

W.C. and A.N. MILLER  
Consolidated Balance Sheet  
as of September 30, 2008

	09/30/2008	9/30/2008	Variance
<u>ASSETS</u>	Unreconciled	Reconciled	
Cash & Cash Equivalents	\$3,033,347.00	\$3,075,973.92	
Restricted Cash	\$38,601.00	\$0.00	
Total Cash & restricted Cash	\$3,071,948.00	\$3,075,973.92	(\$4,025.92)
Receivables	\$1,847,801.00	\$1,915,347.00	(\$67,546.00)
Inventory	\$6,493,606.00	\$6,493,605.63	\$0.37
Prepaid Expenses	\$1,018,873.00	\$1,040,688.94	(\$21,815.94)
TOTAL CURRENT ASSETS	\$9,360,280.00	\$9,449,641.57	(\$89,361.57)
Investments	(\$533.00)	\$0.00	(\$533.00)
Notes Receivable *	\$1,304,264.00	\$1,942,801.40	(\$638,537.40)
Land, Property & Equipment	\$50,775,079.00	\$50,774,803.85	\$275.15
Other Assets	\$2,168,514.00	\$2,136,087.87	\$32,426.13
TOTAL NON CURRENT ASSETS	\$54,247,324.00	\$54,853,693.12	(\$606,369.12)
TOTAL ASSETS	\$66,679,552.00	\$67,379,308.61	(\$699,756.61)
<u>LIABILITIES</u>			
Accounts Payable	\$59,599.00	\$51,703.76	\$7,895.24
Accrued Payroll & Benefits	\$309,994.00	\$51,758.91	\$258,235.09
Accrued Liabilities	\$1,515,184.00	\$1,151,254.34	\$363,929.66
TOTAL CURRENT LIABILITIES	\$1,884,777.00	\$1,254,717.01	\$630,059.99
Contract, Escrow & Deposits	\$336,905.00	\$312,668.73	\$24,236.27
Notes Payable *	\$91,937,965.00	\$100,156,047.84	(\$8,218,082.84)
Other Non- Current Liabilities	(\$2,561,690.00)	\$34,310.06	(\$2,596,000.06)
TOTAL NON-CURRENT LIABILITIES	\$89,713,180.00	\$100,503,026.63	(\$10,789,846.63)
TOTAL LIABILITIES	\$91,597,957.00	\$101,757,743.64	(\$10,159,786.64)
Minority Interest **		(\$6,034,422.26)	
<u>OWNER'S EQUITY</u>			
Common Stock	\$800,200.00	\$800,200.00	\$0.00
Retained Earnings	(\$25,718,607.00)	(\$4,919,763.00)	(\$20,798,844.00)
Net Income	\$0.00	(\$24,224,449.77)	\$24,224,449.77
TOTAL STOCKHOLDERS EQUITY	(\$24,918,407.00)	(\$28,344,012.77)	\$3,425,605.77
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	\$66,679,550.00	\$67,379,308.61	(\$699,758.61)

**NOTE:** \* Notes Payable of \$8,250,229.96 is offset by a Notes Receivable of \$825,023 which is the cash basis of the \$8,250,229.96 from Haymount Limited Partnership to W.C. and A.N. Miller Development Company

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

### Notes Receivables

N/R - F&R LP	\$971,074.88
N/R - F&R Corporation	\$109,008.41
N/R - Gonzalez	\$2,810.77
N/R - Neville	\$34,884.34
N/R - HLP (Line of Credit)	\$28,296,282.86
N/P - HLP to Miller Dev	(\$28,296,282.86)
N/R - Discounted HLP Interest [\$8,250,229.96]	\$825,023.00

### Notes Payables

N/P - Washington Securities	\$200,000.00
N/P - Subordinated Debentures	\$440,000.00
N/P - Met Life [Shops at Sumner Place]	\$27,682,056.02
N/P - Chevy Chase Bank [Spring Valley Retail]	\$14,699,627.25
N/P - Chevy Chase Bank [Sunshine Brook]	\$791,250.00
N/P - Chevy Chase Bank [Chandlee Mill]	\$991,500.19
N/P - Key Bank [Sumner Highlands]	\$18,230,905.00
N/P - Key Bank [Spring Valley Office]	\$27,800,000.00
N/P - HLP to Miller Dev	\$8,250,229.96
N/P - Virginia Commerce [Springvale Meadows lots]	\$1,070,479.42

W.C. and A.N. Miller  
Consolidated Profit & Loss Statement  
as of September 30, 2008

	09/30/2008 Unreconciled	9/30/2008 Reconciled	Variance
<u>Revenue</u>			
Sales	\$6,100,404.00	\$24,382,586.12	(\$18,282,182.12)
Rent	\$11,324,629.00	\$11,332,457.97	(\$7,828.97)
Management Fee	\$779,763.00	\$715,763.31	\$63,999.69
Commissions	\$3,810.00	\$244,310.00	(\$240,500.00)
Parking Income	\$492,005.00	\$492,005.06	(\$0.06)
Other Income	\$282,772.00	\$5,868,310.63	(\$5,585,538.63)
<b>TOTAL GROSS REVENUE</b>	<b>\$18,983,383.00</b>	<b>\$43,035,433.09</b>	<b>(\$24,052,050.09)</b>
<u>Direct Expenses</u>			
Cost of Sales	\$6,865,332.00	\$44,820,061.40	(\$37,954,729.40)
Commissions	\$3,048.00	\$3,048.00	\$0.00
Cost of Sales - Leaves	\$229,002.00	\$235,702.78	(\$6,700.78)
Advertising	\$3,477.00	\$3,481.56	(\$4.56)
Contracting/Direct Costs		\$117,972.44	(\$117,972.44)
Other Direct Costs	\$2,443,714.00	\$2,357,642.56	\$86,071.44
<b>TOTAL DIRECT EXPENSES</b>	<b>\$9,544,573.00</b>	<b>\$47,537,908.74</b>	<b>(\$37,993,335.74)</b>
<b>GROSS PROFIT</b>	<b>\$9,438,810.00</b>	<b>(\$4,502,475.65)</b>	<b>\$13,941,285.65</b>
<u>Payroll &amp; Related Expenses</u>			
Salaries & Payroll Expenses	\$1,408,623.00	\$1,186,838.48	\$221,784.52
Payroll related Expenses	\$178,236.00	\$1,922,503.19	(\$1,744,267.19)
<b>TOTAL PAYROLL &amp; RELATED EXP</b>	<b>\$1,586,859.00</b>	<b>\$3,109,341.67</b>	<b>(\$1,522,482.67)</b>
<u>General &amp; Administrative Exp</u>			
Professional Fees	\$588,555.00	\$524,776.40	\$63,778.60
Licenses & Permits	\$24,429.00	\$23,672.80	\$756.20
Dues/Subscriptions/Fees	\$4,819.00	\$4,819.40	(\$0.40)
Associate Expense	\$616.00	\$32,036.52	(\$31,420.52)
Training & Educational Exp	\$5,668.00	\$5,668.48	(\$0.48)
Promotion & Marketing Exp	\$101,940.00	\$100,809.73	\$1,130.27
Supplies & Materials	\$8,878.00	\$8,878.34	(\$0.34)
Equipment Expenses	\$58,698.00	\$58,697.91	\$0.09
Communications	\$48,934.00	\$48,934.18	(\$0.18)
Postage & Delivery	\$11,296.00	\$11,269.67	\$26.33
Other G&A Expense	\$310,049.00	\$303,611.60	\$6,437.40

TOTAL GENERAL & ADMIN EXPENSE	\$1,163,882.00	\$1,123,175.03	\$40,706.97
<u>Overhead Expenses</u>			
Rent	\$177,270.00	\$177,269.88	\$0.12
Management Fee Expense	\$14,922.00	\$14,922.00	\$0.00
Utilities Expense	\$1,095,886.00	\$1,095,886.32	(\$0.32)
Repairs & Maintenance	\$981,240.00	\$994,230.40	(\$12,990.40)
Security & Parking Lot	\$409,102.00	\$409,958.76	(\$856.76)
Insurance Expenses	\$273,641.00	\$239,690.31	\$33,950.69
Property Taxes	\$1,646,463.00	\$1,646,463.49	(\$0.49)
Corp Serv Alloc for NOI			\$0.00
TOTAL OVERHEAD EXPENSES	\$4,598,524.00	\$4,578,421.16	\$20,102.84
TOTAL PERIOD EXPENSES	\$7,349,265.00	\$8,810,937.86	(\$1,461,672.86)
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$2,089,545.00</b>	<b>(\$13,313,413.51)</b>	<b>\$15,402,958.51</b>
<u>Non-Operating Expense</u>			
Depreciation Expense	\$1,357,099.00	\$1,277,179.56	\$79,919.44
Amortization Expense	\$416,733.00	\$431,373.18	(\$14,640.18)
Interest Expense	\$5,614,287.00	\$8,646,037.48	(\$3,031,750.48)
Corporate Service Expense			
TOTAL NON-OPERATING EXP	\$7,388,119.00	\$10,354,590.22	(\$2,966,471.22)
INCOME(LOSS) BEFORE OTHER INCOME	(\$5,298,574.00)	(\$23,668,003.73)	\$18,369,429.73
<u>Other Expense/(Income)</u>			
Other Expense/(Income)	\$1,183,119.00	\$634,191.65	\$548,927.35
Adjustment for closed Companies	\$0.00	\$165,473.15	(\$165,473.15)
Gain/Loss from Disc. Operations	\$0.00	\$936.41	(\$936.41)
TOTAL OTHER INCOME	\$1,183,119.00	\$800,601.21	\$382,517.79
INC(LOSS) BEFORE INCOME TAXES	(\$4,115,455.00)	(\$24,468,604.94)	\$20,353,149.94
<u>Income Tax</u>			
Income Tax	(\$225,884.00)	(\$225,990.18)	\$106.18
Deferred Tax Expense		(\$18,165.00)	\$18,165.00
TOTAL INCOME TAX	(\$225,884.00)	(\$244,155.18)	\$18,271.18
<b>NET INCOME (LOSS)</b>	<b>(\$3,889,571.00)</b>	<b>(\$24,224,449.77)</b>	<b>\$20,334,878.77</b>

## SCHEDULES TO PROFIT AND LOSS STATEMENT

### Other Income

Sale of Warrenton	\$3,470,836.00
Interest Income	\$972,549.68
Miscellaneous Income	\$102,344.93
OtherIncome	\$28,759.62
One Time Prior Year Adjustment	\$1,293,820.40
	<u>\$5,868,310.63</u>

### Salary

Salaries	\$1,136,413.31
Auto Allowance	\$29,100.00
Bonuses	(\$221,784.20)
HourlyWages	\$210,815.51
Overtime	\$32,293.86
	<u>\$1,186,838.48</u>

### Payroll Related

FICA	\$92,929.20
FUTA	\$1,221.78
SUTA - MD	\$3,392.62
SUTA - DC	\$1,757.29
TaxesOther	\$3.54
Health Insurance	\$33,126.12
Life Insurance	\$4,492.24
Long Term Disability	\$4,381.05
Short Term Disability	\$3,844.13
401K Match	\$11,734.40
Workmen's Comp Ins	\$11,516.65
Payroll Transfer to Job	(\$4,839.63)
PayrollProcessingFee	\$14,676.80
SeveranceExpenses	\$1,744,266.89
	<u>\$1,922,503.08</u>

### Other Expense/(Income)

Haymount Closing Costs	\$393,620.83
DeferredExpenses	\$67,196.03
OtherNon-OperatingExp	\$173,374.79
	<u>\$634,191.65</u>

### **Adjustments for Closed Companies**

Receivables - Miller Realtors	\$156,157.25
Prepaid Expenses - Miller Realtors	\$813.94
Cash Surrender Value - dates back too far	\$524.08
Haymount Mortgage Escrow	\$9,794.93
Accounts Payable - Miller Realtors	<u>(\$1,817.05)</u>
	\$165,473.15