

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

AND CONSOLIDATED SUBSIDIARIES

SUMNER, MARYLAND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 1973

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October 30, 1973

The Board of Directors
W. C. and A. N. Miller Development Company
4701 Sangamore Road
Washington, D. C. 20016

We have examined the consolidated balance sheet of the

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

as of September 30, 1973 and the related consolidated statements of stockholders' equity, income and changes in financial position for the year then ended. Our examination was 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. We previously examined and reported upon the Company's financial statements for the year ended September 30, 1972.

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 and consolidated subsidiaries as of September 30, 1973, the results of their operations and the changes in financial position for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Bond, Beebe, Barton & Muckelbauer
CERTIFIED PUBLIC ACCOUNTANTS

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

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1973 AND 1972

ASSETS

| <u>Real Estate</u> | <u>1973</u> | <u>1972</u> | <u>Increase (Decrease)</u> |
|---|---------------------|---------------------|--------------------------------|
| Investment Property (at cost) | \$ 6,005,211 | \$ 6,891,370 | \$ (886,159) |
| Accumulated Depreciation | <u>1,876,521</u> | <u>2,218,519</u> | <u>(341,998)</u> |
| | 4,128,690 | 4,672,851 | (544,161) |
| Unimproved Land | <u>2,953,510</u> | <u>3,028,801</u> | <u>(75,291)</u> |
| | 7,082,200 | 7,701,652 | (619,452) |
| <u>Trust Notes Receivable</u> | | | |
| (\$594,080 in 1973 and \$774,560 in 1972 relating to installment sale) | <u>709,274</u> | <u>1,080,098</u> | <u>(370,824)</u> |
| <u>Operating Assets</u> | | | |
| Cash | | | |
| (\$130,069 held in a fiduciary capacity at September 30, 1973) | 1,192,294 | 223,044 | 969,250 |
| Accounts Receivable (net) | 162,650 | 396,213 | (233,563) |
| Accrued Interest Receivable | 58,920 | 64,616 | (5,696) |
| Cost of Completed New Homes | 443,082 | 449,083 | (6,001) |
| Jobs in Progress | 1,520,336 | 1,268,944 | 251,392 |
| Land - Subdivided Lots (construction not started) | 504,339 | 791,287 | (286,948) |
| Prepaid Expenses | 214,436 | 232,096 | (17,660) |
| Business Realty, Equipment and Leasehold Improvements (net of accumulated depreciation) | 200,668 | 187,300 | 13,368 |
| Other | <u>108,004</u> | <u>121,893</u> | <u>(13,889)</u> |
| | 4,404,729 | 3,734,476 | 670,253 |
| <u>TOTAL ASSETS</u> | <u>\$12,196,203</u> | <u>\$12,516,226</u> | <u>\$ (320,023)</u> |

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

| <u>Long Term Liabilities</u> - Note 2 | <u>1973</u> | <u>1972</u> | <u>Increase (Decrease)</u> |
|---|---------------------|---------------------|--------------------------------|
| Investment Property | \$ 4,895,371 | \$ 5,594,864 | \$ (699,493) |
| Unimproved Land | 1,608,443 | 1,709,643 | (101,200) |
| Other | 31,050 | 196,235 | (165,185) |
| | 6,534,864 | 7,500,742 | (965,878) |
| <u>Deferred Income Taxes</u> - Note 4 | <u>157,752</u> | <u>205,676</u> | <u>(47,924)</u> |
| <u>Operating Liabilities</u> | | | |
| Accounts Payable | 289,893 | 166,940 | 122,953 |
| Notes Payable - Short Term | 47,000 | 242,000 | (195,000) |
| Construction Loans Payable | 813,450 | 1,123,100 | (309,650) |
| Land Loans Payable - Subdivided Lots | 386,196 | 623,702 | (237,506) |
| Deposits on Contracts | 289,818 | 304,042 | (14,224) |
| Income Taxes Payable - Note 3 | 523,915 | 163,429 | 360,486 |
| Accrued Expenses | 239,574 | 190,733 | 48,841 |
| Escrow Funds, Owners' Balances and Rent Deposits | 31,376 | 27,582 | 3,794 |
| Deferred Commissions | - | 13,750 | (13,750) |
| | 2,621,222 | 2,855,278 | (234,056) |
| <u>Minority Interest</u> | | | |
| In Net Assets of Consolidated Entity (Sumner Development & Investment Company) | 54,475 | 21,334 | 33,141 |
| <u>Stockholders' Equity</u> - Exhibit "B" | <u>2,827,890</u> | <u>1,933,196</u> | <u>894,694</u> |
| <u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u> | <u>\$12,196,203</u> | <u>\$12,516,226</u> | <u>\$ (320,023)</u> |

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

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 1973 AND 1972

| | <u>1973</u> | <u>1972</u> |
|---|---------------------|---------------------|
| <u>Common Stock</u> - Par Value - \$100.00 | | |
| Authorized - 10,000 Shares | \$ 1,000,000 | \$ 1,000,000 |
| Less: Unissued - 1,778 Shares | <u>177,800</u> | <u>177,800</u> |
| Issued - 8,222 Shares | 822,200 | 822,200 |
| Less: Issued Stock Repurchased and Held in Treasury - 220 Shares | <u>22,000</u> | <u>22,000</u> |
| <u>Common Stock Outstanding</u> - 8,002 Shares | <u>800,200</u> | <u>800,200</u> |
| <u>Retained Earnings</u> | | |
| <u>Balance</u> - Beginning of Year | 1,132,996 | 1,114,548 |
| Net Income for the Year - Exhibit "C" | 1,038,730 | 218,498 |
| Dividends Declared | <u>(144,036)</u> | <u>(200,050)</u> |
| <u>Balance</u> - End of Year | <u>2,027,690</u> | <u>1,132,996</u> |
| <u>Total Stockholders' Equity</u> | <u>\$ 2,827,890</u> | <u>\$ 1,933,196</u> |
| To Exhibit "A" | | |

The accompanying notes are an integral part of the financial statements.

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED SEPTEMBER 30, 1973 AND 1972

| <u>Income</u> | <u>Construction and Development</u> | | |
|--|-------------------------------------|---|-----------------------|
| | <u>New Homes and Lots</u> | <u>Contracting and Remodeling</u> | <u>Total</u> |
| Sales, Commissions, Rents | \$4,947,648 | \$ 610,224 | \$5,557,872 |
| Less: Cost of Sales | (3,741,013) | (486,857) | (4,227,870) |
| Other Direct Expenses | (289,213) | (53,280) | (342,493) |
| Property Taxes | - | - | - |
| Operating Income before Interest and Depreciation | \$ 917,422 | \$ 70,087 | 987,509 |
| Less: Interest | | | (77,994) |
| Depreciation | | | (29,366) |
| <u>Net Operating Income - 1973</u> | | | <u>\$ 880,149</u> |
| - 1972 .. | | | <u>\$ 416,625</u> |
| <u>Gain on Sale of Rental Houses</u> | | | |
| <u>Interest Income</u> | | | |
| <u>Miscellaneous</u> | | | |
| <u>Total Income</u> | | | |
| <u>Expenses</u> | | | |
| Carrying Charges - Land | | | |
| Property Taxes | | | |
| Interest | | | |
| Other | | | |
| General and Administrative | | | |
| Salaries and Payroll Expense | | | |
| Professional and Director Fees | | | |
| Group Life Insurance | | | |
| Interest - General | | | |
| Provision for Profit Sharing | | | |
| Other | | | |
| <u>Total Expense</u> | | | |
| <u>Net Income before Income Taxes and Extraordinary Items</u> | | | |
| <u>Provision for Income Taxes</u> | | | |
| <u>Net Income before Extraordinary Items</u> | | | |
| <u>Extraordinary Items</u> | | | |
| Gain on Sale of Sentinel Apartments, Net of Applicable Income Taxes of \$286,300 | | | |
| Reduction in Income Taxes as a result of Carryforward of prior years' Operating Losses, Contributions and Investment Credits | | | |

Net Income

The accompanying notes are an integral part of the financial statements.

| <u>Sales</u> | <u>Property Management</u> | <u>Insurance</u> | <u>Investment Property</u> | <u>Total</u> | | <u>Increase (Decrease)</u> |
|--------------|--------------------------------|------------------|--------------------------------|--------------|-------------|--------------------------------|
| | | | | <u>1973</u> | <u>1972</u> | |
| \$ 920,975 | \$ 111,623 | \$ 18,020 | \$1,537,765 | \$8,146,255 | \$6,860,942 | \$1,285,313 |
| (556,596) | - | - | - | (4,784,466) | (3,999,520) | 784,946 |
| (153,311) | (47,466) | (6,331) | (536,998) | (1,086,599) | (1,073,778) | 12,821 |
| - | - | - | (195,371) | (195,371) | (196,943) | (1,572) |
| 211,068 | 64,157 | 11,689 | 805,396 | 2,079,819 | 1,590,701 | 489,118 |
| - | - | - | (402,663) | (480,657) | (528,221) | (47,564) |
| (97) | - | - | (212,091) | (241,554) | (234,250) | 7,304 |
| \$ 210,971 | \$ 64,157 | \$ 11,689 | \$ 190,642 | 1,357,608 |) | 529,378 |
| | | | | |) | |
| | | | | |) | |
| \$ 179,965 | \$ 52,011 | \$ 7,070 | \$ 172,559 | | 828,230) | |
| | | | | 118,539 | 30,281 | 88,258 |
| | | | | 113,953 | 118,749 | (4,796) |
| | | | | 26,673 | 23,378 | 3,295 |
| | | | | 1,616,773 | 1,000,638 | 616,135 |
| | | | | 110,812 | 115,775 | (4,963) |
| | | | | 107,842 | 114,192 | (6,350) |
| | | | | 35,176 | 61,652 | (26,476) |
| | | | | 253,830 | 291,619 | (37,789) |
| | | | | 225,148 | 217,668 | 7,480 |
| | | | | 49,633 | 45,198 | 4,435 |
| | | | | 10,554 | 12,989 | (2,435) |
| | | | | 24,514 | 34,706 | (10,192) |
| | | | | 76,775 | 30,308 | 46,467 |
| | | | | 167,249 | 129,994 | 37,255 |
| | | | | 553,873 | 470,863 | 83,010 |
| | | | | 807,703 | 762,482 | 45,221 |
| | | | | 809,070 | 238,156 | 570,914 |
| | | | | 367,132 | 98,198 | 268,934 |
| | | | | 441,938 | 139,958 | 301,980 |
| | | | | 568,326 | - | 568,326 |
| | | | | 28,466 | 78,540 | (50,074) |
| | | | | \$1,038,730 | \$ 218,498 | \$ 820,232 |

45.38

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITIONFOR THE YEARS ENDED SEPTEMBER 30, 1973 AND 1972

| <u>Cash Provided by Operations</u> | <u>1973</u> | <u>1972</u> |
|--|--------------------|-------------------|
| Net Income before Extraordinary Items | \$ 441,938 | \$ 139,958 |
| Add: Depreciation | 266,984 | 253,558 |
| Land and Development Costs of Lots Sold | 422,035 | 293,476 |
| Book Value of Assets Sold | \$ 162,693 | |
| Less: Related Debt Retirement | (155,811) | 6,882 |
| Decrease in Accounts & Accrued Interest Receivable | 239,259 | (222,845) |
| Increase in Accounts Payable & Accrued Expense | 171,794 | (50,449) |
| Increase in Income Taxes Payable | | |
| (Net of Decrease in Deferred Income Taxes) | 312,562 | 13,981 |
| Other Non-cash Items | 37,359 | - |
| | <u>1,898,813</u> | <u>443,002</u> |
| Deduct: Increase in Other Operating Assets (net) | 69,135 | 29,959 |
| Land Development Costs | 216,894 | 323,420 |
| Decrease in Notes, Construction and Land | | |
| Loans Payable | 742,156 | (178,260) |
| Decrease in Other Operating Liabilities (net) | 24,180 | (75,406) |
| | <u>1,052,365</u> | <u>99,713</u> |
| <u>Net Cash Provided by Operations</u> | <u>846,448</u> | <u>343,289</u> |
| <u>Cash Provided by Other Sources</u> | | |
| Increase in Minority Interest in Subsidiary | 33,141 | (960) |
| Reduction in Trust Notes Receivable | 370,824 | 562,614 |
| Extraordinary Items: | | |
| Proceeds - Sale of Sentinel Apartments | 1,364,206 | |
| Less: Related Debt Retirement | (381,618) | |
| Applicable Income Taxes | (286,300) | |
| Tax Reduction - Loss Carryforward | 696,288 | - |
| | <u>28,466</u> | <u>78,540</u> |
| | <u>1,128,719</u> | <u>640,194</u> |
| <u>Total Cash Provided</u> | <u>1,975,167</u> | <u>983,483</u> |
| <u>Cash Applied To</u> | | |
| Reduction in Long Term Debt (other than above) | 428,449 | 520,514 |
| Dividends Paid | 176,398 | 168,042 |
| Capital Expenditures | 401,070 | 198,845 |
| Other | - | 28,750 |
| <u>Total Cash Applied</u> | <u>1,005,917</u> | <u>916,151</u> |
| <u>Increase in Cash</u> | <u>969,250</u> | <u>67,332</u> |
| <u>Cash at Beginning of Year</u> | <u>223,044</u> | <u>155,712</u> |
| <u>Cash at End of Year</u> | <u>\$1,192,294</u> | <u>\$ 223,044</u> |

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, The W. C. and A. N. Miller Development Corporation of Virginia, The W. C. and A.N. Miller Insurance Agency, Inc. and its 85% owned joint venture, The Sumner Development and Investment Company. The prior year's statements have been restated to reflect the joint venture consolidation.

Operations of The W. C. and A. N. Miller Insurance Agency, Inc. are presented in Exhibit "C" under "Insurance."

Operations of The Sumner Development and Investment Company, which consist of the operations of a shopping center/office building complex known as "Little Falls Mall," have been included with the Company's Other Investment Properties.

The W. C. and A. N. Miller Development Corporation of Virginia is not currently engaged in any operations.

(b) Depreciation

The Company primarily uses straight-line depreciation methods. Depreciation is included in Exhibit "C" as follows:

| | |
|------------------------------------|-------------------|
| As an Operating Expense | \$ 241,554 |
| Carrying Charges - Other | 12,464 |
| General and Administrative - Other | <u>12,966</u> |
| <u>Total Depreciation Expense</u> | <u>\$ 266,984</u> |

(c) Investments

Investment property is carried at cost less accumulated depreciation.

(d) Inventory

The Company's unimproved land is carried at cost. Completed homes and work in process are carried at cost and include a provision for Construction and Development Department overhead. Profit on lot and home sales is recognized at settlement.

NOTES TO FINANCIAL STATEMENTS

Note 2 - Long Term Liabilities

Approximately \$447,735 in annual curtail is required for fiscal year 1974. Of this amount, \$197,311 pertains to investment property long term debt. The remainder, \$250,424, applies to land loans payable and the amount of this curtail is contingent upon lot settlements.

The comparable curtail requirement for fiscal year 1973 was \$412,229, of which \$197,409 pertained to investment property.

Note 3 - Income Taxes

The Company reports income for income tax purposes on the same basis as for financial reporting except for the 1971 sale of undeveloped land. The entire gain from this sale was included in income for the year ended September 30, 1971 but is being reported for income tax purposes on the installment basis.

Income taxes payable for the current period represent the following.

| | |
|---|-------------------|
| Net Income Taxes on Current Year Income, including Extraordinary Item | \$ 653,432 |
| Add: Income Taxes Applicable to 1971 Sale | 47,924 |
| Deduct: Gas Tax Credit | (125) |
| Reduction in Income Taxes applicable to carryforward of prior year's operating losses of \$59,305 | (28,466) |
| Estimated Tax Payments Made | <u>(148,850)</u> |
| <u>Total Income Tax Payable</u> | <u>\$ 523,915</u> |

The Internal Revenue Service has reviewed and approved as filed the federal income tax returns of the Company through the year ended September 30, 1969.

COMMENTS

Real Estate

The detail of investment property is presented in the schedule on the following page.

Unimproved parcels of land are as follows:

| <u>Maryland</u> | <u>Cost</u> | <u>Debt</u> |
|---|--------------------|--------------------|
| Darnestown, Montgomery County 723.78 Acres | \$1,461,430 | \$ 674,149 |
| Potomac, Montgomery County 264.2144 Acres | 817,347 | 684,294 |
| Various Other Tracts - Montgomery County 16.29 Acres | 123,711 | - |
| | <u>2,402,488</u> | <u>1,358,443</u> |
| <u>District of Columbia</u> | | |
| Spring Valley - 1,974,567 Square Feet | <u>233,071</u> | <u>-</u> |
| <u>Virginia</u> | | |
| Fauquier County - 764.40 Acres | <u>317,951</u> | <u>250,000</u> |
| <u>Total</u> | <u>\$2,953,510</u> | <u>\$1,608,443</u> |

Accounts Receivable

| | |
|---|-------------------|
| Remodeling | \$ 38,617 |
| Miscellaneous | <u>11,500</u> |
| | 50,117 |
| Less: Estimated Uncollectible Accounts | <u>965</u> |
| | 49,152 |
| Officers and Employees | 1,709 |
| Settlements Receivable from Title Companies | 12,661 |
| Rents - Due and Accrued | <u>99,128</u> |
| | <u>\$ 162,650</u> |

Cost of Completed New Homes

This account represents the cost of four completed homes. Two of the completed homes were sold, but not settled, as of September 30, 1973.

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

INVESTMENT PROPERTY - NET RENTAL INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 1973

| | Assessed Value Real Estate Tax Purposes* | Cost | Accumulated Depreciation | Rental Income |
|----------------------------------|---|--------------|-----------------------------|------------------|
| <u>Commercial Property</u> | | | | |
| Little Falls Mall | \$ 2,124,040 | \$ 3,221,173 | \$ 474,648 | \$ 652,289 |
| 4300 Fordham Road | 255,185 | 153,007 | 69,587 | 67,877 |
| 4820 Massachusetts Avenue, N.W. | 632,390 | 318,238 | 193,370 | 172,951 |
| 4860 Massachusetts Avenue, N.W. | 89,586 | 29,871 | 27,487 | 12,400 |
| 4866 Massachusetts Avenue, N.W. | 79,537 | 17,028 | 16,994 | 23,063 |
| 4872 Massachusetts Avenue, N.W. | 187,226 | 148,651 | 76,195 | 49,057 |
| 4900 Massachusetts Avenue, N.W. | 620,578 | 667,270 | 287,702 | 137,238 |
| Sentinel Apartments | | | | 114,303 |
| Sumner Apartments | 861,980 | 899,419 | 553,650 | 226,207 |
| 2415 - 20th Street, N.W. | 112,125 | 168,339 | 46,888 | 40,431 |
| <u>Total Commercial Property</u> | 4,962,647 | 5,622,996 | 1,746,521 | 1,495,816 |
| <u>Rental Houses</u> | 308,735 | 382,215 | 130,000 | 41,949 |
| <u>Total</u> | \$ 5,271,382 | 6,005,211 | \$ 1,876,521 | \$ 1,537,765 |
| Less: Accumulated Depreciation | | 1,876,521 | | |
| <u>Net</u> | | \$ 4,128,690 | | |

1/

* Current Real Estate Tax Assessment practices in D.C. and Maryland are to assess at 50% to 60% of their appraised valuations.

1/ To Exhibit "A"

| Property Taxes | Insurance Repairs, Commissions and Other Expenses | Total Expenses | Net Before Interest and Depreciation | Interest | Depreciation | Profit or (Loss) |
|-------------------|---|-------------------|---|------------|--------------|------------------------|
| \$ 71,656 | \$ 260,790 | \$ 332,446 | \$ 319,843 | \$ 201,379 | \$ 115,466 | \$ 2,998 |
| 20,995 | 6,647 | 27,642 | 40,235 | 26,425 | 3,342 | 10,468 |
| 2,974 | 11,165 | 14,139 | 158,812 | 33,003 | 8,096 | 117,713 |
| 2,641 | 2,289 | 4,930 | 7,470 | 477 | 247 | 6,746 |
| 6,216 | 2,283 | 8,499 | 14,564 | 953 | 326 | 13,285 |
| 8,472 | 18,791 | 27,263 | 21,794 | 1,324 | 3,505 | 16,965 |
| 20,603 | 39,106 | 59,709 | 77,529 | 49,347 | 20,434 | 7,748 |
| 15,553 | 55,911 | 71,464 | 42,839 | 14,890 | 17,942 | 10,007 |
| 28,534 | 99,929 | 128,463 | 97,744 | 42,935 | 18,977 | 35,832 |
| 3,722 | 31,629 | 35,351 | 5,080 | 8,631 | 6,377 | (9,928) |
| 181,366 | 528,540 | 709,906 | 785,910 | 379,364 | 194,712 | 211,834 |
| 14,005 | 8,458 | 22,463 | 19,486 | 23,299 | 17,379 | (21,192) |
| \$ 195,371 | \$ 536,998 | \$ 732,369 | \$ 805,396 | \$ 402,663 | \$ 212,091 | \$ 190,642 |

COMMENTS

Jobs in Progress

| <u>Construction Status</u> | <u>September 30, 1973</u> | | <u>September 30, 1972</u> | |
|--------------------------------|---------------------------|--------------------|---------------------------|--------------------|
| | <u>Number</u> | <u>Cost</u> | <u>Number</u> | <u>Cost</u> |
| Homes | | | | |
| Latter Stages of Construction | 18 | \$1,278,371 | 18 | \$1,168,270 |
| Early Stages of Construction | 12 | 216,071 | 5 | 70,431 |
| Miscellaneous Jobs in Progress | | 25,894 | | 30,243 |
| | <u>30</u> | <u>\$1,520,336</u> | <u>23</u> | <u>\$1,268,944</u> |

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, 1973.

| <u>Subdivisions</u> | <u>Number of Lots</u> | <u>Cost</u> | <u>Debt</u> |
|---------------------|---------------------------|-------------------|-------------------|
| Overlook | 38 | \$ 135,516 | \$ 88,700 |
| Sumner | 32 | 122,829 | - |
| Potomac Falls | <u>20</u> | <u>245,994</u> | <u>297,496</u> |
| | <u>90</u> | <u>\$ 504,339</u> | <u>\$ 386,196</u> |

Prepaid Expenses

| | |
|---------------------------------|-------------------|
| Insurance | \$ 43,852 |
| Property Taxes | 135,633 |
| Building Materials and Supplies | 29,751 |
| Other | <u>5,200</u> |
| | <u>\$ 214,436</u> |

COMMENTS

Business Realty, Equipment and Leasehold Improvements (net)

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Book Value</u> |
|-------------------------------|-------------------|-------------------------------------|-----------------------|
| Business Realty | \$ 84,335 | \$ 48,067 | \$ 36,268 |
| Equipment | | | |
| Office Furniture and Fixtures | 78,121 | 63,665 | 14,456 |
| Office Equipment | 46,725 | 33,030 | 13,695 |
| Trucks and Automobiles | 43,377 | 35,629 | 7,748 |
| Tractors and Trailers | 116,214 | 76,260 | 39,954 |
| Tools and Equipment | 148,603 | 63,006 | 85,597 |
| Leasehold Improvements (net) | <u>2,950</u> | <u>-</u> | <u>2,950</u> |
| | <u>\$ 520,325</u> | <u>\$ 319,657</u> | <u>\$ 200,668</u> |

Other Assets

| | |
|--|-------------------|
| Deferred Leasing Commission Expense | \$ 19,933 |
| Deferred Construction Costs | 31,102 |
| Deferred Loan Charges on Investment Property | 39,748 |
| Utility Deposits | 1,500 |
| Livestock | 14,067 |
| Miscellaneous | <u>1,654</u> |
| | <u>\$ 108,004</u> |

Long Term Liabilities

Investment Property

This balance consists of trust notes payable which are secured on the following:

Commercial Property

| | |
|------------------------------------|----------------|
| Little Falls Mall | \$2,503,664 |
| 4300 Fordham Road, N. W. | 338,648 |
| 4820 Massachusetts Avenue, N. W. | 392,297 |
| 4860 Massachusetts Avenue, N. W. | 7,704 |
| 4866 Massachusetts Avenue, N. W. | 15,408 |
| 4872 Massachusetts Avenue, N. W. | 21,400 |
| 49th & Massachusetts Avenue, N. W. | 635,195 |
| Sumner Apartments | 646,581 |
| 2415 - 20th Street, N. W. | <u>106,028</u> |
| | 4,666,925 |
| | <u>228,446</u> |

Residential Property

Total Investment Property \$4,895,371

COMMENTS

Long Term Liabilities - Continued

Unimproved Land

Trust Notes

| | |
|--------------------------------------|----------------|
| Pleasant Hill - Darnestown, Maryland | \$ 635,729 |
| Potomac Falls - Potomac, Maryland | 722,714 |
| Schwab Farm - Warrenton, Virginia | <u>250,000</u> |

| | |
|------------------------------|---------------------------|
| <u>Total Unimproved Land</u> | <u><u>\$1,608,443</u></u> |
|------------------------------|---------------------------|

Other

Bank

| | |
|--|----------|
| First Trust, Sales Office, Potomac, Maryland | \$ 5,332 |
|--|----------|

Montgomery County, Maryland

| | |
|--|--------|
| Special Improvements Assessment, Various Districts | 13,655 |
|--|--------|

| | |
|--------------------------------------|---------------|
| <u>Washington Securities Company</u> | <u>12,063</u> |
|--------------------------------------|---------------|

| | |
|--------------------|-------------------------|
| <u>Total Other</u> | <u><u>\$ 31,050</u></u> |
|--------------------|-------------------------|

Notes Payable - Short Term

| | |
|---|-------------------------|
| Washington Securities Company - 90 Day Loan | \$ 15,000 |
| Bank - 90 Day Loan | <u>32,000</u> |
| | <u><u>\$ 47,000</u></u> |

Accrued Expenses

| | |
|--|--------------------------|
| Profit Sharing Trust Contribution | \$ 76,775 |
| Dividends Declared | 16,004 |
| Interest | 30,200 |
| Payroll Taxes Withheld | 16,484 |
| Payroll Taxes & Workmen's Compensation | |
| Insurance Accrued | 21,880 |
| Guarantee Reserves | 25,747 |
| Salaries and Wages Payable | 10,889 |
| Other | <u>41,595</u> |
| | <u><u>\$ 239,574</u></u> |

COMMENTS

Operations

The following summary reflects the gross profit, by subdivision, on new homes and lots sold for the years ended September 30, 1973 and 1972.

| | <u>1973</u> | | | <u>1972</u> | | |
|---------------------|-----------------------|--------------------|---------------------------------|-----------------------|-------------------|---------------------------------|
| | Number of Units | Sales Price | Cost Including Sales Cost | Number of Units | Sales Price | Cost Including Sales Cost |
| <u>Maryland</u> | | | | | | |
| Potomac Falls | 11 | \$1,863,482 | \$1,385,541 | 9 | \$1,487,427 | \$1,128,809 |
| Sumner | - | - | - | 8 | 649,858 | 518,798 |
| Overlook | 25 | 3,084,166 | 2,355,472 | 14 | 1,498,476 | 1,201,295 |
| <u>Total</u> | 36 | 4,947,648 | \$3,741,013 | 31 | 3,635,761 | \$2,848,902 |
| Less: | | | | | | |
| Cost of Sales | | <u>3,741,013</u> | | | <u>2,848,902</u> | |
| <u>Gross Profit</u> | | <u>\$1,206,635</u> | | | <u>\$ 786,859</u> | |

Included in the 1973 sales and cost columns but not the unit column, are the sales of four lots in Potomac. Included in 1972 are the sales of seven lots.