

**BLUE RIDGE REAL ESTATE COMPANY  
AND SUBSIDIARIES**

5 Blue Ridge Court  
P O Box 707  
Blakeslee, PA 18610

**2021  
THIRD QUARTER REPORT**

As of July 31, 2021 (Unaudited) and October 31, 2020 (Audited)  
and for the Three and Nine Months Ended July 31, 2021 and 2020 (Unaudited)

The accompanying unaudited interim financial statements have been prepared by the Company's management.  
Independent auditors have performed a review of these financial statements.

## Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

**BLUE RIDGE REAL ESTATE COMPANY  
AND SUBSIDIARIES**  
a Pennsylvania Corporation

5 Blue Ridge Court  
P O Box 707  
Blakeslee, PA 18610

Telephone: 570-443-8433  
Website: [www.brreco.com](http://www.brreco.com)  
Email: [info@brreco.com](mailto:info@brreco.com)  
SIC code: 6500

**Quarterly Report**  
**For the Period Ending: July 31, 2021**  
(the “Reporting Period”)

As of July 31, 2021, the number of shares outstanding of our Common Stock was:

2,408,711

As of April 30, 2021, the number of shares outstanding of our Common Stock was:

2,408,711

As of October 31, 2020, the number of shares outstanding of our Common Stock was:

2,427,243

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes:  No:

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes:  No:

**1) Name of the issuer and its predecessors (if any)**

The name of the issuer is Blue Ridge Real Estate Company (“Blue Ridge”, the “Company”, “we”, “our,” or “us”).

Blue Ridge Real Estate Company was incorporated in Pennsylvania on August 8, 1911 and its current standing in Pennsylvania is active.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception: None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: None.

The address(es) of the issuer's principal executive office: 5 Blue Ridge Court, P O Box 707, Blakeslee, Pa 18610.

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes:  No:

## 2) Security Information

Trading Symbol:	BRRE
Exact title and class of securities outstanding:	Common Stock
CUSIP:	096005301
Par or Stated Value:	\$0.30 per share

Total shares authorized:	6,000,000 as of July 31, 2021
Total shares outstanding:	2,408,711 as of July 31, 2021
Number of shares in the Public Float:	983,558 as of July 31, 2021
Total number of shareholders of record:	119 as of July 31, 2021

### Transfer Agent

Name: American Stock Transfer & Trust Company, LLC

Phone: 800-937-5449 or 718-921-8124

Website: [www.astfinancial.com](http://www.astfinancial.com)

Email: [help@astfinancial.com](mailto:help@astfinancial.com)

Address: Operations Center, 6201 15th Avenue, Brooklyn, NY 11219

Is the Transfer Agent registered under the Exchange Act? Yes:  No:

## 3) Issuance History

The Company has not issued any shares of the Company's common stock in exchange for services during the past two completed fiscal years or any subsequent interim period.

**A. Changes to the Number of Outstanding Shares**

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent period:

Number of Shares outstanding as of November 1, 2018 Opening Balance: Common: 2,443,488 Preferred: 0									
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual / Entity Shares were issued to (entities must have individual with voting/investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided if applicable	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
7/2/2019	Cancellation	120	Common						
7/12/2019	Cancellation	16,000	Common						
9/2/2020	Cancellation	125	Common						
3/4/2021	Cancellation	241	Common						
3/5/2021	Cancellation	18,291	Common						
	Shares Outstanding on July 31, 2021: <u>Ending Balance</u> Common: 2,408,711 Preferred: 0								

During the fiscal year ended October 31, 2019, the Company repurchased 16,120 shares of its common stock. During the fiscal year ended October 31, 2020, the Company repurchased 125 shares of its common stock. During the nine months ended July 31, 2021, the Company repurchased 18,532 shares of its common stock. Upon transfer, all shares were cancelled and returned to the status of authorized but unissued.

**B. Debt Securities, Including Promissory and Convertible Notes**Check this box if there are no outstanding promissory, convertible notes or debt arrangements: 

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)

**4) Financial Statements****A. The following financial statements were prepared in accordance with:** U.S. GAAP IFRS**B. The financial statements for this reporting period were prepared by**

Name: Cynthia A. Van Horn

Title: Chief Financial Officer and Treasurer

Relationship to Issuer: Principal Financial Officer

The following financial statements of the company are included in this Quarterly Report at the pages noted below:

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## 5) Issuer's Business, Products and Services

Blue Ridge Real Estate Company, or Blue Ridge, was incorporated in Pennsylvania on August 8, 1911. Blue Ridge owns investment properties in Eastern Pennsylvania.

Blue Ridge's year end date is October 31<sup>st</sup>.

Blue Ridge's primary SIC code is 6500.

The accompanying financial statements include the accounts of Blue Ridge Real Estate Company and its wholly-owned subsidiaries (Northeast Land Company, Boulder Creek Resort Company, Moseywood Construction Company, Jack Frost National Golf Course, Inc., Flower Fields Motel, LLC, and Lake Mountain, LLC) (collectively "Blue Ridge").

Blue Ridge and its wholly-owned subsidiaries, operate through three business segments which consist of Resort Operations, Real Estate Management/Rental Operations and Land Resource Management. Our business segments were determined from our internal organization and management reporting, which are based primarily on differences in services we provide.

Additional information regarding the business of Blue Ridge's wholly-owned subsidiaries can be found under Item 6) Issuer's Facilities and in the Notes to the Financial Statements.

### *Resort Operations (SIC Code 6512)*

Resort Operations consists of: amenities surrounding Big Boulder Lake – Boulder View Tavern and Boulder Lake Club; the Jack Frost National Golf Course; and The Stretch fishing club.

### *Real Estate Management/Rental Operations (SIC Code 6519)*

Real Estate Management/Rental Operations consists of: investment properties leased to others; services to the trusts that operate resort residential communities; and rental of signboards.

### *Land Resource Management (SIC Code 6552)*

Land Resource Management consists of: land sales; land purchases; timbering operations; a real estate development division; and leasing of land and land improvements. Timbering operations consist of selective timbering on our land holdings. Contracts are entered into for parcels that have had the timber selectively marked. The real estate development division is responsible for the residential land development activities which include overseeing the construction of single and multi-family homes and development of infrastructure.

## 6) Issuer's Facilities

At July 31, 2021, the properties of Blue Ridge and its subsidiaries consisted of 9,405 total acres of land owned by Blue Ridge, Northeast Land Company and Flower Fields Motel, LLC located in the Pocono Mountains of Eastern Pennsylvania. Of this acreage, 7,899 acres were held for investment, 1,433 acres were held for development and 73 acres were held for sale. Income is derived from these lands through leases, selective timbering by third parties, sales and other dispositions.

These properties included the Jack Frost National Golf Course, Boulder View Tavern, Boulder Lake Club, a commercial property comprised of 3 acres of vacant land, one single family home held for investment, two sewage treatment facilities, a members-only fly-fishing club, a corporate headquarters building and other miscellaneous facilities.

The majority of the Company's property located in the Pocono Mountains is leased to various hunting clubs.

Blue Ridge owns and leases to its wholly-owned subsidiary, Jack Frost National Golf Course, Inc., an 18-hole golf facility known as Jack Frost National Golf Club, which is located on 203 acres near White Haven, Carbon County, Pennsylvania. The golf course is managed by Jack Frost Golf Management, LLC, a subsidiary of

Antares Golf, LLC (formerly known as Billy Casper Golf, LLC), an unaffiliated third-party operator. The golf course is a seasonal facility. Golf course operations generally occur between April and October.

Blue Ridge owns the Boulder View Tavern, which consists of 8,800 square feet and is located on the eastern shore of Big Boulder Lake, Kidder Township, Carbon County, Pennsylvania. Lake Mountain, LLC, a wholly owned subsidiary of Blue Ridge Real Estate Company, leases and operates the facility. The restaurant is managed by Boulder View Management, LLC, a subsidiary of Antares Golf, LLC (formerly known as Billy Casper Golf, LLC), an unaffiliated third-party operator. The restaurant has dining capacity for 200 patrons. The restaurant is open year-round.

Blue Ridge owns the Boulder Lake Club located in Kidder Township, Carbon County, Pennsylvania, which includes the 175-acre Big Boulder Lake, swimming pool, tennis courts, boat docks and accompanying buildings. Lake Mountain, LLC, a wholly owned subsidiary of Blue Ridge Real Estate Company, leases and operates the facility. Boulder Lake Club is a seasonal facility. Lake Club operations generally occur between May and September.

Blue Ridge owns one single family home held for investment.

Blue Ridge owns a sewage treatment facility that serves the resort housing at the Jack Frost Mountain Ski Area. The facility has the capacity of treating up to 400,000 gallons of wastewater per day.

Blue Ridge owns a sewage treatment facility that serves the resort housing at the Big Boulder Ski Area. The facility has the capacity of treating 225,000 gallons of wastewater per day.

Blue Ridge owns The Stretch, an exclusive members-only fly-fishing club, located along a two-mile stretch of the Tunkhannock Creek in Blakeslee, Pennsylvania. The Stretch is a seasonal facility. Fishing club operations generally occur between April and September.

Blue Ridge owns its corporate headquarters building which is located at 5 Blue Ridge Court in Blakeslee, Pennsylvania.

Northeast Land Company owns 89 acres of vacant land located in the Pocono Mountains, of which 3 acres of land are held for investment and 86 acres of land are held for development.

Flower Fields Motel, LLC owns approximately 3 acres of vacant commercial property located along Route 611 in Tannersville, Pennsylvania. The property was the former location of a motel and two cottage buildings which were demolished during the summer of 2008.

**7) Officers, Directors, and Control Persons****A. Names of Officers, Directors, and Control Persons.**

The following sets forth the names of each of the executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the Company's equity securities) of the Company as of the date of this information statement.

<b>Name of Officer/Director or Control Person</b>	<b>Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)</b>	<b>Residential Address (City/State Only)</b>	<b>Number of shares owned</b>	<b>Share type/class</b>	<b>Ownership Percentage of Class Outstanding</b>	<b>Note</b>
Bruce Beaty	Chairman of the Board, President and Chief Executive Officer	Blakeslee, PA	0		0%	
Paul A. Biddelman	Director	New York, NY	0		0%	
Raymond Edwards	Director	Jericho, NY	0		0%	
David Domb	Director	Jericho, NY	0		0%	
Cynthia A. Van Horn	Chief Financial Officer and Treasurer	Blakeslee, PA	0		0%	
KRSX Merge, LLC 500 North Broadway Suite 201 Jericho, NY 11753	Principal Stockholder	Jericho, NY	1,425,153	Common	59.2%	Conor C. Flynn, Director Glenn G. Cohen, Director Ross Cooper, Director 500 North Broadway, Suite 201, Jericho, NY 11753

**8). Legal/Disciplinary History**

A. During the past 10 years, none of the persons listed above have been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal



parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities. None

**9) Third Party Providers**

Securities Counsel

Joanne R. Soslow, Esquire  
Morgan, Lewis & Bockius  
1701 Market Street  
Philadelphia, PA 19103-2921  
(215) 963-5000

Accountant or Auditor

Kevin Foley, CPA  
Kronick Kalada Berdy & Co.  
190 Lathrop Street  
Kingston, PA 18704  
(570) 283-2727

Investor Relations Consultant

Not Applicable

Other Service Providers:

Not Applicable

**10) Issuer Certification**

*Principal Executive Officer*

I, Bruce Beaty certify that:

1. I have reviewed this quarterly disclosure statement of Blue Ridge Real Estate Company;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, consolidated statements of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: September 14, 2021

/s/ Bruce Beaty

Bruce Beaty

Chief Executive Officer and President

*Principal Financial Officer*

I, Cynthia A. Van Horn certify that:

1. I have reviewed this quarterly disclosure statement of Blue Ridge Real Estate Company;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, consolidated statements of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: September 14, 2021

/s/ Cynthia A. Van Horn

Cynthia A. Van Horn

Chief Financial Officer and Treasurer  
(Principal Financial Officer)

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****BALANCE SHEETS**

	(Unaudited)	
<b>ASSETS</b>	<b>7/31/2021</b>	<b>10/31/2020</b>
Land and land development costs (1,433 acres per land ledger)	<b>\$6,884,923</b>	\$6,905,937
Land improvements, buildings and equipment, net	<b>2,147,769</b>	2,083,517
Land held for investment, principally unimproved (7,899 and 7,972 acres per land ledger, respectively)	<b>1,555,332</b>	1,572,278
Long-lived assets held for sale (73 and 284 acres per land ledger, respectively)	<b>16,946</b>	65,657
Cash and cash equivalents	<b>11,025,708</b>	4,140,663
Equity securities	<b>1,003,766</b>	1,252,636
Cash held in escrow	<b>520</b>	515
Prepaid expenses and other assets	<b>440,804</b>	466,907
Deferred tax asset	<b>0</b>	1,306,066
Accounts receivable	<b>93,452</b>	81,207
Total assets	<b>\$23,169,220</b>	\$17,875,383
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Debt	<b>\$42,174</b>	\$571,573
Accounts payable	<b>365,223</b>	253,654
Accrued liabilities	<b>369,196</b>	512,470
Deferred income	<b>434,340</b>	168,618
Deferred income taxes	<b>153,434</b>	0
Accrued pension expense	<b>1,344,832</b>	1,403,835
Total liabilities	<b>2,709,199</b>	2,910,150
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock, without par value, stated value \$0.30 per share, Blue Ridge authorized 6,000,000 shares, issued and outstanding 2,408,711 and 2,427,243, respectively	<b>722,613</b>	728,173
Capital in excess of stated value	<b>18,004,931</b>	18,147,748
Earnings retained in the business	<b>3,506,469</b>	(2,136,696)
Accumulated other comprehensive loss	<b>(1,773,992)</b>	(1,773,992)
Total shareholders' equity	<b>20,460,021</b>	14,965,233
Total liabilities and shareholders' equity	<b>\$23,169,220</b>	\$17,875,383

See accompanying notes to unaudited financial statements.

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF OPERATIONS****for the three and nine months ended July 31, 2021 and 2020 (UNAUDITED)**

	Three Months Ended		Nine Months Ended	
	7/31/2021	7/31/2020	7/31/2021	7/31/2020
<b>Revenues:</b>				
Resort operations revenue	\$2,211,998	\$1,611,202	\$3,343,370	\$2,465,024
Real estate management revenue	147,071	160,164	471,536	475,276
Land resource management revenue	213,245	50,163	8,697,512	125,082
Rental income revenue	25,037	12,470	62,750	53,157
Total revenues	<u>2,597,351</u>	<u>1,833,999</u>	<u>12,575,168</u>	<u>3,118,539</u>
<b>Costs and expenses:</b>				
Resort operations costs	1,743,163	1,275,299	3,295,033	2,637,480
Real estate management costs	172,206	125,227	490,978	432,080
Land resource management costs	156,124	105,220	551,598	340,982
Rental income costs	22,164	14,818	57,143	45,404
General and administration expense	327,318	315,397	1,212,967	977,143
Total costs and expenses	<u>2,420,975</u>	<u>1,835,961</u>	<u>5,607,719</u>	<u>4,433,089</u>
Operating income (loss) before other income and (expense)	<u>176,376</u>	<u>(1,962)</u>	<u>6,967,449</u>	<u>(1,314,550)</u>
<b>Other income and (expense):</b>				
Interest and other income	136,244	0	139,193	3,186
Gain on extinguishment of debt	0	0	510,130	0
Interest expense	(630)	(747)	(2,049)	(2,341)
Interest and dividends on equity securities, net	13,853	15,632	42,390	88,803
Realized gain (loss) on equity securities	854	(3,940)	1,106	(112,133)
Unrealized gain (loss) on equity securities	10,967	42,127	28,023	(92,001)
Pension expense	(29,026)	(93,249)	(87,077)	(279,748)
Total other income and (expense)	<u>132,262</u>	<u>(40,177)</u>	<u>631,716</u>	<u>(394,234)</u>
Income (loss) from operations before income taxes	<u>308,638</u>	<u>(42,139)</u>	<u>7,599,165</u>	<u>(1,708,784)</u>
Provision (benefit) for income taxes	<u>79,000</u>	<u>(9,000)</u>	<u>1,956,000</u>	<u>(359,000)</u>
Net income (loss)	<u>\$229,638</u>	<u>(\$33,139)</u>	<u>\$5,643,165</u>	<u>(\$1,349,784)</u>
Basic income (loss) per weighted average share	<u>\$0.10</u>	<u>(\$0.01)</u>	<u>\$2.33</u>	<u>(\$0.55)</u>

See accompanying notes to unaudited financial statements.

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
for the nine months ended July 31, 2021 and 2020  
(UNAUDITED)**

	<b>7/31/2021</b>	<b>7/31/2020</b>
Net income (loss)	<b>\$5,643,165</b>	<b>(\$1,349,784)</b>
Other comprehensive income (loss), net of tax	<b>0</b>	<b>0</b>
Total comprehensive income (loss)	<b>\$5,643,165</b>	<b>(\$1,349,784)</b>

See accompanying notes to unaudited financial statements.

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
for the nine months ended July 31, 2021****(UNAUDITED)**

	Capital Stock (1)		Capital in	Earnings	Accumulated	
	Shares	Amount	Excess of	Retained in	Other	Total
			Stated Value	the Business	Comprehensive	
					Loss	
Balance, October 31, 2020	2,427,243	\$728,173	\$18,147,748	(\$2,136,696)	(\$1,773,992)	\$14,965,233
Cancellation of shares purchased in buyback program	(18,532)	(5,560)	(142,817)			(148,377)
Net income				5,643,165		5,643,165
<b>Balance, July 31, 2021</b>	<b>2,408,711</b>	<b>\$722,613</b>	<b>\$18,004,931</b>	<b>\$3,506,469</b>	<b>(\$1,773,992)</b>	<b>\$20,460,021</b>

(1) Capital stock, at stated value of \$0.30 per share

See the accompanying notes to unaudited financial statements.

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF CASH FLOWS****For the nine months ended July 31, 2021 and 2020****(UNAUDITED)**

	7/31/2021	7/31/2020
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	<b>\$5,643,165</b>	(\$1,349,784)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	<b>282,745</b>	263,037
Realized (gain) loss on equity securities	<b>(1,106)</b>	112,133
Unrealized (gain) loss on equity securities	<b>(28,023)</b>	92,001
Deferred income taxes	<b>1,459,500</b>	(359,000)
Gain from extinguishment of debt	<b>(510,130)</b>	0
Changes in operating assets and liabilities:		
Accounts receivable	<b>(12,245)</b>	(57,658)
Prepaid expenses and other assets	<b>26,103</b>	68,962
Land and land development costs	<b>21,014</b>	(38,836)
Long-lived assets held for sale	<b>65,657</b>	0
Accounts payable and accrued liabilities	<b>(90,708)</b>	83,056
Deferred income	<b>265,722</b>	273,919
Net cash provided by (used in) operating activities	<b>7,121,694</b>	(912,170)
<b>Cash Flows from Investing Activities:</b>		
Proceeds from capital distribution	<b>999</b>	2,528
Proceeds from maturities and sales of equity securities	<b>277,000</b>	936,623
Additions to properties	<b>(346,997)</b>	(132,642)
Net cash (used in) provided by investing activities	<b>(68,998)</b>	806,509
<b>Cash Flows from Financing Activities:</b>		
Proceeds from debt	<b>0</b>	536,540
Payment of debt	<b>(19,269)</b>	(11,906)
Purchase of common stock	<b>(148,377)</b>	0
Net cash (used in) provided by financing activities	<b>(167,646)</b>	524,634
Net increase in cash and cash equivalents and restricted cash	<b>6,885,050</b>	418,973
Cash and cash equivalents and restricted cash, beginning of period	<b>4,141,178</b>	3,212,203
Cash and cash equivalents and restricted cash, ending of period	<b>\$11,026,228</b>	\$3,631,176

See accompanying notes to unaudited financial statements.

## NOTES TO UNAUDITED FINANCIAL STATEMENTS

### 1. Basis of Presentation

The accompanying unaudited financial statements include the accounts of Blue Ridge Real Estate Company and its wholly-owned subsidiaries (Northeast Land Company, Boulder Creek Resort Company, Moseywood Construction Company, Jack Frost National Golf Course, Inc., Flower Fields Motel, LLC, and Lake Mountain, LLC) (collectively “Blue Ridge”).

The balance sheet as of October 31, 2020, which has been derived from audited financial statements, and the financial statements as of and for the nine month periods ended July 31, 2021 and 2020, which are unaudited, are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Accordingly, these financial statements should be read in conjunction with the combined financial statements and notes thereto contained in the Company’s 2020 Annual Report filed with OTC Markets on January 29, 2021. In the opinion of management, the accompanying financial statements reflect all adjustments (which are of a normal recurring nature) necessary for a fair statement of the results for the interim periods. All significant intercompany accounts and transactions are eliminated.

Due to intermittent revenues from land resource management, the results of operations for any interim period are not necessarily indicative of the results expected for the full fiscal year.

### 2. Significant Accounting Policies

#### Use of Estimates and Assumptions:

The preparation of financial statements and related disclosures 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. For example, unexpected changes in market conditions or a continued or further downturn in the economy could adversely affect actual results. Estimates are used in accounting for, among other things, land development costs, asset fair value calculations, accounts, equity securities and accounts and notes receivables, legal liability, insurance liability, depreciation, employee benefits, taxes, and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period in which the revisions are determined.

Management believes that its accounting policies regarding revenue recognition, land development costs, long lived assets, deferred income and income taxes among others, affect its more significant judgments and estimates used in the preparation of its financial statements. For a description of these critical accounting policies and estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. There were no significant changes in the Company’s critical accounting policies or estimates since the Company’s fiscal year ended October 31, 2020 (“Fiscal 2020”). Material subsequent events are evaluated and disclosed through the issuance date of this Quarterly Report.

#### Statements of Cash Flows:

For purposes of reporting cash flows, the Company considers cash equivalents to be all highly liquid investments with maturities of three months or less when acquired.

#### Cash Concentration of Credit Risk:

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of temporary cash investments. The Company’s temporary cash investments are held by financial institutions. The Company has not experienced any losses related to these investments. At July 31, 2021, the Company had \$158,289 working cash on deposit in excess of the FDIC insured limit of \$250,000, and also had \$10,190,178 invested in money market and mutual funds at July 31, 2021, which are not insured by the FDIC.



**Cash Equivalents and Restricted Cash:**

Cash, cash equivalents and restricted cash as of the nine months ended July 31, 2021 and 2020 consist of the following:

	2021	2020
Cash and cash equivalents	<b>\$11,025,708</b>	\$3,630,661
Cash held in escrow	<b>520</b>	515
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<b>\$11,026,228</b>	\$3,631,176

Restricted cash represents cash held in a real estate escrow account. The restriction expires when the real estate brokers license associated with the account is no longer in place.

**Equity Securities:**

Equity securities held by the Company have readily determinable fair values and are reported at fair value. Realized gains and losses are determined by using the first-in first-out method (FIFO). Both realized and unrealized gains and losses on equity securities are reported in net income.

Equity securities consist of investments in preferred stocks (19 positions of financial services, insurance and real estate investment trusts) and one certificate of deposit at July 31, 2021. Equity securities consist of investments in preferred stocks (24 positions of financial services, insurance and real estate investment trusts) and two certificates of deposit at October 31, 2020. Investments in preferred stocks are stated at fair value. Investments in preferred stocks are not purchased with the intent of selling in the near term. However, from time to time, the Company may decide to sell certain securities for liquidity, tax planning and other business purposes. The cost of securities sold is determined by the specific identification method. Unrealized and realized gains and losses on investments in preferred stocks are recorded monthly. Since these investments are in equity securities with a readily determinable fair value, unrealized and realized gains and losses are recorded in other income. Purchases and sales of securities are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date and interest is recorded when earned.

Fair value is the price we would receive to sell an asset in an orderly transaction with a market participant at the measurement date.

**Paycheck Protection Program Loan:**

The Company obtained a loan from a bank pursuant to the Paycheck Protection Program (“PPP”) of the CARES Act. The loan qualified for forgiveness provided the proceeds were used for eligible expenses in the covered 24-week period and certain employee retention criteria were met. On April 1, 2021 the U.S. Small Business Administration forgave the loan in full and accordingly the proceeds were reclassified from Debt to Other income.

**Reclassification:**

Certain prior period amounts have been reclassified to conform to the Fiscal 2021 presentation. Such reclassifications primarily relate to restricted cash required to be included in the beginning and ending cash in the statement of cash flows as a result of the adoption of ASU No. 2016-18, “Statement of Cash Flows (Topic 230) Restricted Cash.

**New Accounting Pronouncements:**

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers” (“ASU 2014-09”), which provides guidance for revenue recognition. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets and supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition,” and most industry-specific guidance. ASU 2014-09 also supersedes some cost guidance included in Subtopic 605-35, “Revenue

Recognition-Construction-Type and Production-Type Contracts.” The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under the current guidance. These judgments and estimates include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. In August 2015, the FASB issued ASU 2015-14 “Revenue from Contracts with Customers” (“ASU 2015-14”), which delays the effective date of ASU 2014-09 by one year. ASU 2014-09, as amended by ASU 2015-14, ASU 2016-08 Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Consideration (Reporting Revenue Gross versus Net); ASU 2016-10 Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing; ASU 2016-12 Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients and ASU 2016-20 Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers were effective for us beginning November 1, 2019. ASU No. 2014-09 was adopted by us on November 1, 2019 on the modified retrospective approach and the adoption did not have a material effect on our financial statements and disclosures.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities”, which requires equity investments to be measured at fair value with changes in fair value recognized in net income, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset and eliminates the requirement to disclose the fair value of the financial instruments measured at amortized cost. ASU No. 2016-01 was effective for us beginning November 1, 2019. ASU No. 2016-01 was adopted by us on November 1, 2019 and the adoption did not have a material effect on our financial statements and disclosures. The adoption of 2016-01 resulted in a \$120,266 decrease to the deficit retained in the business and a \$120,266 increase to the accumulated other comprehensive loss.

In March 2017, the FASB issued ASU 2017-7 Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. ASU 2017-07 was effective for us beginning November 1, 2019. ASU 2017-07 was adopted by us on November 1, 2019 and the adoption did not have a material effect on our financial statements and disclosures.

In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows (Topic 230) Restricted Cash, which requires that restricted cash be included in the beginning and ending cash in the statement of cash flows. The adoption of ASU 2016-18 using the retrospective method resulted in the reclassification of certain items related to restricted cash in the statement of cash flows for the three months ended January 31, 2020.

Recent accounting pronouncements to be adopted subsequent to July 31, 2021:

In February 2016, the FASB issued ASU No. 2016-02, “Leases” (“ASU 2016-02”), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. FASB issued updates ASU 2018-10, Codification Improvements to Topic 842, Leases and ASU 2018-11, Leases (Topic 84): Targeted Improvements in relation to ASU 2016-02. In June 2020 ASU No. 2020-05 was released deferring the effective date of ASU 2016-02 for us until November 1, 2022 and at that time, we will adopt the new standard using a modified retrospective approach. We are currently evaluating the impact of the adoption of ASU 2016-02 and we do not expect the adoption will have a material effect on our financial statements and disclosures.

In August 2018, the FASB issued ASU 2018-14, “Compensation-Retirement Benefits - Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans” (“ASU 2018-14”). ASU 2018-14 modifies the disclosure requirements for employers that sponsor defined benefit pension or other post retirement plans. ASU 2018-14 is effective for us beginning November 1, 2021. We

are currently evaluating the impact that the adoption of ASU 2018-14 may have on our financial statements and disclosures.

### 3. Segment Reporting

The Company currently operates in three business segments, which consist of Resort Operations, Real Estate Management/Rental Operations and Land Resource Management.

### 4. Income Taxes

The provision for income taxes for the nine months ended July 31, 2021 was estimated using an estimated annual effective tax rate of 25.74%.

The benefit for income taxes for the nine months ended July 31, 2020 was estimated using the estimated annual effective tax rate for the fiscal year ending October 31, 2019.

The Company's practice is to recognize interest and/or penalties related to income tax matters as income tax expense in its financial statements. As of and for the nine months ended July 31, 2021, no interest and penalties have been accrued in the balance sheet and no expense is reflected in the statement of operations. At July 31, 2021, federal and state tax returns for years ending October 31, 2017 and later are subject to future examination by the respective tax authorities.

### 5. Land and Land Development Costs

Land and improvements in progress held for development consist of the following:

	7/31/2021	10/31/2020
Land unimproved designated for development	\$1,981,817	\$1,981,817
Residential development	1,175,753	1,208,201
Infrastructure development	3,727,353	3,715,919
<b>Total Land and Land Development Costs</b>	<b>\$6,884,923</b>	<b>\$6,905,937</b>

### 6. Land Held for Investment

	7/31/2021	10/31/2020
Land – Unimproved	\$1,410,546	\$1,427,492
Land – Commercial rental properties	144,786	144,786
<b>Total land held for investment</b>	<b>\$1,555,332</b>	<b>\$1,572,278</b>

### 7. Equity Securities

The cost and fair value of equity securities are as follows:

	July 31, 2021			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Preferred equity securities	\$764,167	\$99,599	\$0	\$863,766
Certificates of deposit	140,000	0	0	140,000
<b>Total equity securities</b>	<b>\$904,167</b>	<b>\$99,599</b>	<b>\$0</b>	<b>\$1,003,766</b>

The costs of the available for sale certificates of deposit at July 31, 2021 were \$140,000 maturing within one year. On March 8, 2021 a certificate in the amount of \$140,000 matured and yielded interest of \$1,333. The Company reinvested \$140,000 in a certificate of deposit with Mauch Chunk Trust for a term of 12 months with a new maturity date of March 8, 2022. A certificate of deposit with Mauch Chunk Trust in the amount of \$77,000 matured on June 24, 2021 and yielded interest of \$6,362. The \$83,362 was deposited back in operating cash. The preferred stocks include investments in 19 public companies in various industries with the largest investment, at market value, in a

single company of \$151,251. For the nine months ended July 31, 2021, there were realized gains of \$1,189 and \$83 realized losses on the sale of equity securities.

	Cost	October 31, 2020		Fair Value
		Unrealized Gains	Unrealized Losses	
Preferred equity securities	\$964,059	\$77,942	(\$6,365)	\$1,035,636
Certificates of deposit	217,000	0	0	217,000
<b>Total equity securities</b>	<b>\$1,181,059</b>	<b>\$77,942</b>	<b>(\$6,365)</b>	<b>\$1,252,636</b>

The costs of certificates of deposit at October 31, 2020 maturing within one year was \$217,000. On March 8, 2020, a certificate valued at \$140,000 matured yielding interest of \$3,098. \$140,000 was rolled over with a new maturity date of March 8, 2021. The preferred stocks include investments in 24 public companies in various industries with the largest investment, at market value, in a single company of \$134,876. For the twelve months ended October 31, 2020, there were realized gains of \$3,096 and realized losses of \$115,416 on sales of equity securities.

## 8. Pension Benefits

Components of Net Periodic Pension Cost:

	Three Months Ended		Nine Months Ended	
	7/31/2021	7/31/2020	7/31/2021	7/31/2020
Interest Cost	<b>\$49,892</b>	\$70,000	<b>\$149,674</b>	\$210,000
Expected return on plan assets	<b>(81,741)</b>	(80,501)	<b>(245,222)</b>	(241,502)
Net amortization and deferral:				
Amortization of accumulated loss	<b>60,875</b>	103,750	<b>182,625</b>	311,250
Net amortization and deferral	<b>60,875</b>	103,750	<b>182,625</b>	311,250
<b>Total net periodic pension cost</b>	<b>\$29,026</b>	\$93,249	<b>\$87,077</b>	\$279,748

The Company expects to contribute a minimum of \$219,090 to the pension plan in the fiscal year ending October 31, 2021 ("Fiscal 2021"). As of July 31, 2021, the Company made contributions totaling \$146,080 and anticipates contributing the \$73,010 to fund their pension plan in the remaining three months of Fiscal 2021.

## 9. Accumulated Other Comprehensive Loss

The following table presents the changes in the accumulated other comprehensive loss for the twelve months ended October 31, 2020:

	10/31/2020	
	Defined Benefit Pension Plan	Accumulated Other Comprehensive Loss
Beginning balance	(\$2,394,314)	(\$2,394,314)
Current period other comprehensive income	620,322	620,322
<b>Ending balance</b>	<b>(\$1,773,992)</b>	<b>(\$1,773,992)</b>

The other comprehensive income (loss) is reported net of tax.

## 10. Fair Value of Financial Instruments and Impairment

The Company uses ASC 820, "Fair Value Measurements" ("ASC 820"), to measure the fair value of certain assets and liabilities. ASC 820 provides a framework for measuring fair value in accordance with GAAP, establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and requires certain disclosures about fair value measurements.

The fair value hierarchy is summarized below:

- Level 1: Fair value determined based on quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair value determined using significant observable inputs, generally either quoted prices in active markets for similar assets or liabilities or quoted prices in markets that are not active.
- Level 3: Fair value determined using significant unobservable inputs, such as pricing models, discounted cash flows, or similar techniques.

The estimated recurring fair values of the Company's financial instruments at July 31, 2021 and October 31, 2020 are as follows:

	7/31/2021		10/31/2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>ASSETS:</b>				
Cash and cash equivalents and cash held in escrow	\$11,026,228	\$11,026,228	\$4,141,178	\$4,141,178
Equity securities	1,003,766	1,003,766	1,252,636	1,252,636
Accounts receivable	93,452	93,452	81,207	81,207
<b>LIABILITIES:</b>				
Accounts payable	365,223	365,223	253,654	253,654
Accrued liabilities	369,196	369,196	512,470	512,470
Debt	\$42,174	\$42,605	\$571,573	\$571,869

Fair Values were determined as follows:

Cash and cash equivalents and cash held in escrow, accounts receivable, accounts payable and accrued liabilities: The carrying amounts approximate fair value because of the short-term maturity of these instruments.

Equity securities consist of preferred stocks and one and two certificates of deposit at July 31, 2021 and 2020, respectively. Fair value of preferred stocks and certificates of deposit is determined using unadjusted quoted prices in active markets for identical assets – Level 1 hierarchy.

Debt: The fair value of debt is estimated using discounted cash flows based on current borrowing rates available to the Company for similar types of borrowing arrangements - Level 2 hierarchy.

Preferred equity securities: The fair value of preferred equity securities is determined by the value at the closing price reported on the active markets on which the individual securities are traded.

The following tables set forth by level within the fair value hierarchy the Company's equity securities and certificate of deposit asset at fair value as of July 31, 2021 and October 31, 2020.

	Investment Assets at Fair Value as of July 31, 2021			
	Level 1	Level 2	Level 3	Total
Preferred stocks:				
Real estate investment trust	\$409,394			\$409,394
Finance	429,840			429,840
Insurance	24,532			24,532
Certificates of Deposit	140,000			140,000
Total equity securities	\$1,003,766			\$1,003,766

	Investment Assets at Fair Value as of October 31, 2020			
	Level 1	Level 2	Level 3	Total
Preferred Stocks:				
Real estate investment trust	\$421,798			\$421,798
Finance	564,483			564,483
Insurance	49,355			49,355
Certificates of Deposit	217,000			217,000
Total equity securities	<u>\$1,252,636</u>			<u>\$1,252,636</u>

As of July 31, 2021, the carrying amount net of prior period impairments for land and land development costs is \$6,884,923. The carrying amount net of prior period impairments for land improvements, buildings and equipment is \$2,147,769. The carrying amount net of prior period impairments for land held for investment is \$1,555,332. The carrying amount net of prior period impairments for long-lived assets held for sale is \$16,946. There was no impairment expense in the nine months ended July 31, 2021.

As of October 31, 2020, the carrying amount net of prior period impairments for land and land development costs is \$6,905,937. The carrying amount net of prior period impairments for land improvements, buildings and equipment is \$2,083,517. The carrying amount net of prior period impairments for land held for investment is \$1,572,278. The carrying amount for long lived assets held for sale is \$65,657, no impairment was ever expensed on the assets held for sale. There was no impairment expense in Fiscal 2020.

## 11. Per Share Data

Earnings per share (“EPS”) is based on the weighted average number of common shares outstanding during the period. The calculation of diluted EPS assumes weighted average options have been exercised to purchase shares of common stock in the relevant period, net of assumed repurchases using the treasury stock method. For the three and nine months ended July 31, 2021 and 2020, there were no unexercised stock options. As a result, the calculation of diluted EPS has been excluded from the table below since diluted EPS for these periods is equal to EPS.

Weighted average basic shares, taking into consideration shares issued, weighted average options, if any, used in calculating EPS, treasury shares repurchased, shares cancelled and basic loss per weighted average share for the three and nine months ended July 31, 2021 and 2020 are as follows:

	Three Months Ended		Nine Months Ended	
	7/31/21	7/31/20	7/31/21	7/31/20
Weighted average shares of common stock outstanding used to compute basic earnings per share	<b>2,408,711</b>	2,427,368	<b>2,416,947</b>	2,427,368
Basic income (loss) per weighted average share is computed as follows:				
Net income (loss)	<b>\$229,638</b>	(\$33,139)	<b>\$5,643,165</b>	(\$1,349,784)
Weighted average share of common stock outstanding	<b>2,408,711</b>	2,427,368	<b>2,416,947</b>	2,427,368
Basic income (loss) per weighted average share	<b>\$0.10</b>	(\$0.01)	<b>\$2.33</b>	(\$0.55)

## 12. Supplemental Disclosure to Statements of Cash Flows

The following are supplemental disclosures to the statements of cash flows for the nine months ended July 31, 2021 and 2020:

	7/31/2021	7/31/2020
Cash paid during the period for:		
Interest	\$1,894	\$3,275
Income taxes	\$501,700	\$70,000
Non cash:		
Reclassification from deferred tax asset to accounts receivable	\$0	\$561,528
Reclassification from land held for investment, principally unimproved to long-lived assets held for sale	\$16,946	\$0

## 13. Business Segment Information

The following information is presented in accordance with the accounting pronouncement regarding disclosures about segments of an enterprise and related information. The Company's business segments were determined from the Company's internal organization and management reporting, which are based primarily on differences in services.

### Resort Operations

Resort Operations consists of: amenities surrounding Big Boulder Lake – Boulder View Tavern and Boulder Lake Club; the Jack Frost National Golf Course; and The Stretch fishing club.

### Real Estate Management/Rental Operations

Real Estate Management/Rental Operations consists of: investment properties leased to others; services to the trusts that operate resort residential communities; and rental of signboards.

### Land Resource Management

Land Resource Management consists of: land sales; land purchases; timbering operations; a real estate development division; and leasing of land and land improvements. Timbering operations consist of selective timbering on our land holdings. The real estate development division is responsible for the residential land development activities which include overseeing the construction of single and multi-family homes and development of infrastructure.

Information by business segment is as follows:

	Three months ended		Nine months ended	
	7/31/2021	7/31/2020	7/31/2021	7/31/2020
Revenues from continuing operations:				
Resort operations	\$2,211,998	\$1,611,202	\$3,343,370	\$2,465,024
Real estate management/rental operations	172,108	172,634	534,286	528,433
Land resource management	213,245	50,163	8,697,512	125,082
Total revenues from operations	\$2,597,351	\$1,833,999	\$12,575,168	\$3,118,539
Operating income (loss) from continuing operations, excluding general and administrative expenses:				
Resort operations	\$468,835	\$335,903	\$48,337	(\$172,456)
Real estate management/rental operations	(22,262)	32,589	(13,835)	50,949
Land resource management	57,121	(55,057)	8,145,914	(215,900)
Total operating income (loss), excluding general and administrative expenses	\$503,694	\$313,435	\$8,180,416	(\$337,407)

	Three months ended		Nine months ended	
	7/31/2021	7/31/2020	7/31/2021	7/31/2020
General and administrative expenses:				
Resort operations	\$278,756	\$277,082	\$322,493	\$772,375
Real estate management/rental operations	21,689	29,688	51,536	165,576
Land resource management	26,873	8,627	838,938	39,192
Total general and administrative expenses	\$327,318	\$315,397	\$1,212,967	\$977,143
Interest and other income:				
Resort operations	\$116,030	\$0	\$508,657	\$3,186
Real estate management/rental operations	9,028	0	106,766	0
Land resource management	11,186	0	33,900	0
Total interest and other income	\$136,244	\$0	\$649,323	\$3,186
Interest expense:				
Resort operations	\$410	\$747	\$1,340	\$2,341
Real estate management/rental operations	220	0	709	0
Land resource management	0	0	0	0
Total Interest expense	\$630	\$747	\$2,049	\$2,341
Income (loss) before income taxes	\$308,638	(\$42,139)	\$7,599,165	(\$1,708,784)

Identifiable assets, net of accumulated depreciation at July 31, 2021 and October 31, 2020 and depreciation expense and capital expenditures for nine months ended July 31, 2021 and the fiscal year ended October 31, 2020 by business segment are as follows:

July 31, 2021	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
Resort operations	\$2,467,526	\$151,180	\$330,326
Real estate management/rental income	5,188,900	96,428	3,920
Land resource management	15,312,773	23,907	0
Other corporate	183,075	11,230	12,751
Assets held for sale	16,946	0	0
Total Assets	\$23,169,220	\$282,745	\$346,997

October 31, 2020	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
Resort operations	\$1,600,766	\$169,448	\$83,028
Real estate management/rental income	4,192,637	133,706	26,410
Land resource management	11,884,318	33,408	0
Other corporate	132,005	17,262	34,966
Assets held for sale	65,657	0	0
Total Assets	\$17,875,383	\$353,824	\$144,404

During the nine months ended July 31, 2021, the Company sold 284 acres of land for a sale price of \$8,400,000. There were no significant sales during the nine months ended July 31, 2020.



**14. Contingencies and Uncertainties**

The Company is party to various legal proceedings incidental to its business. Certain claims, suits and complaints arising in the ordinary course of business are possible of assertion against the Company.

**15. Subsequent Events**

The Company has evaluated and disclosed subsequent events from July 31, 2021 through the issuance date of the financial statements.

On August 24, 2021, the Company entered into an Agreement of Sale for 73 +/- acres of land in Kidder Township, Carbon County, Pennsylvania. A deposit has been placed in an escrow account with Land Services USA. The intended development of the property is for a distribution warehouse building with office space. Completion of the sale is contingent upon completion of a due diligence period, receipt of permits from local and state authorities and other factors.

On September 3, 2021, the Company repurchased 112 shares of its common stock. Upon transfer, all shares were cancelled and returned to the status of authorized but unissued.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion should be read in conjunction with the Financial Statements of Blue Ridge (the "Company") and related notes thereto.

### **Overview**

Over the past 35 years, we have developed resort residential communities adjacent to the Jack Frost Mountain and Big Boulder Ski Areas located in Lake Harmony, Kidder Township, Pennsylvania. These communities are located in the Pocono Mountains of Pennsylvania, a popular recreation destination for local and regional visitors, especially from the New York City and Philadelphia metropolitan areas. The scenic hills and valleys of the Pocono Mountains offer many opportunities to enjoy outdoor activities such as golfing, fishing, hunting, skiing, snowboarding and other sports.

At July 31, 2021, we owned 9,405 acres of land in Northeastern Pennsylvania. Of these land holdings, we designated 7,899 acres as held for investment, 1,433 acres as held for development and 73 acres as held for sale. It is expected that all of our planned developments will either be subdivided and sold as parcels of land, or be developed into single and multi-family housing.

The real estate industry is cyclical and is subject to numerous economic factors including general business conditions, changes in interest rates, inflation and oversupply of properties. Any sustained period of weakening business or economic conditions will impact the demand for the type of properties we intend to develop. Management continues to monitor the progress of residential home sales within the Northeast.

In light of the economic environment, we will continue to evaluate our strategic plan and our master development plan. We have reviewed the Company's land inventory, oil, gas and mineral rights and development portfolio with a view to maximize shareholder value. As in the past, we will continue to consider opportunistic asset sales of non-core investment properties as a means of funding future operations.

We also have generated revenue through the selective timbering of our land. We rely on the advice of our forester, who is engaged on a consulting basis and who receives a commission on each stumpage contract, for the timing and selection of certain parcels for timbering. Our forester gives significant attention to protecting the environment and maximizing the value of these parcels for future timber harvests.

Boulder View Tavern and Boulder Lake Club are a significant portion of our resort operations revenue.

The Jack Frost National Golf Course is managed by Jack Frost Golf Management, LLC, a subsidiary of Antares Golf, LLC (formerly known as Billy Casper Golf, LLC), a nationally-recognized golf course management company. With a continued emphasis on course maintenance, along with the natural maturation of the fairways, Jack Frost National has become one of the premier golf facilities in Northeastern Pennsylvania.

As a result of the Company's focus on real estate activities, we present our balance sheet in an unclassified presentation using the alternate format in order to reflect our assets and liabilities in order of their importance.

### **Recent Developments**

On June 7, 2021, the Company completed the sale of lots 332/333 Woodsbluff Court in the Laurelwoods II development.

On June 22, 2021, KRSX Merge, LLC, as successor in interest to Kimco Realty Services, Inc. ("Kimco"), holder of 59.2% of the Company's outstanding shares of common stock, executed a Partial Written Consent of Shareholders In lieu of Meeting to approve the re-election of Bruce Beaty, Paul A. Biddelman, Raymond Edwards and David Domb as the Company's Directors. On July 2, 2021, shareholders were notified of the re-election of Directors by mail.

**Results of Operations for the Three and Nine Months Ended July 31, 2021 and 2020**

Operations for the three and nine months ended July 31, 2021 resulted in a net income of \$229,638 and a net income of \$5,643,165, or \$0.10 and \$2.33 per share respectively, compared to a net loss of (\$33,139) and a net loss of (\$1,349,784), or (\$0.01) and (\$0.55) per share respectively, for the three-and nine month period ended July 31, 2020.

**Revenues**

Revenues of \$2,597,351 and \$12,575,168 for the three and nine months ended July 31, 2021 represent an increase of \$763,352 and \$9,456,629 compared to the three and nine months ended July 31, 2020. Resort operations revenue increased \$600,796 and 878,346, or 37% and 36% for the three and nine months ended July 31, 2021. Real Estate Management Operations/Rental Income revenue decreased (\$526) and increased \$5,853, or less than 1% and 1% for the three and nine months ended July 31, 2021, compared to the nine months ended July 31, 2020. Land Resource Management revenue increased \$163,082 and \$8,572,430, or more than 100% for both the three and nine months ended July 31, 2021 compared to the three and nine months ended July 31, 2020.

**Resort Operations**

Resort operations consist of the Boulder View Tavern, Boulder Lake Club, Jack Frost National Golf Course, and The Stretch fishing club. Resort operations revenue for the nine months ended July 31, 2021 was \$3,343,370 as compared to \$2,465,024 for the nine months ended July 31, 2020 an increase of \$878,346, or 36%. This was primarily the result of increased revenues at Jack Frost National Golf Course of \$398,673, or 61% and increased sales at Boulder View Tavern of \$378,623, or 27%. Boulder Lake Club and The Stretch fishing club also had increase revenues of \$76,302, or 27% and \$24,748, or 17%, respectively. The increases are primarily due to the reduction of state imposed COVID closures and restrictions which were fully in place in the prior year.

**Real Estate Management/Rental Income**

Real Estate Management Operations / Rental Income revenue was \$534,286 for the nine months ended July 31, 2021, compared to \$528,433 for the nine months ended July 31, 2020, which resulted in an increase of \$5,853, or 1%. Real Estate Management revenue for the nine months ended July 31, 2021 decreased to \$471,536 as compared to \$475,276 for the nine months ended July 31, 2020, a decrease of (\$3,740), or less than 1%. This was primarily the result of decreased road trust revenues from the trust services. Rental revenue increased \$9,593, or 18%, primarily resulting from increased signboard rental revenues.

**Land Resource Management**

For the nine months ended July 31, 2021, Land Resource Management revenues increased to \$8,697,512 compared to \$125,082 for the nine months ended July 31, 2020, an increase of \$8,572,430, primarily due to sale of 284 acres of land.

**Operating Costs****Resort Operations**

Operating costs associated with Resort Operations for the nine months ended July 31, 2021 increased to \$3,295,033 compared to \$2,637,480 for the nine months ended July 31, 2020, an increase of \$657,553, or 25%. This was primarily related to increased resort operations business due to the reduction of state imposed COVID restrictions from the prior year.

**Real Estate Management/Rental Income**

Operating costs associated with Real Estate Management Operations/Rental Income for the nine months ended July 31, 2021 increased to \$548,121 compared to \$477,484 for the nine months ended July 31, 2020, an increase of \$70,637, or 15%. This increase was primarily related to management expense of the property management / trust services division.

**Land Resource Management**

Operating costs associated with Land Resource Management for the nine months ended July 31, 2021 increased to \$551,598 compared to \$340,982 for the nine months ended July 31, 2020, an increase of \$210,616, or 62%. This increase was primarily the result of the sale of 284 acres of land.

**General and Administration**

General and administration costs for the nine months ended July 31, 2021 increased to \$1,212,967 as compared to \$977,143 for the nine months ended July 31, 2020, an increase of \$235,824, or 24%. This increase is primarily related to an increase in labor costs related to the land sale of 284 acres for the nine months ended July 31, 2021 as compared to the nine months ended July 31, 2020.

**Other Income and Expense**

Interest and other income increased to \$139,193, for the nine months ended July 31, 2021 compared to \$3,186 for the nine months ended July 31, 2020.

Interest expense for the nine months ended July 31, 2021 decreased to \$2,049 compared to \$2,341 for the nine months ended July 31, 2020, a decrease of (\$292), or (12%).

Interest and dividends on equity securities, net was \$42,390 for the nine months ended July 31, 2021 compared to \$88,803 for the nine months ended July 31, 2020, a decrease of (\$46,413), or (52%).

**Tax Rate**

The tax rate specific to federal taxes for the three and nine months ended July 31, 2021 and 2020 was 21%. The effective rate for the three and nine months ended July 31, 2021 was 26% and 21% for the three and nine months ended July 31, 2020.

**Liquidity and Capital Resources**

As reflected in the Statements of Cash Flows, net cash provided by operating activities was \$7,121,694 for the nine months ended July 31, 2021 versus net cash used in operating activities of \$912,170 for the nine months ended July 31, 2020.

The sale of 284 acres of land totaling \$8,400,000 was the material non-recurring cash item for the nine months ended July 31, 2021. There was no material non-recurring cash item for the nine months ended July 31, 2020.

The Company's investment portfolio includes preferred securities with a goal to provide current income with capital preservation over a 3 to 5-year time horizon. At July 31, 2021, the Company's cash and equity securities totaled \$12,029,474 compared to cash and equity securities of \$5,393,299 at October 31, 2020.

On May 5, 2020, the Company applied for and received a loan via the Small Business Administration Payroll Protection Program under Division A, Title I of the CARES Act in the amount of \$510,130. M & T Bank administered the loan. 100% of the funds were utilized for salaries and wages. On April 1, 2021, the total balance of the loan was forgiven.

On July 30, 2020, the Company entered into an installment loan with GM Financial in the amount of \$26,410 for the purchase of a 2020 Chevrolet Colorado. The loan is payable in 36 monthly installments of \$786 from September 2020 to August 2023 and bears interest at a fixed rate of 4.39%.

On April 17, 2017, Blue Ridge Real Estate Company entered into a capital lease agreement which is an addendum to a Master Lease Agreement with PNC Equipment Finance, LLC for the procurement of mowing equipment for the Jack Frost National Golf Course in the amount of \$135,325. The lease is due and payable in 30 non-consecutive monthly installments in the months of May through October, through June 13, 2022. The interest is a fixed rate of 5.08%.

The Company has one certificate of deposit with Mauch Chunk Trust Company. On March 8, 2021 a certificate in the amount of \$140,000 matured and yielded interest of \$1,333. The Company reinvested \$140,000 in a certificate of deposit with Mauch Chunk Trust for a term of 12 months with a new maturity date of March 8, 2022. On June 24, 2021 a \$77,000 certificate matured yielding interest of \$6,362, the \$83,362 was deposited back into operating cash. The remaining bank certificate is included in Equity Securities, which approximates fair value.

On November 14, 2020, the Company renewed an irrevocable stand-by Letter of Credit up to an aggregate of \$140,000 in favor of Pennsylvania Department of Environmental Protection (“PA-DEP”), Bureau of Waterways Engineering with Mauch Chunk Trust Company. The Letter has a term of two years, renewable biennially and is collateralized by the Company’s certificate of deposit with Mauch Chunk Trust. The letter was established January 8, 2016 to comply with legislation that requires Blue Ridge as a private owner of two dams to post a financial guarantee adequate to breach the dams if we fail to comply with PA-DEP safety requirements.

The following table sets forth the Company’s significant contractual cash obligations for the items indicated as of July 31, 2021, and their expected year of payment or expiration.

Contractual Obligations:	Total	Less than			More than 5 years
		1 year	1-3 years	4-5 years	
Capital Leases	\$23,440	\$23,440	\$0	\$0	\$0
Long Term Debt	18,734	8,782	9,952	0	0
Fixed Rate Interest	1,444	1,184	260	0	0
Pension Contribution Obligations (1)	73,010	73,010	0	0	0
Total Contractual Cash Obligations	\$116,628	\$106,416	\$10,212	\$0	\$0

(1) Estimated funding obligations beyond the current fiscal year are not presented because the requirements fluctuate based on the performance of the plan assets, discount rate assumptions and demographics.

We currently anticipate that the funds needed for future operations and to implement our land development strategy will be satisfied through operating cash, equity securities, borrowed funds, public offerings or private placements of debt or equity and reinvested profits from sales.

### **Critical Accounting Policies and Significant Judgments and Estimates**

We have identified the most critical accounting policies upon which our financial reporting depends. The critical policies and estimates were determined by considering accounting policies that involve the most complex or subjective decisions or assessments. The most critical accounting policies identified relate to deferred tax liabilities, the valuation of land development costs and long-lived assets, and revenue recognition.

Revenues are derived from a wide variety of sources, including sales of real estate, management of investment properties, operation of a restaurant, a recreational lake club facility and a fly-fishing club, property management services, golf activities, timbering, home construction and leasing activities. Generally, revenues are recognized as services are performed, except as noted below.

We recognize income on the disposition of real estate using the full accrual method. The full accrual method is appropriate at closing when the sales contract has been signed, the buyer has arranged permanent financing and the risks and rewards associated with ownership have been transferred to the buyer. In the few instances that the Company finances the sale, a minimum 20% down payment is required from the buyers. The remaining financed purchase price is not subject to subordination. Down payments of less than 20% are accounted for as deposits.

The costs of developing land for resale as resort homes and the costs of constructing certain related amenities are allocated to the specific parcels to which the costs relate. Such costs, as well as the costs of construction of the resort homes, are charged to operations as sales occur. Land held for resale and resort homes under construction are stated at lower of cost or net realizable value.

Timbering revenues from stumpage contracts are recognized at the time a stumpage contract is signed. At the time a stumpage contract is signed, the risk of ownership is passed to the buyer at a fixed, determinable cost. There is no transfer of title in connection with these contracts. Reasonable assurance of collectability is determined by the date of signing and, at that time, the obligations of the Company are satisfied. Therefore, full accrual recognition at the time of contract execution is appropriate.

Deferred income consists of rents, dues and deposits on land or home sales. These rents, which are not yet earned, are rents from the Company's commercial properties that have been paid in advance. Dues are dues paid in advance related to memberships in the Company's hunting and fishing clubs and golf course memberships paid. Revenues related to the hunting and fishing clubs and golf course memberships are recognized over the seasonal period that the dues cover. We recognize revenue related to the fishing club over a five-month period from May through September, and the golf course over a seven-month period, from April through October. Deposits are required on land and home sales.

Management's estimate of deferred tax assets and liabilities is primarily based on the difference between the tax basis and financial reporting basis of depreciable assets, pension, like-kind exchanges of assets, net operating losses and accruals. Valuation allowances are established when necessary to reduce tax assets to the amount expected to be realized.

Real estate development projects are stated at cost unless an impairment exists, in which case the project is written down to fair value in accordance with GAAP. We capitalize as land and land development costs, the original acquisition cost, direct construction and development costs, property taxes, interest incurred on costs related to land under development and other related costs (engineering, surveying, landscaping, etc.) until the property reaches its intended use. Because the development projects are considered as long-lived assets under GAAP, we are required to regularly review the carrying value of each of the projects and write down the value of those projects when we believe the values are not recoverable. The cost of sales for individual parcels of real estate or condominium units within a project is determined using the relative sales value method. Revenue is recognized upon signing of the applicable closing documents, at which time a binding contract is in effect, the buyer has arranged for permanent financing and the Company is assured of payment in full. In addition, at the time of closing, the risks and rewards associated with ownership have been transferred to the buyer. Selling expenses are recorded when incurred.

Long-lived assets, namely properties, are recorded at cost. Depreciation and amortization are provided principally using the straight-line method over the estimated useful life of the asset. Upon sale or retirement of the asset, the cost and related accumulated depreciation are removed from the related accounts, and resulting gains or losses are reflected in income. We test our long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, we utilize either or both a discounted cash flow method or comparable sale pricing method to determine a fair market value. If our use of one or both of these methods indicates that the carrying value of the asset is not recoverable, an impairment loss is recognized in operating income. An impairment loss is the difference between the carrying value and the fair value of the asset less cost to sell. An impairment loss is recognized during the period in which the impairment is determined to be probable and reasonably estimable.

Assets are classified as long-lived assets held for sale when they are expected to be sold within the next year. The amount in long-lived assets held for sale at July 31, 2021 represents 73 acres of land currently under an Agreement of Sale entered into August 24, 2021. The amount in long lived assets held for sale at October 31, 2020 included 284 acres of land that was the subject of an Agreement of Sale, entered into by the Company on February 12, 2018. On January 19, 2021, the Company closed on the sale of 284 acres of land.

Significant judgment is applied in assessing the realizability of deferred tax assets. In accordance with GAAP, a valuation allowance is established against a deferred tax asset if, based on the available evidence, it is more-likely-than-not that such asset will not be realized. The realization of a deferred tax asset ultimately depends on the existence of sufficient taxable income in either the carryback or carryforward periods under tax law. We assess the need for valuation allowances for deferred tax assets based on GAAP's "more-likely-than-not" realization threshold criteria. In our assessment, appropriate consideration is given to all positive and negative evidence related to the realization of the deferred tax assets. Forming a conclusion that a valuation allowance is not needed is difficult when there is significant negative evidence such as cumulative losses in recent years. This assessment considers, among other matters, the nature, consistency and magnitude of current and cumulative income and losses, forecasts of future profitability, the duration of statutory carryback or carryforward periods, our experience with operating loss and tax credit carryforwards being used before expiration, and tax planning alternatives.

Our assessment of the need for a valuation allowance on our deferred tax assets includes assessing the likely future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Changes in existing tax laws or rates could affect our actual tax results and our future business results may affect the amount of our deferred tax liabilities or the valuation of our deferred tax assets over time. Our accounting for deferred tax assets represents our best estimate of future events.

Due to uncertainties in the estimation process, particularly with respect to changes in facts and circumstances in future reporting periods (carryforward period assumptions), actual results could differ from the estimates used in our analysis. Our assumptions require significant judgment because the residential home building industry and land sales are cyclical and highly sensitive to changes in economic conditions. If our results of operations are less than projected and there is insufficient objectively verifiable positive evidence to support the "more-likely-than-not" realization of our deferred tax assets, a valuation allowance would be required to reduce or eliminate our deferred tax assets.

Our deferred tax assets consist principally of the recognition of losses primarily driven by recognition of net operating losses, defined benefit pension, fixed assets and inventory impairments. In accordance with GAAP, we assessed whether a valuation allowance should be established based on our determination of whether it was "more-likely-than-not" that some portion of all of the deferred tax assets would not be realized, we recorded valuation allowances against our state net operating loss carryforwards for the amount not expected to be used.

The loss carryforwards result from prior year losses incurred for federal income tax purposes.

We file tax returns in the various states in which we do business. Each state has its own statutes regarding the use of tax loss carryforwards. Some of the states in which we do business do not allow for the carry forward of losses while others allow for carry forwards for 5 years to 20 years.

Interest, real estate taxes, and insurance costs, including those costs associated with holding unimproved land, are normally charged to expense as incurred. Interest cost incurred during construction of facilities is capitalized as part of the cost of such facilities. Maintenance and repairs are charged to expense, and major renewals and betterments are added to property accounts.

We sponsor a defined benefit pension plan. The accounting for pension costs is determined by specialized accounting and actuarial methods using numerous estimates, including discount rates, expected long-term investment returns on plan assets, employee turnover, mortality and retirement ages, and future salary increases. Changes in these key assumptions can have a significant effect on the pension plan's impact on the Company's financial statements. We engage the services of an independent actuary and investment consultant to assist us in determining these assumptions and in calculating pension income. Future benefit accruals under the pension plan ceased as of August 31, 2010. The pension plan is currently underfunded. During Fiscal 2020 the CARES Act provided the option to delay contributions due in 2020 until January 1, 2021, with interest. The Company has made contributions to the fund of \$51,409 in Fiscal 2020 and on December 21, 2020, the Company elected to utilize a prefunding balance to the extent necessary to meet the minimum required pension contribution in Fiscal 2020. The Company has made contributions of \$146,080 as of July 31, 2021 and anticipates contributing an additional

minimum of \$73,010 to the pension plan in the remaining months of Fiscal 2021. The Company also has a 401(k)-pension plan that is available to all full-time employees. The Company matches 100% of employee salary deferral contributions up to 5% of their pay for each payroll period.

The Company recognizes as compensation expense an amount equal to the grant date fair value of the stock options issued over the required service period, if any. Compensation cost was measured using the modified prospective approach.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

**Legal Proceedings**

We are presently a party to certain lawsuits arising in the ordinary course of our business. We believe that none of our current legal proceedings will be material to our business, financial condition or results of operations.