Singer Financial Corp.

Financial Statements
December 31, 2009 and 2008

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Index to Financial Statements
December 31, 2009 and 2008

Page(s)

Weiser

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Independent Auditors' Report

To the Stockholder and Director of
Singer Financial Corp.

We have audited the accompanying balance sheet of Singer Financial Corp. (the "Company") as of December 31, 2009, and the related statements of income, stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2008 financial statements of Singer Financial Corp. were audited by other auditors, whose practice was acquired by Weiser LLP as of January 5, 2010, and whose report dated February 10, 2009 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of Singer Financial Corp. as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Weiser LLP

Horsham, PA
April 7, 2010

Singer Financial Corp.
Balance Sheets
December 31, 2009 and 2008

	2009	2008
Assets		
Cash	$ 106,695	$ 131,325
Secured loans receivable:		
Loan portfolio	4,537,454	7,091,548
Stockholder	1,608,228	-
Affilliates	632,104	227,316
Accrued interest receivable	89,578	129,514
Due from affiliates	451,453	220,000
Due from stockholder	513,002	-
Prepaid expenses	4,407	4,407
Property and equipment, net	640,567	668,758
Financing costs, net	69,388	57,640
Total assets	$ 8,652,876	$ 8,530,508
Liabilities and stockholder's equity		
Liabilities		
Notes payable, bank	$ 508,121	$ 786,194
Subordinated investment certificates	5,468,093	5,154,601
Due to stockholder	-	886
	5,976,214	5,941,681
Stockholder's equity		
Common stock, no par value; authorized 10,000 shares issued and outstanding 2,000 shares	600,000	600,000
Retained earnings	2,076,662	1,988,827
Total stockholder's equity	2,676,662	2,588,827
Total liabilities and stockholder's equity	$ 8,652,876	$ 8,530,508

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

Singer Financial Corp.
Statements of Income
Years Ended December 31, 2009 and 2008

		2009		2008
Income				
Interest				
Interest income	$	**914,417**	$	1,267,083
Interest expense		**461,283**		446,714
Net interest income		**453,134**		820,369
Brokerage and other fees		**200,430**		109,356
		653,564		929,725
Operating expenses				
General and administrative		**501,906**		532,548
Depreciation and amortization		**53,305**		48,672
		555,211		581,220
Income from operations		**98,353**		348,505
Other income (expense)				
Bank interest expense		**(22,518)**		(42,180)
Rental income		**12,000**		12,000
		(10,518)		(30,180)
Net income	$	**87,835**	$	318,325

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

Singer Financial Corp.
Statements of Stockholder's Equity
Years Ended December 31, 2009 and 2008

	Common Stock			
	Number of Shares	Amount	Retained Earnings	Total
Balance - January 1, 2008	2,000	$ 600,000	$ 1,920,502	$ 2,520,502
Net income			318,325	318,325
Distributions			(250,000)	(250,000)
Balance - December 31, 2008	2,000	600,000	1,988,827	2,588,827
Net income			**87,835**	**87,835**
Balance - December 31, 2009	2,000	$ 600,000	**$ 2,076,662**	**$ 2,676,662**

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

Singer Financial Corp.
Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Net income	$ 87,835	$ 318,325
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of loan origination fees - net	(127,285)	(224,451)
Depreciation of property and equipment	35,655	34,438
Amortization of financing costs	17,650	14,234
Increase in accrued interest on subordinated investment certificates	106,760	326,062
Increase (decrease) in cash attributable to changes in operating assets and liabilties:		
Accrued interest receivable	(13,839)	(17,911)
Prepaid expenses	-	3,519
Accounts payable and accrued expenses	-	(7,969)
Net cash provided by operating activities	106,776	446,247
Cash flows from investing activities		
Loans originated	(189,023)	(2,403,991)
Loan payments received	911,161	2,637,553
Construction costs incurred	-	(156,691)
Advances to stockholder	(513,888)	(12,709)
Advances to affiliates	(231,453)	(95,942)
Purchase of property and equipment	(7,464)	(11,790)
Net cash used in investing activities	(30,667)	(43,570)
Cash flows from financing activities		
Financing costs incurred	(29,398)	
Proceeds of notes payable - bank	-	1,294,270
Principal payments on notes payable - bank	(278,073)	(1,322,610)
Proceeds from issuance of subordinated investment certificates	452,048	-
Principal payments on subordinated investment certificates	(245,316)	(56,671)
Stockholder's distributions	-	(250,000)
Net cash used in financing activities	(100,739)	(335,011)
Net (decrease) increase in cash	(24,630)	67,666
Cash		
Beginning	131,325	63,659
Ending	$ 106,695	$ 131,325

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	2009	2008
Cash paid during the year for		
Interest	$ 371,550	$ 171,558

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Loans receivable of $404,788 were assumed by an affiliate of the Company during the year ended December 31, 2009.

Loans receivables plus accrued interest receivable of $1,643,745 were assumed by the stockholder of the Company during the year ended December 31, 2009.

Building improvements of $161,490 were transferred out of constuction in progress and placed in service during the year ended December 31, 2009.

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

1. Summary of Significant Accounting Policies

Nature of Business
Singer Financial Corp. (the "Company") makes, holds, and services commercial loans to customers in Pennsylvania, New Jersey and Delaware. The Company is a broker of commercial mortgage loans and a licensed broker of residential mortgages in Pennsylvania, and is subject to the risk associated with the real estate and mortgage loan markets in those areas.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash
The Company maintains its cash balances in one bank. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At times, the balances may exceed federally insured limits. The Company has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Loans Receivable and Allowance for Credit Losses
Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances reduced by any specific valuation accounts and net of any deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans. Loan origination fees net of direct costs are deferred and amortized to interest income over the term of the loans using the interest method. Unamortized amounts are recognized in income when the loans are sold or paid in full.

Loans go on non-accrual status after one hundred and twenty days with no payments. Interest is accrued on these loans for a maximum of ninety days. An allowance for credit losses is provided as necessary based upon the expected collectability of loans outstanding. All loans receivable are collateralized by the underlying real estate. At December 31, 2009 and 2008, no allowance for credit losses was deemed necessary since collateral values, based on management's appraisals, were considered adequate to cover outstanding loan balances.

Loans are transferred to the stockholder or affiliated companies (that are owned by the stockholder) when the stockholder or affiliated companies purchase the properties and assume the mortgage that the Company is holding. The loans are still collateralized by the real estate now owned by these related parties.

Property and Equipment and Depreciation
Property and equipment are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets (ranging from 5 to 40 years).

Financing Costs and Amortization
Financing costs of $174,360 and $144,962 at December 31, 2009 and 2008, respectively, incurred in connection with the public offering of subordinated investment certificates, are being amortized on a straight-line basis over the average term of the certificates. Amortization expense was $17,650 and $14,234 for the years ended December 31, 2009 and 2008. Total accumulated amortization for the years ended December 31, 2009 and 2008 was $104,972 and $87,322, respectively.

Interest Income
Interest income from loans receivable is recognized using the interest method. Accrual of interest income is suspended when the receivable is contractually delinquent for ninety days or more. The accrual is resumed when the receivable becomes contractually current, and past-due interest income is recognized at that time. In addition, a detailed review of the receivables will cause earlier suspension if collection is doubtful.

Advertising Costs
Advertising costs are expensed as they are incurred. Total advertising costs, included in general and administrative expenses, were $9,799 and $12,680 for the years ended December 31, 2009 and 2008, respectively.

Income Taxes
The Company has elected to be an S Corporation under the provisions of the Internal Revenue Code and the Pennsylvania S Corporation Statute. As a result, income and losses of the Company are passed through to its stockholder for federal and state income tax purposes. Accordingly, no provision is made for Federal or state income taxes.

Subsequent Events
The Partnership has evaluated subsequent events through April 7, 2010, the date the financial statements were available for issuance.

Reclassifications
Certain accounts in the 2008 financial statements have been reclassified to conform with the 2009 presentation.

2. Loans Receivable - Portfolio

	2009	2008
Real estate secured loans		
Current	$ 3,351,059	$ 5,438,003
On nonaccrual status	1,400,443	2,007,145
	4,751,502	7,445,148
Unamortized origination costs (fees) - net	(214,048)	(353,600)
	$ 4,537,454	$ 7,091,548

At December 31, 2009, the contractual maturities of real estate secured loans receivable are as follows:

	2010	2011	2012	2013	2014	Total
Real estate secured loans	$ 1,287,766	$ 862,607	$ 966,816	$ 1,391,231	$ 243,082	$ 4,751,502
Unamortized origination fees - Net	(121,073)	(70,895)	(20,135)	(1,945)	-	(214,048)
	$ 1,166,693	$ 791,712	$ 946,681	$ 1,389,286	$ 243,082	$ 4,537,454

It is anticipated that a substantial portion of the loan portfolio will be renewed or repaid before contractual maturity dates. The above tabulation, therefore, is not to be regarded as a forecast of future cash collections.

3. Loans Receivable - Related Parties

	2009	2008
Real estate secured loans		
Stockholder	$ 1,643,745	$ -
Unamortized origination fees	(35,517)	-
	1,608,228	-
Affiliates	632,104	227,316
	2,240,332	227,316
Unsecured loans		
Stockholder	516,087	-
Affiliates	451,453	220,000
	$ 3,207,872	$ 447,316

4. Property and Equipment

	2009	2008
Land	$ 66,977	$ 66,977
Auto	65,909	65,909
Building	267,907	267,907
Building improvements	206,289	37,335
Leasehold improvements	193,298	193,298
Office furniture and equipment	47,255	47,255
Construction in progress	-	161,490
	847,635	840,171
Less accumulated depreciation	207,068	171,413
	$ 640,567	$ 668,758

5. Notes Payable - Bank

	2009	2008
Note payable - Advances under a $945,000 line of credit; interest payable monthly at prime rate, (an effective rate of 3.25% at December 31, 2009); collateralized by the building and equipment. The line expires on July 1, 2010.	$ 487,237	$ 750,000
Note payable - Auto loan payable in monthly installments of $1,108, including interest at 6.9%, through December 2011.	20,884	36,194
	$ 508,121	$ 786,194

At December 31, 2009, maturities of notes payable - bank are as follows:

Years Ending December 31,	
2010	$ 499,178
2011	8,943
	$ 508,121

6. Subordinated Investment Certificates

The Company has authorized the issuance through a public offering (as amended), under Regulation A of the Securities Act of 1933, of an aggregate of $5,000,000 of subordinated investment certificates. The certificates mature at various dates from one year to fifteen years after issuance, and bear interest at 1% over the rates paid by certain banks on similar certificates, with a minimum of 4.5% and a maximum of 11%. The minimum and maximum interest rates may be adjusted, from time to time, according to current business and market conditions. The certificates are subordinated to the Company's indebtedness for borrowed money whether incurred before or after the issuance of the certificates. The Company has the option to call any certificate for redemption before maturity with prior written notice by registered mail not less than 30 days before redemption.

6. Subordinated Investment Certificates (continued)

Certificates outstanding at December 31, 2009 mature as follows:

Years Ending December 31,	Amount (including accrued interest)	Interest Rate (%)
2010	$ 625,410	6 - 10.5
2011	192,564	7 - 10.5
2012	167,435	7 - 10.5
2013	1,114,697	7 - 9.5
2014	160,705	8
2015	79,578	8 - 11
2016	385,982	8 - 11
2018	770,909	9 - 10
2019	496,303	7 - 9.5
2020	83,086	7 - 9
2021	858,636	9 - 10
2022	12,639	9 - 10
2024	520,149	8.9 - 9.27
	$ 5,468,093	

7. Related Party Transactions

The Company advances funds to companies affiliated by common ownership, or to a company owned by a relative of the Company's stockholder. Occasionally, these affiliated companies purchase the properties of Singer Financial Corp.'s foreclosed loans. These affiliated companies then become responsible for the corresponding loan receivable. These loans are noninterest-bearing.

The amounts due from stockholder represents advances and transfers of foreclosed loans. These transactions are noninterest-bearing.

The Company leases certain of its facilities to its stockholder under a year-to-year lease, expiring May, 2010. For each of the years ended December 31, 2009 and 2008, rental income was $12,000.

The stockholder leases office space to the Company under a year-to-year lease, at a monthly rent of $750. Rent expense was $9,000 for each of the years ended December 31, 2009 and 2008.

During the year ended December 31, 2009, the stockholder assumed loans receivable and accrued interest of $1,643,745 from debtors of the Company.