

W.C. and A.N. Miller Development Company
Quarterly Balance Sheet
for the period ending December 31, 2013

ASSETS

	12/31/2013	9/30/2013	Difference
Current Assets			
Cash and Cash Equivalents	\$ 4,944,051.14	\$ 5,600,705.52	(656,654.38)
Investments	2,492,730.85	2,494,925.95	(2,195.10)
Unrealized Investments Gain/Lo	565,860.48	329,154.00	236,706.48
Accounts Receivable, net	451,977.42	187,777.56	264,199.86
Straightline Rent	5,916,588.55	5,916,588.55	0.00
Miscellaneous Receivables	187.08	49,592.73	(49,405.65)
Provision for Loss	0.00	0.00	0.00
Other Receivables	922,712.21	929,623.77	(6,911.56)
Inventory	37,318.04	37,318.04	0.00
Prepaid Expenses	425,232.01	456,624.52	(31,392.51)
Total Current Assets	15,756,657.78	16,002,310.64	(245,652.86)
Fixed Assets			
Land	6,310,994.50	6,310,994.50	0.00
HLP, II Land	538,905.48	538,905.48	0.00
Buildings	50,080,645.98	49,724,367.54	356,278.44
Property and Equipment	473,700.84	462,707.86	10,992.98
Capital Improvements - Opt	1,876.00	1,876.00	0.00
Building on 49th Street	37,711.61	36,738.61	973.00
Tenant Improvements	13,409,073.19	13,155,286.27	253,786.92
Less: Accumulated Depreciation	22,663,368.15	22,216,394.97	446,973.18
Net Fixed Assets	48,189,539.45	48,014,481.29	175,058.16
Other Assets			
Deferred Leasing Commissions,	1,375,119.99	1,397,114.65	(21,994.66)
Deferred Finance Charges, net	1,077,149.25	1,104,505.14	(27,355.89)
Deposit	17,630.05	17,630.05	0.00
Deferred Taxes	7,747,233.00	7,747,233.00	0.00
Real Estate Tax Escrow	269,347.48	68,985.70	200,361.78
Total Other Assets	10,486,479.77	10,335,468.54	151,011.23
TOTAL ASSETS	\$ 74,432,677.00	\$ 74,352,260.47	80,416.53

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities

Accounts Payable	\$ 104,320.90	\$ 267,036.67	(162,715.77)
Accrued Income Taxes	0.00	0.00	0.00
Accrued Expenses	1,535,110.15	1,287,980.33	247,129.82
Prepaid Income/RE	82,637.70	82,637.70	0.00
Security Deposits	448,731.80	458,490.22	(9,758.42)
Prepaid Rent Income	600,662.28	631,365.36	(30,703.08)

Total Current Liabilities

2,771,462.83	2,727,510.28	43,952.55
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Long-Term Liabilities

Notes Payable (1)	96,369,392.76	96,898,243.95	(528,851.19)
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Total Long-Term Liabilities

96,369,392.76	96,898,243.95	(528,851.19)
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Total Liabilities

99,140,855.59	99,625,754.23	(484,898.64)
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Minority Interest (2)

(6,803,872.56)	(6,803,475.00)	(397.56)
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Total Minority Interest

(6,803,872.56)	(6,803,475.00)	(397.56)
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Stockholders' Deficit

Common Stock	800,200.00	800,200.00	0.00
Dividend	0.00	(6,350,000.00)	6,350,000.00
Retained Earnings (Deficit)	(18,704,506.03)	(12,920,218.76)	(5,784,287.27)

Total Stockholders' Deficit

(17,904,306.03)	(18,470,018.76)	565,712.73
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TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT

\$ 74,432,677.00	\$ 74,352,260.47	80,416.53
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1. Notes Payable of 8,250,229.96 is offset by a Notes Receivable of 825,023 which is the cash of the 8,250,229.96 from Haymount Limited Partnership to W.C. and A.N. Miller Development Company.

2. W.C. and A.N. Miller Development Company owns 85% of Haymount Limited Partnership.

W.C. and A.N. Miller Development Company
First Quarter Long Term Debt
for the period ending December 31, 2013

	12/31/2013	9/30/2013	Difference
Promissory Notes	\$ 4,124,582.00	4,303,288.67	\$ (178,706.67)
Key Bank Loan	16,926,271.31	16,995,500.81	\$ (69,229.50)
N/P - TIAA Loan	21,260,772.48	21,331,140.76	\$ (70,368.28)
N/P - Haymount Mezz	8,250,229.83	8,250,229.83	\$ -
N/P - Cardinal Loan - SVR	16,372,931.55	16,450,779.62	\$ (77,848.07)
N/P - Guardian Loan	29,434,605.59	29,567,304.26	\$ (132,698.67)
Total Long Term Debt	\$ 96,369,392.76	\$ 96,898,243.95	\$ (528,851.19)

Notes Repayment Schedule:

1. **Promissory Notes** - interest rate of 3%; due 12/31/2032
2. **Key Bank Loan** - Sumner Highlands; interest rate of 6.47%; due 6/30/2021; No prepayment until 7/1/2011; prepayment penalty afterwards is greater of 1% or present value of principal and interest outstanding discounted at the rate at which, when compounded monthly is equivalent to the Prepayment Treasury Rate compounded semi-annually, less the outstanding principal balance as of the date of prepayment.
3. **TIAA** - Spring Valley Office; interest rate of 7%; due 10/1/2018; no prepayment until 9/30/2013; prepayment penalty afterwards is greater of 1% or present value of principal and interest outstanding discounted at the rate at which, when compounded monthly is equivalent to the Prepayment Treasury Rate compounded semi-annually, less the outstanding principal balance as of the date of prepayment.
4. **Cardinal Bank** - Spring Valley Retail; interest rate of 4.35%; due 3/14/2023; Prepayment of 3% for years 1 & 2; 2% for years 3 & 4; and 1% for years 5, 6, 8, and 9. No prepayment penalty in years 7 or 10.
5. **Guardian Loan**: Shops @Sumner Place; Interest rate of 4.08%; due 10/31/22; no prepayment until 10/31/2017; prepayment penalty afterwards is greater of 1% or present value of principal and interest outstanding discounted at the rate at which, when compounded monthly is equivalent to the Prepayment Treasury Rate compounded semi-annually, less the outstanding principal balance as of the date of prepayment.

W.C. and A.N. Miller Development Company
Year to Date Income Statement
for the period ending December 31, 2013

	Year to Date Actual	Year to Date Budget	Year to Date Variance
Rental Activities			
Rent Income	3,949,755.78	3,971,250.00	(21,494.22)
Rent Expenses	(1,030,915.49)	(1,130,038.00)	99,122.51
Real Estate Taxes	(359,039.51)	(355,338.00)	(3,701.51)
Depreciation	(530,235.57)	(530,236.00)	0.43
Debt Service-Interest	(1,135,316.91)	(1,134,856.00)	(460.91)
Net Rental Income	<u>894,248.30</u>	<u>820,782.00</u>	<u>73,466.30</u>
Gross Profit	<u>894,248.30</u>	<u>820,782.00</u>	<u>73,466.30</u>
Operating Expenses			
Bank Charges	439.69	600.00	(160.31)
Schwab - ABP Fee	430.54	0.00	430.54
Schwab - Mgt Fee	1,765.05	1,750.00	15.05
Computer Supplies	984.00	1,400.00	(416.00)
Computer Consultant	4,175.00	3,000.00	1,175.00
Office Administration	36,775.00	26,775.00	10,000.00
Dues and Subscriptions	89.00	0.00	89.00
General Insurance	33,651.25	29,000.00	4,651.25
Legal - General	11,848.22	15,000.00	(3,151.78)
Legal - Haymount	27,208.81	20,000.00	7,208.81
Benefits	5,688.36	8,499.99	(2,811.63)
Management Meals	3,611.08	2,400.00	1,211.08
Office Supplies	9,461.01	1,800.00	7,661.01
Other Taxes and Licenses	836.85	500.00	336.85
Payroll Taxes	6,211.71	9,000.00	(2,788.29)
Postage	1,823.27	1,125.00	698.27
Accounting	160.00	3,600.00	(3,440.00)
Review/Tax Returns/Fin St.	55,517.40	57,000.00	(1,482.60)
Internal Control Review	3,725.60	6,000.00	(2,274.40)
Promotion and Entertainment	249.44	1,050.00	(800.56)
Charitable Contribution	1,000.00	500.00	500.00
Rent	26,660.04	27,000.00	(339.96)
Executive Compensation	84,375.00	84,375.00	0.00
Executive Bonus	150,000.00	150,000.00	0.00
Executive Compensation Committee Fees	9,500.00	0.00	9,500.00
Office Phone & Internet	1,539.30	1,800.00	(260.70)

Cell Phones & Mobile Devices	3,654.74	2,250.00	1,404.74
Management Travel	6,406.11	10,500.00	(4,093.89)
Payroll Processing Fees	1,362.52	1,200.00	162.52
Board of Directors Fees	54,000.00	54,000.00	0.00
House Plans for Neighbors	(164.70)	0.00	(164.70)
RE Tax Expense	2,799.72	3,300.00	(500.28)
Board Travel and Meals	6,941.10	10,000.00	(3,058.90)
Total Operating Expenses	552,725.11	533,424.99	19,300.12
Net Operating Income	341,523.19	287,357.01	54,166.18
Other Income and Expenses			
Miscellaneous Income	7,465.00	0.00	7,465.00
Interest Income	1,310.91	1,500.00	(189.09)
Interest Dividend Income	(0.49)	0.00	(0.49)
Debt Service (Interest) Other	(21,293.33)	(21,293.38)	0.05
Unrealized Investment Gain/Loss	236,706.48	0.00	236,706.48
Total Other Income and Expenses	224,188.57	(19,793.38)	243,981.95
Net Income	\$ 565,711.76	\$ 267,563.63	\$ 298,148.13

W.C. and A.N. MILLER COMPANIES
STATEMENT OF CASH FLOW
For the Period Ended December 2013

	Current Month	Year to Date
Cash Flows for Operating Activities:		
Net Income	16,526.77	565,712.73
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Dividend		-
Depreciation and amortization	165,752.21	518,721.49
Unrealized Investment Gain/Loss	(64,501.13)	(236,706.48)
Loss on disposition of fixed assets		-
Income allocated to minority interest	(213.84)	(397.56)
Accounts receivable	(171,442.05)	(214,794.21)
Other receivables	2,320.90	6,911.55
Inventory		-
Deferred income taxes		-
Prepaid expenses	52,736.60	(8,633.32)
Current maturities of long term debt		-
Accounts payable	(113,224.71)	(162,715.77)
Accrued income taxes		-
Accrued expenses	71,736.71	247,129.82
Security deposits	(8,966.75)	(9,758.42)
Prior Tenant Clearing (SH)		-
Prepaid Real Estate Tax Income		40,025.83
Prepaid rent income	140,755.89	(30,703.08)
Total Adjustments	<u>74,953.83</u>	<u>149,079.85</u>
Net Cash Provided by (Used for) Operating Activities	<u>91,480.60</u>	<u>714,792.58</u>
Cash Flow for Investing Activities:		
Acquisition of fixed assets	(465,690.88)	(609,544.26)
Acquisition of deferred financing charges		-
Acquisition of deferred Leasing Commissions	(30,289.44)	(33,911.84)
Acquisition of real estate tax escrow	(80,310.56)	(200,361.78)
Acquisition of Investments	144.19	2,195.10
Development of 49th Street Lot	(973.00)	(973.00)
Acquisition of water escrow	-	-
Disposition of guaranty reserve	-	-
Disposition of deposit	-	-
Net Cash Used for Investing Activities	<u>(577,119.69)</u>	<u>(842,595.78)</u>
Cash Flow for Financing Activities:		
Disposition of long term debt	(207,346.73)	(528,851.19)
Acquisition of long term debt		
Net Cash Used for Financing Activities	<u>(207,346.73)</u>	<u>(528,851.19)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(692,985.82)	(656,654.39)
Cash and cash equivalents, Beginning of Period	<u>5,637,036.96</u>	<u>5,600,705.52</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>4,944,051.14</u>	<u>4,944,051.13</u>