1987	1986	(Decrease)
GROSS OPERATING INCOME			
Sales	\$ 9,066,830	\$ 11,466,512	\$ (2,399,682)
Commissions	5,797,693	5,192,282	605,411
Rent	3,431,025	3,227,939	203,086
	<u>18,295,548</u>	<u>19,886,733</u>	<u>(1,591,185)</u>
OPERATING EXPENSE			
Cost and direct expense	14,527,310	14,753,193	(225,883)
Property taxes - rental property	638,803	346,078	292,725
Interest	651,169	407,138	244,031
Depreciation	<u>471,584</u>	<u>282,024</u>	<u>189,560</u>
	<u>16,288,866</u>	<u>15,788,433</u>	<u>500,433</u>
NET OPERATING INCOME	2,006,682	4,098,300	(2,091,618)
INTEREST INCOME	13,285	33,660	(20,375)
MISCELLANEOUS INCOME	<u>167,709</u>	<u>178,670</u>	<u>(10,961)</u>
TOTAL INCOME	<u>2,187,676</u>	<u>4,310,630</u>	<u>(2,122,954)</u>
EXPENSE			
General and administrative			
Salaries and payroll expense	620,879	578,562	42,317
Professional and directors' fees	256,359	118,348	138,011
Group life insurance	31,309	28,416	2,893
Interest - general	58,389	35,723	22,666
Depreciation	39,820	36,441	3,379
Provision for profit sharing - Note 2	232,274	203,338	28,936
Other	<u>304,951</u>	<u>513,413</u>	<u>(208,462)</u>
	<u>1,543,981</u>	<u>1,514,241</u>	<u>29,740</u>
Carrying charges - land			
Property taxes	249,462	187,490	61,972
Depreciation	13,025	10,847	2,178
Other	<u>52,968</u>	<u>31,311</u>	<u>21,657</u>
	<u>315,455</u>	<u>229,648</u>	<u>85,807</u>
TOTAL EXPENSE	<u>1,859,436</u>	<u>1,743,889</u>	<u>115,547</u>
NET INCOME BEFORE INCOME TAXES	328,240	2,566,741	(2,238,501)
Provision for income taxes - Note 3	<u>148,137</u>	<u>1,311,575</u>	<u>(1,163,438)</u>
NET INCOME	<u>\$ 180,103</u>	<u>\$ 1,255,166</u>	<u>\$ (1,075,063)</u>

See Notes to Financial Statements

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

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITIONFOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

CASH PROVIDED	<u>1987</u>	<u>1986</u>
Net income - Exhibit C	\$ 180,103	\$ 1,255,166
Items not requiring (generating) cash		
Depreciation and amortization	524,429	329,312
Land and land development costs of lots sold	690,149	970,424
Increase (decrease) in deferred income tax	149,970	(48,837)
Book value of assets disposed	<u>14,048</u>	<u>16,835</u>
	1,558,699	2,522,900
Curtailment of notes receivable	2,219	943,709
Additions to investment property notes payable	-	265,000
Draws on investment property construction loan	2,600,000	1,641,873
Additions to operating notes payable	1,014,934	52,299
Increase (decrease) in other operating liabilities	<u>237,242</u>	<u>(14,587)</u>
	<u>5,413,094</u>	<u>5,411,194</u>
CASH APPLIED		
Additions and improvements to investment property	2,100,001	4,271,238
Land and land development costs	659,822	654,479
Equipment purchased	351,581	187,811
Increase (decrease) in accounts receivable	422,340	(233,022)
Increase (decrease) in income tax refund receivable	468,376	(19,658)
Additions to notes receivable	14,376	543,050
Increase (decrease) in cost of completed homes and jobs-in-progress	27,975	(688,515)
Increase in other operating assets	42,638	102,176
Reduction of investment property notes payable	236,374	524,359
Decrease (increase) in accounts payable	735,451	(763,622)
Reduction of operating notes payable	16,943	1,335,557
Decrease (increase) in deposits on contracts	82,623	(303,796)
Decrease (increase) in accrued income tax payable	265,891	(265,891)
Decrease (increase) in minority interest	10,877	(22,922)
Dividends	<u>288,072</u>	<u>288,072</u>
	<u>5,723,340</u>	<u>5,609,316</u>
DECREASE IN CASH	(310,246)	(198,122)
CASH AT BEGINNING OF YEAR	<u>1,384,765</u>	<u>1,582,887</u>
CASH AT END OF YEAR	<u>\$ 1,074,519</u>	<u>\$ 1,384,765</u>

See Notes to Financial Statements



NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, W.C. and A.N. Miller Insurance Agency, Inc. and its 85% owned joint venture, Summer Development & Investment Company, a shopping center/office building complex known as "Little Falls Mall."

Depreciation

The Company primarily uses straight-line depreciation methods.

Investments

Investment property is carried at cost less accumulated depreciation.

Inventory

The Company's unimproved land is carried at historical cost. Completed homes and jobs-in-progress are carried at cost determined under the specific cost method of accounting including a provision for construction and development department overhead, interest and real estate taxes. Income on lot and home sales is recognized at settlement.

Real Estate Tax and Insurance Expense

The Company expenses property taxes when levied except those capitalized as part of inventory and investment property during construction. Insurance premiums for policy periods of one year or less on the date the policy becomes effective are expensed as incurred.

Income Taxes

Deferred income taxes are provided for differences in timing in reporting income for financial statement and tax purposes arising from different methods of accounting for depreciation. Accelerated depreciation available under the accelerated cost recovery system is used for tax reporting and straight-line depreciation is used for financial statement reporting.

NOTE 2 - PROFIT SHARING PLAN

The Company contributes to a defined contribution profit sharing plan which covers all salaried employees. The annual contribution is based on Company earnings, but may not exceed 12% of the compensation of all participants.

NOTES TO FINANCIAL STATEMENTS  
(continued)

NOTE 3 - INCOME TAXES

The provision for taxes on income consists of the following:

	<u>1987</u>	<u>1986</u>
Taxes on current taxable income	\$ 5,409	\$ 1,360,412
Changes in deferred income taxes resulting from		
Different methods of depreciation	149,970	28,701
Income reported under the installment sales		
method for tax purposes	<u>-</u>	<u>(77,538)</u>
Net increase (decrease) in deferred income taxes	<u>149,970</u>	<u>(48,837)</u>
Income tax refund resulting from amendment of prior		
years' returns	<u>(7,242)</u>	<u>-</u>
Provision for income taxes - Exhibit C	<u>\$ 148,137</u>	<u>\$ 1,311,575</u>

The provision for income taxes is net of investment tax credits of \$749 in 1986.

At September 30 of the respective years, the components of the balance of deferred income taxes were related to different methods of depreciation used for financial statements and for tax purposes.

NOTE 4 - INVESTMENT PROPERTY LIABILITIES

This balance consists of trust notes payable which are secured as follows:

		<u>September 30,</u>	
		<u>1987</u>	<u>1986</u>
Investment Property	<u>Terms</u>		
Commercial property			
Little Falls Mall	Due \$19,001 monthly including		
	6 3/4% interest, due 10-31-93	\$ 1,134,514	\$ 1,280,552
4300 Fordham Road			
N.W. and 4820,	Due \$14,790 monthly including		
4860, 4866 and	12.5% interest, balance due		
4872 Massachusetts	6-1-93	1,043,002	1,087,070
Avenue, N.W.			
49th and	2nd trusts, 16 notes at		
Massachusetts	\$10,000, due 10-1-90, 14%		
Avenue, N.W.	interest, payable quarterly	160,000	160,000

NOTES TO FINANCIAL STATEMENTS  
(continued)

NOTE 4 - INVESTMENT PROPERTY LIABILITIES - continued

		<u>September 30.</u>	
Investment Property	<u>Terms</u>	<u>1987</u>	<u>1986</u>
Commercial property - continued			
Sumner Apartments	Due \$5,968 monthly including 6.5% interest, due 5-9-87	\$ -	\$ 38,768
		2,337,516	2,566,390
Rental houses	Various	<u>1,149,284</u>	<u>1,156,197</u>
Total investment property		3,486,800	3,722,587
Construction loan - 4910 Massachusetts Avenue, N.W.	Interest only due monthly through March 1988 at 1/2 of 1% above prime rate. Maximum loan of \$7,500,000, principal due in full March 1988 with option to extend maturity to March 1991.	4,241,873	1,641,873
Other			
Special assessment - improvements, various districts, Montgomery County, Maryland	Due \$588 annually, including 9% interest	<u>1,176</u>	<u>1,763</u>
Total investment property liabilities		<u>\$ 7,729,849</u>	<u>\$ 5,366,223</u>

Maturities on these liabilities for the next five years are as follows:

<u>Year Ended</u> <u>September 30.</u>	<u>Amount</u>
1988	\$ 214,484
1989	232,884
1990	252,437
1991	4,676,373
1992	<u>298,675</u>
	<u>\$ 5,674,853</u>

NOTES TO FINANCIAL STATEMENTS  
(continued)

NOTE 5 - OPERATING NOTES PAYABLE

At September 30, 1987, the Company had drawn \$1,200,000 on a \$4,000,000 line of credit. This loan matures in May 1988 and bears interest at 1/4 of 1% above prime rate. The Company was also obligated on 4 automobile loans totalling \$50,290. These loans are payable \$1,960 per month including interest at 2.9% to 3.9% per annum, with final payments due in September 1989 and 1990.

The balance of notes payable consists of the following obligations:

	<u>September 30.</u>	
	<u>1987</u>	<u>1986</u>
Automobile loans	\$ 50,290	\$ 52,299
Line of credit loan	<u>1,200,000</u>	<u>200,000</u>
	<u>\$ 1,250,290</u>	<u>\$ 252,299</u>

Maturities on these obligations are as follows:

<u>Year Ended</u> <u>September 30.</u>	<u>Amount</u>
1988	\$ 1,222,235
1989	22,900
1990	<u>5,155</u>
	<u>\$ 1,250,290</u>

SUPPLEMENTAL INFORMATION

Our examinations of the consolidated financial statements of W.C. and A.N. Miller Development Company for the years ended September 30, 1987 and 1986 were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying comments and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
CERTIFIED PUBLIC ACCOUNTANTS

November 12, 1987  
Washington, D.C.

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

COMMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

Presented below are analyses of certain assets and liabilities and a summary of gross profit on new homes and lots.

REAL ESTATE

The detail of investment property is presented in Schedule 1.

Unimproved parcels of land are as follows (size of parcels indicated is as of September 30, 1987):

	<u>1987</u>	<u>1986</u>
Maryland		
Darnestown, Montgomery County - 434.7687 acres	\$ 1,156,493	\$ 1,118,385
Capitol Heights, Prince Georges County - 135,968 square feet	208,044	-
Other tract, Montgomery County - 4.9 acres	<u>70,325</u>	<u>70,325</u>
	1,434,862	1,188,710
District of Columbia		
Spring Valley - 1,291,281 square feet	1,076,135	833,862
Virginia		
Fauquier County - 359.8582 acres	<u>152,563</u>	<u>152,563</u>
	<u>\$ 2,663,560</u>	<u>\$ 2,175,135</u>

ACCOUNTS RECEIVABLE

Rents due and accrued	\$ 66,525	\$ 9,818
Remodeling	-	19,624
Miscellaneous	<u>28,300</u>	<u>40,105</u>
	94,825	69,547
Estimated uncollectible accounts	<u>(18,150)</u>	<u>(18,216)</u>
	76,675	51,331
Prior years' state income tax refunds	26,076	-
Officers and employees	50,836	56,494
Settlements receivable from title companies	<u>441,725</u>	<u>65,147</u>
	<u>\$ 595,312</u>	<u>\$ 172,972</u>

COMPLETED HOMES FOR SALE

This account at September 30, 1987 represents the cost of 3 new homes, all of which were sold but not settled.

This account at September 30, 1986 represents the cost of 2 new homes, one of which was sold but not settled and one which was unsold.

COMMENTS  
(continued)

JOBS - IN - PROGRESS

Construction status	<u>September 30, 1987</u>		<u>September 30, 1986</u>	
	<u>Number</u>	<u>Cost</u>	<u>Number</u>	<u>Cost</u>
Homes				
Latter stages of construction	4	\$ 811,129	6	\$ 1,233,449
Early stages of construction	7	259,260	5	286,591
	11	\$ 1,070,389	11	\$ 1,520,040

LAND - SUBDIVIDED LOTS

Land subdivided into lots includes the cost of subdivided land together with certain ground improvements. Costs, sufficient to cover the contemplated ground improvements, have been estimated. A pro rata portion of the land and improvements is charged against the job cost as development starts.

The following schedule indicates lots, by location, as of September 30, 1987 and 1986:

Subdivision	<u>September 30, 1987</u>		<u>September 30, 1986</u>	
	<u>Number of Lots</u>	<u>Cost</u>	<u>Number of Lots</u>	<u>Cost</u>
Spring Valley	20	\$ 707,885	29	\$ 1,006,084
Potomac Falls	1	43,533	2	38,286
Spring Meadows	29	511,076	29	510,542
Spring Ridge	8	173,417	14	349,244
	58	\$ 1,435,911	74	\$ 1,904,156

BUSINESS REALTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS (NET)

	<u>1987</u>			<u>1986</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Book Value</u>
Business realty	\$ 405,866	\$ 143,706	\$ 262,160	\$ 119,387
Equipment				
Office furniture and fixtures	41,128	21,561	19,567	18,075
Office equipment	245,030	134,339	110,691	78,483
Trucks and automobiles	120,082	79,229	40,853	49,595
Tractors and trailers	90,690	80,377	10,313	7,697
Tools and equipment	345,888	251,976	93,912	111,815
	\$ 1,248,684	\$ 711,188	\$ 537,496	\$ 385,052

COMMENTS  
(continued)

<u>OTHER ASSETS</u>	<u>September 30,</u>	
	<u>1987</u>	<u>1986</u>
Deferred leasing commission expense	\$ 49,288	\$ 22,977
Deferred charges on investment property	143,742	52,176
Other investments	88,585	86,065
Deposits - utility and other	33,743	30,039
Miscellaneous	<u>36,614</u>	<u>100,052</u>
	<u>\$ 351,972</u>	<u>\$ 291,309</u>

ACCRUED EXPENSES

Real estate taxes	\$ 266,197	\$ 173,355
Profit sharing trust contribution	232,274	203,338
Interest	32,609	-
Payroll taxes and workmen's compensation insurance accrued	108,575	116,031
Guarantee reserves	39,210	59,165
Wages and commissions	40,070	14,236
Other	<u>40,767</u>	<u>33,040</u>
	<u>\$ 759,702</u>	<u>\$ 599,165</u>

OPERATIONS

An analysis of operations by department is detailed in Schedule 2.

The following summary reflects the gross profit, by subdivision, on new homes and lots sold for the years ended September 30, 1987 and 1986.

	<u>1987</u>			<u>1986</u>		
	<u>Number of Units</u>	<u>Sales Price</u>	<u>Costs Including Sales Costs</u>	<u>Number of Units</u>	<u>Sales Price</u>	<u>Costs Including Sales Costs</u>
Maryland						
Spring Valley	13	\$ 7,010,271	\$ 4,591,280	14	\$ 6,413,248	\$ 4,288,165
Spring Ridge	5	1,693,521	1,396,697	7	2,126,820	1,690,539
Potomac Falls	1	363,038	351,358	5	1,824,641	1,017,409
Darnestown	-	-	-	1	249,000	210,633
	19	9,066,830	\$ 6,339,335	27	10,613,709	\$ 7,206,746
Cost of sales		<u>6,339,335</u>			<u>7,206,746</u>	
Gross profit		<u>\$ 2,727,495</u>	<u>30.08%</u>		<u>\$ 3,406,963</u>	<u>32.10%</u>



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

INVESTMENT PROPERTY - NET RENTAL INCOME

FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

COMMERCIAL PROPERTY	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Rental Income</u>	<u>Property Taxes</u>	<u>Insurance, Repairs, Commissions and Other Expenses</u>
Spring Valley Center 4300 Fordham Road, N.W.	\$ 189,795	\$ 144,471	\$ 226,463	\$ 16,428	\$ 83,176
4820 Massachusetts Avenue, N.W. (Garfinckel's)	389,093	313,516	315,922	47,522	34,597
4860 Massachusetts Avenue, N.W.	71,524	62,933	26,264	9,167	6,521
4866 Massachusetts Avenue, N.W.	19,372	19,268	54,512	8,172	8,560
4872 Massachusetts Avenue, N.W.	175,725	134,556	98,552	18,834	68,904
Commercial parking	<u>19,181</u>	<u>19,181</u>	<u>6,501</u>	<u>-</u>	<u>12,142</u>
	864,690	693,925	728,214	100,123	213,900
4900 Massachusetts Avenue, N.W. and parking	758,772	466,711	375,628	62,207	244,878
4910 Massachusetts Avenue, N.W. and parking	5,895,291	110,290	59,747	254,080	170,283
14111 Seneca Road	132,052	7,646	12,000	2,320	779
Sumner Apartments	1,013,581	831,982	750,087	50,014	505,946
Little Falls Mall	<u>3,355,382</u>	<u>1,632,016</u>	<u>1,336,683</u>	<u>138,537</u>	<u>851,351</u>
	12,019,768	3,742,570	3,262,359	607,281	1,987,137
RENTAL HOUSES	1,623,471	238,640	168,666	31,522	56,352
UNALLOCATED MANAGEMENT COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,169</u>
TOTAL - 1987	<u>\$13,643,239</u>	<u>\$ 3,981,210</u>	<u>\$ 3,431,025</u>	<u>\$ 638,803</u>	<u>\$ 2,045,658</u>
TOTAL - 1986	<u>\$ 7,713,834</u>	<u>\$ 3,727,644</u>	<u>\$ 3,227,939</u>	<u>\$ 346,078</u>	<u>\$ 1,404,840</u>

<u>Total Expense</u>	<u>1987 Net Before Interest and Depreciation</u>	<u>1986 Net Before Interest and Depreciation</u>	<u>Interest</u>	<u>Depreciation</u>	<u>1987 Profit or (Loss)</u>	<u>1986 Profit or (Loss)</u>
\$ 99,604	\$ 126,859	\$ 116,061				
82,119	233,803	206,379				
15,688	10,576	10,424				
16,732	37,780	35,710				
87,738	10,814	31,112				
<u>12,142</u>	<u>(5,641)</u>	<u>-</u>				
314,023	414,191	399,686	\$ 133,416	\$ 27,158	\$ 253,617	\$ 238,017
307,085	68,543	129,789	22,400	17,974	28,169	95,480
424,363	(364,616)	-	283,499	114,081	(762,196)	-
3,099	8,901	-	-	5,369	3,532	-
555,960	194,127	250,906	881	18,247	174,999	224,899
<u>989,888</u>	<u>346,795</u>	<u>647,439</u>	<u>81,974</u>	<u>117,334</u>	<u>147,487</u>	<u>452,812</u>
2,594,418	667,941	1,427,820	522,170	300,163	(154,392)	1,011,208
87,874	80,792	49,201	128,999	36,674	(84,881)	(134,739)
<u>2,169</u>	<u>(2,169)</u>	<u>-</u>	<u>-</u>	<u>8,389</u>	<u>(10,558)</u>	<u>-</u>
\$ 2,684,461	\$ 746,564		\$ 651,169	\$ 345,226	\$ (249,831)	
<u>\$ 1,750,918</u>		<u>\$ 1,477,021</u>	<u>\$ 402,181</u>	<u>\$ 198,371</u>		<u>\$ 876,469</u>

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

NET OPERATING INCOME

FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

	<u>Construction and Development</u>		
	<u>New Homes and Lots</u>	<u>Contracting and Remodeling</u>	<u>Total</u>
INCOME - 1987			
Sales, commissions and rents	\$ 9,066,830	\$ -	\$ 9,066,830
Cost of sales	(6,339,335)	-	(6,339,335)
Other direct expenses	(862,139)	-	(862,139)
Property taxes	-	-	-
Operating income before interest and depreciation	<u>\$ 1,865,356</u>	<u>\$ -</u>	<u>1,865,356</u>
Interest			-
Depreciation			<u>(76,288)</u>
NET OPERATING INCOME (LOSS) - 1987			<u>\$ 1,789,068</u>
INCOME - 1986			
Sales, commissions and rents	\$ 10,613,709	\$ 852,803	\$ 11,466,512
Cost of sales	(7,206,746)	(668,556)	(7,875,302)
Other direct expenses	(841,928)	(144,949)	(986,877)
Property taxes	-	-	-
Operating income before interest and depreciation	<u>\$ 2,565,035</u>	<u>\$ 39,298</u>	<u>2,604,333</u>
Interest			(4,957)
Depreciation			<u>(64,627)</u>
NET OPERATING INCOME - 1986			<u>\$ 2,534,749</u>

<u>Sales</u>	<u>Property Management</u>	<u>Insurance</u>	<u>Investment Property</u>	<u>Total</u>
\$ 5,712,957	\$ 67,425	\$ 17,311	\$ 3,431,025	\$ 18,295,548
(4,283,249)	-	-	-	(10,622,584)
(949,008)	(47,056)	(865)	(2,045,658)	(3,904,726)
-	-	-	(638,803)	(638,803)

480,700	20,369	16,446	746,564	3,129,435
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-	-	-	(651,169)	(651,169)
(50,070)	-	-	(345,226)	(471,584)

\$ 430,630	\$ 20,369	\$ 16,446	\$ (249,831)	\$ 2,006,682
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\$ 4,989,244	\$ 176,028	\$ 27,010	\$ 3,227,939	\$ 19,886,733
(3,679,545)	(2,217)	-	-	(11,557,064)
(637,254)	(160,540)	(6,618)	(1,404,840)	(3,196,129)
-	-	-	(346,078)	(346,078)

672,445	13,271	20,392	1,477,021	4,787,462
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-	-	-	(402,181)	(407,138)
(19,026)	-	-	(198,371)	(282,024)

\$ 653,419	\$ 13,271	\$ 20,392	\$ 876,469	\$ 4,098,300
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