

**BLUE RIDGE REAL ESTATE COMPANY  
AND SUBSIDIARIES**

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

**2023**

**ANNUAL REPORT**

As of and for the Fiscal Year Ended October 31, 2023 and 2022

The accompanying financial statements have been prepared by the Company's management.  
Independent auditors have conducted an audit 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

**Annual Report**  
**For the Period Ending: October 31, 2023**  
(the “Reporting Period”)

### Outstanding Shares

The number of shares outstanding of our Common Stock was:

2,408,599 as of October 31, 2023

2,408,599 as of October 31, 2022

### Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 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:

### Change in Control

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

Yes:  No:

**1) Name and address(es) 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 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?

No:  Yes:

**2) Security Information****Transfer Agent**

Name: American Stock Transfer & Trust Company, LLC

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

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

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

**Publicly Quoted or Traded Securities:**

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 date: October 31, 2023
Total shares outstanding: 2,408,599	as of date: October 31, 2023
Total number of shareholders of record: 101	as of date: October 31, 2023

**All additional class(es) of publicly quoted or traded securities (if any):** None

**Other classes of authorized or outstanding marketable securities:** None

**Security Description:****1. For common equity, describe any dividend, voting and preemption rights.**

Dividends. Holders of Common Stock are entitled to dividends when, as and if declared by the Company's Board of Directors (the "Board") out of funds legally available therefor. In the event of a liquidation, dissolution or winding-up of the affairs of the Company, holders of Common Stock will be entitled to share ratably in the assets of the Company remaining after provision for payment of amounts owed to creditors.

Voting. The Articles provide that every shareholder shall be entitled to one vote for every share standing in the name of the shareholder on the books of the corporation. Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person to act for the shareholder by proxy.

Preemptive Rights. The holders of common shares do not have any preemptive or other preferential rights to purchase any marketable securities that we may issue in the future unless such rights are specifically granted to such holders.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

No shares of preferred stock have been issued by the Company.

**3. Describe any other material rights of common or preferred stockholders.**

Meetings. Shareholders have the right to attend shareholder meetings. Written notice of every meeting of shareholders shall be given by, or at the direction of, the secretary of the corporation or other authorized person to each shareholder of record entitled to vote at the meeting.

Special meetings of the shareholders may be called at any time by the (i) board of directors or (ii) shareholders entitled to cast at least 20% of the votes that all shareholders are entitled to cast at the particular special meeting.

Right of Inspection by Shareholders. Every shareholder shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the share register, books and records of account, and records of the proceedings of the incorporators, shareholders and directors and to make copies or extracts therefrom.

**4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

There have not been any material modifications to rights of holders of the Company's securities that have occurred over the reporting period covered by this report.

**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 for the two most recently completed fiscal years and any subsequent period.**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No:   Yes: (If yes, you must complete the table below)

Shares outstanding as of November 1, 2021 Opening Balance: Common: 2,408,599 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.  You must disclose the control person(s) for any entities listed.	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?	
	Shares Outstanding on October 31, 2023: <u>Ending Balance</u> Common: 2,408,599 Preferred: 0									

During the fiscal year ended October 31, 2022, and October 31, 2023, no shares were repurchased.

**B. Promissory and Convertible Notes**

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's marketable securities:

No: Yes:  (If yes, you must complete the table below)

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. You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)

**4) 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 audited financial statements include the accounts of Blue Ridge Real Estate Company and its wholly-owned subsidiaries (Northeast Land 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 5) Issuer's Facilities and in the Notes to the Audited 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.

*Our business faces significant risks. Some of the following risks relate principally to our business and the industry and statutory and regulatory environment in which we operate. Other risks relate principally to financial investments and the securities markets and ownership of our stock. The risks described below may not be the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the events or circumstances described in the following risk factors actually occur, our business, financial condition, cash flow and results of operations, could be materially adversely affected, and the trading price of our common stock could decline.*

### **Risks Related to Our Business and Our Industry**

***We are exposed to risks associated with real estate development.***

Our real estate holdings are in the Pocono Mountains of Pennsylvania. The value of our real property and the revenue from related development activities may be adversely affected by a number of factors, including:

- unexpected construction delays or cost overruns, which may increase project development costs;
- claims for construction defects after the property has been developed, including claims by purchasers and property owners' associations;
- government regulations and changes in real estate, zoning, land use, environmental or tax laws;
- attractiveness of the properties to prospective purchasers and tenants;
- local real estate conditions (such as an oversupply of space or a reduction in demand for real estate in an area);
- competition from other available property or space;
- changes in operating costs, including costs for maintenance, insurance and real estate taxes;
- potential liabilities under environmental and other laws;
- our ability to obtain adequate insurance;
- interest rate levels and the availability of financing; and
- national and local economic climate.

***We are subject to demand fluctuations in the housing industry. Any reduction in demand would adversely affect our business, results of operations and financial conditions.***

The real estate development industry is cyclical in nature and is particularly vulnerable to unpredictable shifts in economic conditions over which we have no control. In addition, the real estate market is subject to downturns, and our business is especially sensitive to economic conditions in the Pocono Mountains, where the demand is for resort vacation homes. Resort vacation unit rental and ownership is a discretionary activity entailing relatively high costs, and if market conditions do not continue to improve as anticipated, or were to worsen, the demand for our resort and real estate products could decline, negatively impacting our business, results of operations, cash flows and financial condition.

***If the market values of our home sites and other developed real estate assets were to drop below the book value of those properties, we would be required to write-down the excess book value of those properties, which would have an adverse effect on our balance sheet and our earnings.***

We have owned the majority of our land for many years, having acquired most of our land in the 1960's. Consequently, we have a very low-cost basis in the majority of our land holdings. We have subdivided and developed parcels with infrastructure improvements and also constructed a golf course, temporary clubhouse and pavilion, which required significant capital expenditures. Many of these costs are capitalized as part of the book value of the land development. Adverse market conditions, in certain circumstances, may require the book value of the real estate assets to be decreased, often referred to as a "write-down" or "impairment." A write-down of an asset would decrease the value of the asset on our balance sheet and would reduce our earnings for the period in which the write-down is recorded.

If market conditions were to deteriorate, and the market values of our home sites and other developed real estate were to fall below the book value of these assets, we could be required to take additional write-downs of the book value of those assets.

***If we are not able to obtain suitable financing, our business and results of operations may decline.***

Our business and earnings may depend on our ability to obtain financing for the development of our residential communities, whether from bank borrowings, public offerings or private placements of debt or equity.

If we are not able to obtain suitable financing at reasonable terms or replace existing debt and credit facilities when they become due or expire, our costs for borrowings will likely increase and our revenues may decrease, or we could be precluded from continuing our operations at current levels.

***Our future growth is dependent on entering into transactions with real estate developers. We may not be able to successfully (1) attract effective real estate developers; (2) complete agreements with real estate developers; and/or (3) manage relationships with real estate developers going forward, any of which could adversely affect our business.***

We may seek to enter into transactions with real estate developers to develop and capitalize on the potential of our commercial and industrial opportunities. These real estate developers may bring development experience, industry expertise, financial resources, financing capabilities, brand recognition and credibility or other competitive assets. We cannot assure, however, that we will have sufficient resources, experience and/or skills to locate desirable real estate developers. We also may not be able to attract real estate developers who want to conduct business on properties in our core area.

Once a potential buyer has been identified, actually reaching an agreement and closing a transaction may be difficult to complete and may take a considerable amount of time considering that negotiations require balancing of the parties' various objectives, assets, skills and interests and receiving all regulatory approvals.

Entering into an agreement with a real estate developer may also involve special risks such as:

- the developer could experience financial difficulties, become bankrupt or fail to fund capital contributions, which may delay construction or development of a property;
- actions by the real estate developer which may subject the adjacent properties owned by the Company to adverse consequences.

We may also be subject to adverse business consequences if the market reputation of a real estate developer deteriorates. If we cannot successfully execute transactions, our business, results of operations, cash flows and financial condition could be adversely affected.

***Our business is subject to heavy environmental and land use regulation.***

We are subject to a wide variety of federal, state and local laws and regulations relating to land use and development and to environmental compliance and permitting obligations, including those related to the use, storage, discharge, emission and disposal of hazardous materials. Any failure to comply with these laws could result in capital or operating expenditures or the imposition of severe penalties or restrictions on our operations that could adversely affect our present and future resort operations and real estate development. In addition, these laws and regulations could change in a manner that materially and adversely affects our ability to conduct our business or to implement desired expansions and improvements to our facilities.

***We are subject to litigation in the ordinary course of business.***

We are, from time to time, subject to various legal proceedings and claims, either asserted or unasserted. Any such claims, whether with or without merit, could be time-consuming and expensive to defend and could divert management's attention and resources. While management believes we have adequate insurance coverage and accrued loss contingencies for all known matters, we cannot assure that the outcome of all current or future litigation will not have a material adverse effect on us.



***Implementation of existing and future legislation, rulings, standards and interpretations from the FASB or other regulatory bodies could affect the presentation of our financial statements and related disclosures.***

Future regulatory requirements could significantly change our current accounting practices and disclosures. Such changes in the presentation of our financial statements and related disclosures could change the interpretation or perception of our financial position and results of operations.

***If we are unable to retain our key executive personnel and hire additional personnel as required, our business and prospects for growth could suffer.***

We believe that our operations and future development are dependent upon the continued services of our key executive personnel. Moreover, we believe our future success will depend in large part upon our ability to attract, retain and motivate highly skilled management employees. If one or more members of our management team or other key personnel become unable or unwilling to continue in their present positions and if additional key personnel cannot be hired as needed, our business and prospects for growth could be materially adversely affected.

***The cyclical nature of the forest products industry could adversely affect our timbering operations.***

Our results of operations are affected by the cyclical nature of the forest products industry. Historical prices for logs and wood products have been volatile, and we, like other participants in the forest products industry, have limited direct influence over the time and extent of price changes for logs and wood products. The demand for logs and wood products is affected primarily by the level of new residential construction activity and, to a lesser extent, repair and remodeling activity and other industrial uses. The demand for logs is also affected by the demand for wood chips in the pulp and paper markets. These activities are, in turn, subject to fluctuations due to, among other factors:

- changes in domestic and international economic conditions;
- interest rates;
- population growth and changing demographics; and
- seasonal weather cycles (e.g., dry summers, wet winters).

Decreases in the level of residential construction activity generally reduce demand for logs and wood products. This results in lower revenues, profits and cash flows in our Land Resources Management segment. In addition, industry-wide increases in the supply of logs and wood products during favorable price environments can also lead to downward pressure on prices. Timber owners generally increase production volumes for logs and wood products during favorable price environments. Such increased production, however, when coupled with even modest declines in demand for these products in general, could lead to oversupply and lower prices.

***We may be adversely impacted by the effects of high or prolonged inflation***

Inflation increases the cost of goods we purchase and services we buy, the cost of capital projects and wages and benefits for our workforce. Although we may take measures to mitigate the impact of inflation through pricing actions or cost reduction measures, if we are not able to offset inflationary costs, our results of operations will be negatively impacted and possibly in a material manner. As a result, the impact of high and prolonged inflation could have a material adverse effect on our business, financial condition, or results of operations. Inflationary pressures also increase the cost of living and costs of travel, which decreases consumers' disposable income and could impact our guests' discretionary spending habits or willingness to visit our operating centers, which could reduce customer demand for the products and services that we offer and negatively impact our revenues and operating cash flow.

***Weather and other natural conditions and regulatory requirements may limit our ability to market and sell our timber assets, which could adversely affect our operations.***

Weather conditions, timber growth cycles, access limitations (for example, restrictions on access to timberlands due to prolonged wet conditions) and regulatory requirements associated with the protection of wildlife and water resources may restrict our ability to market and sell our timber assets. In addition, our timber assets are subject to damage by fire, insect infestation, disease, prolonged drought, flooding and other natural disasters. Changes in global climate conditions could intensify one or more of these factors. Although damage from such natural causes usually is localized and affects only a limited percentage of the timber assets, there can be no assurance that any damage affecting our timberlands will in fact be so limited. We do not maintain insurance coverage with respect to damage to our timberlands. Our results of operations and cash flows may therefore be materially adversely affected if we are unable to sell our timber assets at adequate levels or if demand decreases due to an increase in our prices as a result of any of these factors.

***Public health issues such as the COVID-19 pandemic have adversely affected, and could in the future, adversely affect our business or financial results.***

The United States and other countries have experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and public perception of health risks. In March 2020, the novel coronavirus, or COVID-19, outbreak was declared a national public health emergency which resulted in state and local governments mandated restrictions. The spread of the virus continues to cause business disruption to Company's Resort Operations and impacts its financial performance and condition, operating results, liquidity and cash flows. Factors that would negatively impact our ability to successfully operate during the current outbreak of COVID-19 or another pandemic include:

- Our ability to keep our golf course, restaurant and recreation club open to the public;
- Our ability to attract and retain guests given the risks, or perceived risks, of gathering in public places;
- Our ability to incentivize and retain our current employees, and attract and hire sufficient future seasonal employees;
- Existing and future restrictions imposed by governmental authorities, including capacity, indoor dining or other restrictions that may affect our operations or the ability of our guests to return to our facilities;
- The risks of lawsuits related to COVID-19; and
- Reduced economic activity which could result in a prolonged recession, which could negatively impact consumer discretionary spending.

We have taken significant steps to adapt our businesses during the pandemic to allow us to continue operations. While the Company expects this matter will negatively impact its results, the extent of the impact of the COVID-19 on the Company's operational and financial performance will depend on future developments, including the duration and spread of COVID-19 and related travel advisories and restrictions, the impact of the COVID-19 on the overall demand for the Company's resort operations, the acceptance and effectiveness of vaccines, and the impact of COVID-19 and related containment and mitigation measures on our customers and employees, all of which are highly uncertain, unpredictable and out of our control. We will continue to closely monitor relevant events so that we are able to respond to developments as they occur, however, if COVID-19 continues to have a significant negative impact on economic conditions over a prolonged period of time, our results of operations and financial condition could be materially adversely impacted.

**Risks Related to Our Investments**

***Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.***

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. We maintain the cash and cash equivalents with reputable major financial institutions. These balances could be impacted if one or more of the financial institutions with which we deposit fails or is subject to other adverse conditions in the financial or credit markets. To date, we have experienced no loss or lack of access to our invested cash or cash equivalents, however, we can provide no assurance that access to our invested cash and cash equivalents will not be impacted by adverse conditions in the financial and credit markets.

***Our investments in marketable securities are subject to risks which may cause losses and affect the liquidity of these investments.***

We invest funds in excess of those needed for working capital in preferred stocks, mutual funds, money markets and other financial instruments. Significant declines in the value of these investments due to the operating performance of the companies we invest in or general economic or market conditions may result in the recognition of realized or impairment losses which could be material.

### **Risks Related to Our Common Stock**

***We do not expect to pay dividends on our common stock.***

Although we have declared and paid dividends on our common stock in the past, we do not anticipate declaring or paying any dividends in the foreseeable future. We plan to retain any future earnings to finance the continued expansion and development of our business. As a result, our dividend policy could depress the market price for our common stock.

***We are effectively controlled by KRSX Merge, LLC, and other shareholders have little ability to influence our business.***

As of January 30, 2024, KRSX Merge, LLC., or KRSX, a wholly-owned subsidiary of Kimco Realty Corporation, owned at least 1,425,153 shares, or approximately 59% of our outstanding voting stock. KRSX is able to exercise significant control over all matters requiring shareholder approval, including the election of directors and approval of significant corporate actions, such as mergers and other business combination transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control over us unless it is supported by KRSX. Accordingly, your ability to influence us through voting your shares is very limited.

Mr. Raymond Edwards and Mr. David Domb, two of the Company's Directors, are employees of Kimco Realty Corporation.

***Our common stock is thinly traded. Our stock price may fluctuate more than the stock market as a whole.***

As a result of the thin trading market for our stock, its market price may fluctuate significantly more than the stock market as a whole or the stock prices of similar companies. Of the 2,408,599 shares of our common stock outstanding as of January 30, 2024, approximately 41% of such shares are beneficially owned by persons other than KRSX, our controlling shareholder. Without a larger float, our common stock will be less liquid than the stock of companies with broader public ownership, and, as a result, the trading prices for our common stock may be more volatile. Among other things, trading of a relatively small volume of our common stock may have a greater impact on the trading price for our stock than would be the case if our public float were larger.

***Holders of our securities are subject to the risks of an investment in a private rather than a public company.***

The Company's stock is currently quoted and traded on the OTC Markets Pink Sheets.

Holders of the Company's shares:

- may suffer losses if the Company does not establish profitability and sustain earnings and cash flow in the future;
- will be subject to risk of a decline in the Company's results of operations and potential adverse effects on the Company from an inability to obtain adequate working capital;

- will likely experience limited liquidity of the Company's shares, thus making a sale in the market more difficult;
- will likely, especially if an unaffiliated shareholder, have limited access to information about Blue Ridge.

There may not be a sufficient number of shares outstanding and publicly traded to ensure a continued trading market in the shares in any over-the-counter market. The continued quotation of our common shares as well as the availability of any over-the-counter trading in our common shares will depend, in part, on the nature and extent of continued publicly available information about Blue Ridge. Although we continue to provide audited annual financial statements and unaudited quarterly financial statements to our shareholders and publish reports and news releases with the OTC Markets, there is no requirement that we do so. Further, under Rule 15c2-11, brokers and dealers are prohibited from publishing any quotation for a security, directly or indirectly, or submitting any such quotation for publication, in any quotation medium unless such broker or dealer has in its records the documents and information required by the rule ("Paragraph A Current Information"), and, based upon a review of such information together with any other documents and information required by the rule ("Paragraph B Information"), has a reasonable basis under the circumstances for believing that the Paragraph A Information is accurate in all material respects, and that the sources of the Paragraph A information are reliable. Market Makers may post quotations in securities of companies with limited financial information only if they can demonstrate to the Financial Industry Regulatory Authority ("FINRA") that the requirements of Rule 15c2-11 are being satisfied.

#### **5) Issuer's Facilities**

At October 31, 2023, the properties of Blue Ridge and its subsidiaries consisted of 9,061 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, 7,632 acres were held for investment, 1,429 acres were held for development and less than 1 acre was 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 Indigo Sports, LLC (formerly known as Antares 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 was managed by Boulder View Management, LLC, a subsidiary of Indigo Sports, LLC (formerly known as Antares Golf, LLC), an unaffiliated third-party operator. On November 1, 2022, the Company terminated its Management Agreement with Indigo Sports, LLC through its subsidiary Boulder View Management, LLC, for the management of Boulder View Tavern. On November 1, 2022, the Company entered into a Management Agreement with RealFood, LLC, a subsidiary of Troon Golf, LLC, an unaffiliated third-party operator, for the management of Boulder View Tavern. 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.

## 6) 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 marketable securities) of the Company as of the date of this information statement.

Name of all Officers, Directors and Control Person	Affiliation with Company (e.g. Officer Title/Director/ Owner of more than 5%)	Residential Address (City/State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
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
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**7) 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, financial or investment-related, insurance or banking activities;
3. A finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;
4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a “yes” answer to part 3 above;
5. Been the subject 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.
6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

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.

**8) Third Party Service 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

Not Applicable

All other means of Investor Communication:X (Twitter): NoneDiscord: NoneLinkedIn: NoneFacebook: None(Other): NoneOther Service Providers

Not Applicable

**9) Disclosure & Financial Information****A. This Disclosure Statement was prepared by:**

Name: Cynthia A. Van Horn

Title: Chief Financial Officer and Treasurer

Relationship to Issuer: Principal Financial Officer

**B. The following financial statements were prepared in accordance with:** IFRS U.S. GAAP**C. The following financial statements were prepared by**

Name: Cynthia A. Van Horn

Title: Chief Financial Officer and Treasurer

Relationship to Issuer: Principal Financial Officer

Describe the qualifications of the person or persons who prepared the financial statements: Cynthia A. Van Horn has served as the Company's Chief Financial Officer ("CFO") and Treasurer since January 1, 2012. Mrs. Van Horn previously served as the Companies' Controller beginning in October 1996. From November 1995 until October 1996 Mrs. Van Horn served as the Companies' Accounting Manager. Mrs. Van Horn holds a Bachelor of Science Degree in Accounting from Pennsylvania State University.

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

	<u>Page</u>
<a href="#"><u>Independent Auditors' Report</u></a>	18
<a href="#"><u>Balance Sheets</u></a> as of October 31, 2023 and 2022	21
<a href="#"><u>Statements of Operations</u></a> for the years ended October 31, 2023 and 2022	22
<a href="#"><u>Statements of Comprehensive Income (Loss)</u></a> for the years ended October 31, 2023 and 2022	23
<a href="#"><u>Statements of Changes in Shareholders' Equity</u></a> for the years ended October 31, 2023 and 2022	24
<a href="#"><u>Statements of Cash Flows</u></a> for the years ended October 31, 2023 and 2022	25
<a href="#"><u>Notes to Financial Statements</u></a>	26
<a href="#"><u>Management's Discussion and Analysis</u></a>	45



**10) Issuer Certification**

*Principal Executive Officer:*

I, Bruce Beaty certify that:

1. I have reviewed this Disclosure Statement for 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, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 1/29/2024

/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 Disclosure Statement for 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, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 1/29/2024

/s/ Cynthia A. Van Horn

Cynthia A. Van Horn

Chief Financial Officer and Treasurer

(Principal Financial Officer)

## **Independent Auditors' Report**

Board of Directors and Shareholders  
Blue Ridge Real Estate Company

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Blue Ridge Real Estate Company (a PA corporation) and its Subsidiaries, which comprise the consolidated balance sheets as of October 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Blue Ridge Real Estate Company and its Subsidiaries as of October 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blue Ridge Real Estate Company and its Subsidiaries, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter – Change in Accounting Principle***

As described in Notes 1 and 12 to the financial statements, on November 1, 2022, the Company changed its method of accounting for leases with the adoption of FASB ASU 2016-02 (ASC 842, *Leases*) and related ASU's. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge Real Estate Company and its Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blue Ridge Real Estate Company and its Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge Real Estate Company and its Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Information included in the Company's Annual Report***

Management is responsible for the other information included in the Blue Ridge Real Estate Company and Subsidiaries' annual report. The other information comprises management's discussion and analysis and regulated required disclosures, but it does not include the consolidated

financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

/s/Kronick Kalada Berdy & Co. P.C.

Kingston, Pennsylvania

January 29, 2024

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****BALANCE SHEETS****October 31, 2023 and 2022**

<b>ASSETS:</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Land and land development costs (1,429 and 1,300 acres per land ledger, respectively)	<b>\$7,279,711</b>	\$6,854,487
Land improvements, buildings and equipment, net	<b>1,993,654</b>	2,137,207
Land held for investment, principally unimproved (7,632 acres per land ledger)	<b>1,532,287</b>	1,532,287
Long-lived assets held for sale (less than 1 and 473 acres per land ledger, respectively)	<b>30,587</b>	187,214
Cash and cash equivalents	<b>9,347,395</b>	5,611,789
Marketable securities	<b>2,956,178</b>	3,672,526
Cash held in escrow	<b>535</b>	530
Prepaid expenses and other assets	<b>531,914</b>	527,475
Accounts receivable	<b>61,539</b>	159,866
Accrued pension assets	<b>12,451</b>	0
<b>Total assets</b>	<b>\$23,746,251</b>	\$20,683,381
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Debt	<b>\$11,462</b>	\$16,727
Accounts payable	<b>229,721</b>	366,846
Accrued liabilities	<b>719,229</b>	494,776
Deferred income	<b>222,843</b>	182,225
Deferred income taxes, net	<b>644,448</b>	79,814
Accrued pension expense	<b>0</b>	122,901
<b>Total liabilities</b>	<b>1,827,703</b>	1,263,289
<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 2,408,599	<b>722,580</b>	722,580
Capital in excess of stated value	<b>18,003,861</b>	18,003,861
Earnings retained in the business	<b>4,290,621</b>	1,887,315
Accumulated other comprehensive loss	<b>(1,098,514)</b>	(1,193,664)
<b>Total shareholders' equity</b>	<b>21,918,548</b>	19,420,092
<b>Total liabilities and shareholders' equity</b>	<b>\$23,746,251</b>	\$20,683,381

See accompanying notes to an unaudited financial statements.

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF OPERATIONS  
for the years ended October 31, 2023 and 2022**

	10/31/2023	10/31/2022
Revenues:		
Resort operations revenue	\$5,312,886	\$4,684,065
Real estate management revenue	718,705	610,794
Land resource management revenue	5,183,576	255,059
Rental income revenue	75,002	85,685
Total revenues	<u>11,290,169</u>	<u>5,635,603</u>
Costs and expenses:		
Resort operations costs	5,307,931	4,657,924
Real estate management costs	659,868	658,715
Land resource management costs	747,328	513,310
Rental income costs	46,321	67,978
General and administration expense	1,518,346	1,508,185
Total costs and expenses	<u>8,279,794</u>	<u>7,406,112</u>
Operating profit (loss) before other income and (expense)	<u>3,010,375</u>	<u>(1,770,509)</u>
Other income and (expense):		
Gain (loss) on sale of assets	(37)	8,154
Interest and other income	6,180	11,946
Interest expense	(897)	(939)
Interest and dividends on marketable securities, net	429,976	105,025
Realized gain on marketable securities	32,092	4,596
Unrealized gain (loss) on marketable securities	15,854	(165,717)
Pension expense	(262,237)	(37,212)
Total other income and (expense)	<u>220,931</u>	<u>(74,147)</u>
Income (loss) from operations before income taxes	<u>3,231,306</u>	<u>(1,844,656)</u>
Provision (benefit) for income taxes		
Current income taxes	319,000	(271,000)
Deferred income taxes	509,000	(149,000)
Total provision (benefit) for income taxes	<u>828,000</u>	<u>(420,000)</u>
Net income (loss)	<u>\$2,403,306</u>	<u>(\$1,424,656)</u>
Basic income (loss) per weighted average share	<u>\$1.00</u>	<u>(\$0.59)</u>

The accompanying notes are an integral part of the financial statements

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
for the years ended October 31, 2023 and 2022**

	10/31/2023	10/31/2022
Net income (loss)	<b>\$2,403,306</b>	(\$1,424,656)
Defined benefit pension		
net loss arising during the period	<b>(21,260)</b>	(87,653)
Amortization of net loss included in net periodic pension cost	<b>172,044</b>	165,564
Deferred tax expense	<b>(55,634)</b>	(22,511)
Other comprehensive income	<b>95,150</b>	55,400
Total comprehensive income (loss)	<b>\$2,498,456</b>	(\$1,369,256)

Deferred tax benefit on net loss arising during the period was \$7,844 and \$25,326 for the years ended October 31, 2023 and 2022, respectively.

Deferred tax expense on amortization of net loss included in net periodic pension cost was (\$63,478) and (\$47,837) for the years ended October 31, 2023 and 2022, respectively.

The accompanying notes are an integral part of the financial statements

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
for the years ended October 31, 2023 and 2022**

	Capital Stock (1)		Capital in	Earnings	Accumulated	
	Shares	Amount	Excess of	Retained in	Other	Total
			Stated Value	the Business	Comprehensive	
					Loss	
Balance, October 31, 2021	2,408,599	\$722,580	\$18,003,861	\$3,311,971	(\$1,249,064)	\$20,789,348
Net loss				(1,424,656)		(1,424,656)
Other comprehensive income					55,400	55,400
Balance, October 31, 2022	2,408,599	\$722,580	\$18,003,861	\$1,887,315	(\$1,193,664)	\$19,420,092
Net income				2,403,306		2,403,306
Other comprehensive income					95,150	95,150
<b>Balance, October 31, 2023</b>	<b>2,408,599</b>	<b>\$722,580</b>	<b>\$18,003,861</b>	<b>\$4,290,621</b>	<b>(\$1,098,514)</b>	<b>\$21,918,548</b>

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

The accompanying notes are an integral part of the financial statements



**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF CASH FLOWS****for the years ended October 31, 2023 and 2022**

	10/31/2023	10/31/2022
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	<b>\$2,403,306</b>	(\$1,424,656)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	<b>426,530</b>	407,611
Amortization of investment premiums	<b>471</b>	3,838
Realized gain on marketable securities	<b>(32,092)</b>	(4,596)
Unrealized (gain) loss on marketable securities	<b>(15,854)</b>	165,717
Deferred income taxes, net	<b>509,000</b>	(149,000)
Loss (gain) on sale of assets	<b>37</b>	(8,154)
Changes in operating assets and liabilities:		
Accounts receivable	<b>98,327</b>	(100,466)
Prepaid expenses and other assets	<b>(16,890)</b>	(68,913)
Land and land development costs	<b>(308,588)</b>	(116,787)
Long-lived assets held for sale	<b>39,991</b>	0
Accounts payable and accrued liabilities	<b>115,211</b>	(310,630)
Deferred income	<b>40,618</b>	31,140
Net cash provided by (used in) operating activities	<b>3,260,067</b>	(1,574,896)
<b>Cash Flows from Investing Activities:</b>		
Purchase of marketable securities	<b>(2,865,509)</b>	(3,743,872)
Proceeds from maturities and sales of marketable securities	<b>3,629,332</b>	932,700
Proceeds from disposition of assets	<b>1,000</b>	24,000
Additions to properties	<b>(284,014)</b>	(452,466)
Net cash provided by (used in) investing activities	<b>480,809</b>	(3,239,638)
<b>Cash Flows from Financing Activities:</b>		
Proceeds from debt	<b>0</b>	22,323
Payment of debt	<b>(5,265)</b>	(31,599)
Net cash used in financing activities	<b>(5,265)</b>	(9,276)
Net increase (decrease) in cash and cash equivalents and restricted cash	<b>3,735,611</b>	(4,823,810)
Cash and cash equivalents and restricted cash, beginning of period	<b>5,612,319</b>	10,436,129
Cash and cash equivalents and restricted cash, ending of period	<b>\$9,347,930</b>	\$5,612,319

See the accompanying notes to unaudited combined financial statements

## **NOTES TO AUDITED FINANCIAL STATEMENTS**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **Basis of Presentation:**

The accompanying audited financial statements include the accounts of Blue Ridge Real Estate Company and its wholly-owned subsidiaries (Northeast Land Company, Jack Frost National Golf Course, Inc., Flower Fields Motel, LLC, and Lake Mountain, LLC) (collectively “Blue Ridge” or “The Company”). All significant intercompany accounts and transactions are eliminated.

#### **Revenue Recognition:**

Revenues are derived from a wide variety of sources, including sales of real estate, management of investment properties, operation of a restaurant and recreational lake club facility, property management services, golf activities, timbering, and leasing activities. Generally, revenues are not recognized as revenues until the revenue is earned, which is at the time of sale or when the services are provided and the Company does not believe it is required to provide additional goods or services, except as noted below.

#### **Land and Resort Homes:**

The Company recognizes 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 financed the sale, more than 20% down payment is required. 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 market.

#### **Timbering Revenues:**

Timbering revenues from stumpage contracts are recognized at the time a stumpage contract is signed, at which time the risk of ownership has been passed to the buyer at a fixed, determinable cost. Reasonable assurance of collectability has been determined by the date of signing, and the few obligations of the Company have already been met.

#### **Land and Land Development Costs:**

The Company capitalizes 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. 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 closing documents. At closing a binding contract is in effect, the buyer has arranged for permanent financing and the Company is assured of payment in full. Also at this time, the risks and rewards associated with ownership have been transferred to the buyer. Selling expenses are recorded when incurred.

#### **Land Improvements, Buildings, Equipment and Depreciation:**

Land improvements, buildings and equipment are stated at cost. Depreciation, including amortization of equipment under capital lease, is provided principally using the straight-line method over the estimated useful lives as set forth below:

Land improvements	10-30 years
Buildings and improvements	3-40 years
Equipment and furnishings	3-20 years

Upon sale or retirement of depreciable property, the cost and related accumulated depreciation are removed from the related accounts, and resulting gains or losses are reflected in income.

Interest, real estate taxes, and insurance costs, including those costs associated with holding unimproved land, are 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.

#### **Land Held for Investment:**

Land held for investment is stated at cost and is principally unimproved. Portions of this land are leased on an annual basis primarily to hunting and sportsman clubs. Real estate taxes and insurance are expensed as incurred.

#### **Long-Lived Assets Held for Sale:**

The Company classifies assets as a long-lived asset held for sale upon a signed agreement of sale. The carrying value of the assets held for sale are stated at the lower of carrying value or fair market value less costs to sell. The impairment loss for long-lived assets held for sale is the difference between their carrying value and their fair value less cost to sell. Included in long-lived assets held for sale at October 31, 2023 were 3 buildable lots which combined equal less than 1 acre and are under Agreement of Sale with a cost of \$30,587. Subsequently on November 14, 2023, 1 lot was sold and the remaining 2 were sold on December 1, 2023. At October 31, 2022 long-lived assets held for sale included approximately 340 acres of land that were the subject of an Agreement of Sale, entered into by the Company on August 21, 2022 with a cost of \$39,991 and approximately 133 acres of land that is the subject of an Agreement of Sale, entered into by the Company on November 17, 2022 with a cost of \$147,223. Subsequently on January 8, 2024 the Agreement of Sale for the 133 acres of land was terminated and the acreage with a cost of \$147,223 was reclassified to land and land development costs.

#### **Impairment:**

The Company reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, which is primarily due to the state of the industry and the economy. In that event, the Company calculates the expected future net cash flows to be generated by the asset. If those net future cash flows are less than the carrying value of the asset, an impairment loss is recognized in operating (loss) profit. The impairment loss is the difference between the carrying value and the fair value of the asset less cost to sell. The impairment loss is recognized in the period incurred.

#### **Deferred Income:**

Deferred income includes dues, rents and deposits on land or home sales. Rents that are not yet earned relate to the Company's commercial properties that have been paid in advance, and dues are related to memberships in the Company's hunting and fishing clubs, golf club and lake club paid in advance. The Company recognizes revenue related to the hunting and fishing clubs, golf course and lake club memberships over the period that the dues cover. The Company recognizes revenue related to the fishing club over a six-month period, April through September, the golf course over a seven-month period, April through October and the lake club over a five-month period, May through September. Deposits are required on land and home sales. Deferred income amounted to \$151,085 at October 31, 2021.

**Sales Tax:**

The Company records taxes collected from non-exempt customers on revenue producing activities on a net basis (excluded from revenue). The taxes are recorded as liabilities until remitted to state agencies.

**Comprehensive Loss:**

The Company's comprehensive income (loss) differs from net income (loss) substantially due to changes in the funded status of the Company's defined benefit pension plan (see Note 8). The Company has elected to disclose comprehensive income and loss in its Statements of Comprehensive income (loss). See Note 9 for Accumulated Other Comprehensive Loss.

**Income Taxes:**

The Company accounts for income taxes utilizing the asset and liability method of recognizing the tax consequence of transactions that have been recognized for financial reporting or income tax purposes. Among other things, this method requires current recognition of the effect of changes in statutory tax rates on previously provided deferred taxes. For federal income tax purposes, Blue Ridge and its subsidiaries file as consolidated entities. State income taxes are reported on a separate company basis. Valuation allowances are established, when necessary to reduce tax assets to the amount expected to be realized.

The Company's policies for Accounting for Uncertainty in Income Taxes in an enterprise's financial statements, requires a review of all tax positions and applies a "more-likely-than-not" recognition threshold to determine whether any part of an individual tax position should be recognized in the financial statements. A tax position that meets the more-likely-than-not recognition threshold is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon the ultimate settlement with the taxing authority that has full knowledge of all relevant information. Management has analyzed the Company's tax positions, and has concluded that no liability should be recorded related to uncertain tax positions taken at October 31, 2023 and 2022.

**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, marketable 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, 2023 ("Fiscal 2023"). Material subsequent events are evaluated and disclosed through the issuance date of this Annual 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 October 31, 2023, the Company had \$0.00 working cash on deposit in excess of the FDIC insured limit of \$250,000, and also had \$8,967,322 invested in money market and mutual funds at October 31, 2023, which are not insured by the FDIC.

**Cash, Equivalents and Restricted Cash:**

Cash, cash equivalents and restricted cash as of October 31, 2023 and 2022 consist of the following:

	<b>2023</b>	<b>2022</b>
<b>Cash and cash equivalents</b>	<b>\$9,347,395</b>	\$5,611,789
<b>Cash held in escrow</b>	<b>535</b>	530
<b>Total cash, cash equivalents, and restricted cash shown in the statements of cash flows</b>	<b>\$9,347,930</b>	\$5,612,319

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.

**Accounts Receivable:**

Accounts receivable are reported at net realizable value. Accounts or a portion thereof are written off when they are determined to be uncollectible based upon management's assessment of individual accounts, historical experience and subsequent collections. An allowance for doubtful accounts, if deemed necessary, is estimated based upon a review of individual accounts. Accounts receivable amounted to \$59,400 at October 31, 2021.

**Earnings Per Share:**

Basic earnings per share are calculated based on the weighted-average number of shares outstanding. Diluted earnings per share include the dilutive effect of stock options, if applicable.

**Business Segments:**

The Company currently operates in three business segments, which consist of Resort Operations, Real Estate Management/Rental Operations and Land Resource Management. Financial information about our segments can be found in Note 15.

**Marketable Securities:**

Marketable 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 Marketable securities are reported in net income (loss).

Marketable securities consist of investments in preferred stocks (16 positions of financial services, insurance and real estate investment trusts), 10 positions of government bonds, a bond mutual fund, a fixed income exchange traded products fund and one certificate of deposit at October 31, 2023. Marketable securities consist of investments in preferred stocks (15 positions of financial services, insurance and real estate investment trusts), 17 positions of government bonds, a bond mutual fund, a fixed income exchange traded products fund and one certificate of deposit at October 31, 2022. 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 and government bonds are recorded monthly. Since these investments are in marketable 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.

### **New Accounting Pronouncements:**

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 adopted the new standard using a modified retrospective approach. We have implemented ASU 2016-02 and it did not have a material effect on our consolidated 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. We have implemented ASU 2018-14 and it did not have a material effect on our consolidated financial statements and disclosures.

In December 2018, the FASB issued ASU 2018-20, “Leases (Topic 842): Narrow-Scope Improvements for Lessors”, effective date for entities that have not adopted ASU 2016-02 is the same as ASU 2016-02, as amended. We have implemented ASU 2018-20 and it did not have a material effect on our consolidated financial statements and disclosures.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes”, effective for nonpublic entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. We have implemented ASU 2019-12 and it did not have a material effect on our consolidated financial statements and disclosures.

The Financial Accounting Standards Board issued ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”, which supersedes accounting standards that currently exist GAAP and provides a methodology for measuring credit losses that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The standard also requires companies to disclose additional information, including expanded credit quality disclosures. The Company will be required to apply the expected credit loss model for accounts receivable, loans, and other financial instruments. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, and interim reporting periods within those fiscal years. The Company is evaluating the impact of the pronouncement may have on the consolidated financial statement.

## **2. CONDENSED FINANCIAL INFORMATION:**

Condensed financial information of Blue Ridge and its subsidiaries at October 31, 2023 and 2022 and for each of the years then ended is as follows:

	Blue Ridge and Subsidiaries	
	10/31/2023	10/31/2022
<b>FINANCIAL POSITION:</b>		
Total assets	<b>\$23,746,251</b>	\$20,683,381
Total liabilities	<b>1,827,703</b>	1,263,289
Shareholders' equity	<b>21,918,548</b>	19,420,092

## OPERATIONS:

Revenues	<b>11,290,169</b>	5,635,603
Income (loss) from operations before taxes	<b>3,231,306</b>	(1,844,656)
Total (benefit) expense for income taxes	<b>828,000</b>	(420,000)
Net income (loss)	<b>\$2,403,306</b>	(\$1,424,656)

**3. LAND AND LAND DEVELOPMENT COSTS:**

Land and improvements in progress held for development as of October 31, 2023 and 2022 consist of the following:

	<u>10/31/2023</u>	<u>10/31/2022</u>
Land unimproved designated for development	<b>\$1,979,303</b>	\$1,834,546
Residential development	<b>4,595,203</b>	1,175,754
Infrastructure development	<b>705,205</b>	3,844,187
Total land and land development costs	<b><u>\$7,279,711</u></b>	<u>\$6,854,487</u>

**4. LAND HELD FOR INVESTMENT:**

	<u>10/31/2023</u>	<u>10/31/2022</u>
Land – Unimproved	<b>\$1,387,501</b>	\$1,387,501
Land – Commercial rental properties	<b>144,786</b>	144,786
Total land held for investment	<b><u>\$1,532,287</u></b>	<u>\$1,532,287</u>

**5. DEBT AND LETTER OF CREDIT:**

Debt as of October 31, 2023 and 2022 consists of the following:

	<u>10/31/2023</u>	<u>10/31/2022</u>
Note payable to bank, interest fixed at 5.65%, payable in 24 non-consecutive installments in the months of May through October of \$1,089, through October 2025, secured by certain equipment.	<b>\$11,462</b>	\$16,727
Total debt	<b><u>\$11,462</u></b>	<u>\$16,727</u>

On July 30, 2020, the Company entered into an installment loan with GM Financial in the amount of \$26,410 on the purchase of a 2020 Chevrolet Colorado. The loan was payable in 36 monthly installments of \$786 from September 2020 to August 2023 and bears interest at a fixed rate of 4.39%. On November 17, 2021, the Company paid this loan in full and on December 23, 2021, the vehicle was sold.

On April 17, 2017, Blue Ridge Real Estate Company entered into an 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 obligation was due and payable in 30 non-consecutive monthly installments in the months of May through October of \$4,749 and bears interest at a fixed rate of 5.08%. The obligation was paid in full June 2022.

On March 8, 2022, Blue Ridge Real Estate Company entered into an agreement with PNC Equipment Finance, LLC for the addition of a golf utility cart at Jack Frost National Golf Course in the amount of \$23,802. The obligation is due and payable in 26 non-consecutive monthly installments in the months of May through October of \$1,027 through October 2025 and bears interest at a fixed rate of 5.65%.

On November 9, 2022, 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 2 dams to post a financial guarantee adequate to breach the dams if we fail to comply with PA-DEP safety requirements.

As of October 31, 2023, and 2022, the Company has no variable rate debt.

The aggregate amount of debt maturing subsequent to October 31, 2023, is \$5,570 in 2024 and \$5,892 in 2025.

## 6. INCOME TAXES:

The expense (benefit), rounded to the nearest thousand, for income taxes from continuing operations is as follows:

	10/31/2023	10/31/2022
Currently payable:		
Federal	\$123,000	(\$246,000)
State	196,000	(25,000)
	<u>319,000</u>	<u>(271,000)</u>
Deferred:		
Federal	517,000	(244,000)
State	(\$8,000)	95,000
	<u>509,000</u>	<u>(149,000)</u>
Total	<u>\$828,000</u>	<u>(\$420,000)</u>

A reconciliation between the amount computed using the statutory federal income tax rate of 21% and the actual expense (benefit), rounded to the nearest thousand, for income taxes as of October 31, 2023 and 2022, respectively, is as follows:

	10/31/2023	10/31/2022
Computed at statutory rate	\$679,000	(\$387,000)
State income taxes, net of federal income tax	134,000	36,000
Nondeductible expenses	3,000	(107,000)
True up of prior year amounts	12,000	38,000
Expense (benefit) for income tax	<u>\$828,000</u>	<u>(\$420,000)</u>

The components of the deferred tax assets and liabilities as of October 31, 2023 and 2022 are as follows:

	10/31/2023	10/31/2022
Deferred tax assets:		
Asset impairment	\$4,452,000	\$4,577,000
Net operating losses	2,725,000	3,736,000
Valuation allowance	(5,201,000)	(5,787,000)
Contribution carryforward	0	1,000
Capital loss carryforward	25,000	32,000
Unrealized capital gains	18,000	23,000
Deferred tax asset	<u>2,019,000</u>	<u>2,582,000</u>
Deferred tax liability:		
Depreciation	(2,507,000)	(2,545,000)
Accrued expenses	(5,000)	(5,000)



Deferred income	(30,000)	(27,000)
Defined benefit pension	(118,000)	(82,000)
Partnership basis differences	(4,000)	(3,000)
Deferred tax liability	(2,664,000)	(2,662,000)
Deferred income tax liability, net	<u>(\$645,000)</u>	<u>(\$80,000)</u>

At October 31, 2023, the Companies have federal net operating losses of approximately \$179,000 which will carry forward indefinitely with the utilization subject to an annual limitation of 80% of taxable income. At October 31, 2023, the Companies have state net operating loss carryforwards of approximately \$29,990,000 that will expire from 2024 to 2041. The Companies have recorded a valuation allowance against the deferred tax assets, which are not expected to be utilized. The net change in valuation allowance was \$586,000 for the year ended October 31, 2023.

The Companies recognize interest and/or penalties related to income tax matters in income tax expense, if any.

## 7. MARKETABLE SECURITIES:

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

	October 31, 2023			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Preferred marketable securities	\$616,825	\$325	(\$70,923)	\$546,227
Bond mutual fund	80,865	14,748	(27,801)	67,812
Exchange traded fund	88,431	10,680	(15,911)	83,200
Government bonds	2,091,412	30,441	(2,914)	2,118,939
Certificate of deposit	140,000	0	0	140,000
Total marketable securities	<u>\$3,017,533</u>	<u>\$56,194</u>	<u>(\$117,549)</u>	<u>\$2,956,178</u>

The cost of the certificate of deposit at October 31, 2023 was \$140,000 maturing within one year. On March 8, 2023 a certificate in the amount of \$140,000 matured and yielded interest of \$140. The Company reinvested \$140,000 in a certificate of deposit with Mauch Chunk Trust for a term of 13 months with a new maturity date of April 8, 2024. The preferred stocks include investments in 16 public companies in various industries with the largest investment, at market value, in a single company of \$105,630. For the twelve months ended October 31, 2023, there were realized gains of \$46,510 and realized losses of (\$14,418) on the sale of marketable securities.

	October 31, 2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Preferred equity securities	\$576,211	\$3,764	(\$47,448)	\$532,527
Bond mutual fund	77,849	5,934	(19,176)	64,607
Exchange traded fund	88,431	5,520	(11,071)	82,880
Government bonds (net of \$3,838 amortization)	2,867,243	436	(15,167)	2,852,512
Certificate of deposit	140,000	0	0	140,000
Total marketable securities	<u>\$3,749,734</u>	<u>\$15,654</u>	<u>(\$92,862)</u>	<u>\$3,672,526</u>

The cost of a certificate of deposit at October 31, 2022 was \$140,000 maturing within one year. On March 8, 2022 a certificate in the amount of \$140,000 matured and yielded interest of \$140. 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, 2023. The preferred stocks include investments in 15 public companies in various industries with the largest investment, at market value, in a single company of \$116,553. For the twelve months ended October 31, 2022, there were realized gains of \$4,599 and realized losses of \$3 on sales of marketable securities.

Marketable securities and available for sale debt securities are carried in the financial statements at fair value. The fair value of all marketable and debt securities have been measured on a recurring basis using Level 1 inputs, which are based on unadjusted quarter market prices within active markets. There have been no changes in valuation approaches or techniques and related inputs.

## 8. PENSION BENEFITS:

Effective July 15, 2010, the Company's sponsored defined benefit pension plan was amended such that future benefit accruals ceased effective as of August 31, 2010. Benefits under the plan were based on average compensation and years of service. The Company's funding policy is to contribute annually at least the minimum amounts required under the Employee Retirement Income Security Act of 1974.

On November 1, 2021, the Company adopted 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, and does not have a material impact on our consolidated financial statements and disclosures.

The Company expects to contribute a minimum of \$45,000 to the pension plan in Fiscal 2024.

<b>Weighted Average Assumptions</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Discount Rates used to determine net periodic pension cost as of October 31, 2023 and 2022	<b>5.36%</b>	2.47%
Expected long-term rates of return on assets	<b>5.00%</b>	5.00%
Rates of increase in compensation levels	<b>N/A</b>	N/A
<b>Change in Benefit Obligation</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Benefit obligation at beginning of year	<b>\$6,203,234</b>	\$8,324,355
Service cost (net of expenses)	<b>65,323</b>	54,309
Interest cost	<b>318,968</b>	199,286
Actuarial gain	<b>(276,261)</b>	(1,857,659)
Benefits paid	<b>(522,905)</b>	(517,057)
Benefit obligation at end of year	<b>\$5,788,359</b>	\$6,203,234
<b>Change in Plan Assets</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Fair value of plan assets at beginning of year	<b>\$6,080,333</b>	\$7,761,587
Actual return on plan assets	<b>64,121</b>	(1,496,726)
Employer contributions	<b>246,805</b>	399,168
Benefits paid	<b>(522,905)</b>	(517,057)
Administrative expenses	<b>(67,544)</b>	(66,639)
Fair value of plan assets at end of year	<b>\$5,800,810</b>	\$6,080,333
<b>Reconciliation of Funded Status of the Plan</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Funded status at end of year	<b>\$12,451</b>	(\$122,901)
Unrecognized net actuarial loss	<b>1,527,880</b>	1,678,664
Net amount recognized at end of year	<b>\$1,540,331</b>	\$1,555,763

<b>Amounts Recognized in the Balance Sheets</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Accrued pension asset (expense)	\$12,451	(\$122,901)
Accumulated other comprehensive loss (pre-tax)	1,527,880	1,678,664
Net amount recognized	<u>\$1,540,331</u>	<u>\$1,555,763</u>
<b>Additional Year-End Information for Pension Plan</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Projected benefit obligation	\$5,788,359	\$6,203,234
Accumulated benefit obligation	\$5,788,359	\$6,203,234
Fair value of plan assets	\$5,800,810	\$6,080,333

The net amount of projected benefit obligation and plan assets for the pension plan was \$12,451 and (\$122,901) at October 31, 2023 and 2022, respectively, and was classified as accrued pension assets and accrued pension expense, respectively, on the balance sheets.

<b>Amounts Recognized in Accumulated Other Comprehensive Loss</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Net actuarial loss	\$1,527,880	\$1,678,664
Total (before tax effects)	<u>\$1,527,880</u>	<u>\$1,678,664</u>
<b>Components of Net Periodic Benefit Cost</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Service cost	\$65,323	\$54,309
Interest cost	318,968	199,286
Expected return on plan assets	(294,098)	(381,947)
Recognition of actuarial loss	172,044	165,564
Total net periodic benefit expense	<u>\$262,237</u>	<u>\$37,212</u>
<b>Other changes in plan assets and benefit obligations recognized in other comprehensive loss</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Net loss	\$21,260	\$87,653
Recognized net actuarial loss	(172,044)	(165,564)
Total recognized in other comprehensive loss (before tax effects)	<u>(\$150,784)</u>	<u>(\$77,911)</u>
Total recognized in net periodic benefit cost and other comprehensive loss (before tax effects)	<u>\$111,453</u>	<u>(\$40,699)</u>

<b>Amounts expected to be recognized into net periodic cost in the coming year</b>	<b>10/31/2023</b>	<b>10/31/2022</b>
Loss recognition	\$180,000	\$185,000
<b>Estimated Future Benefits Payments</b>	<b>Fiscal Year</b>	<b>Benefits</b>
	2024	\$537,950
	2025	\$535,678
	2026	\$530,592
	2027	\$527,361
	2028	\$513,236
	2029-2033	\$2,397,898

The Company expects to contribute a minimum of \$45,000 to the pension plan in the fiscal year ending 2024.

**Measurement Date** October 31

<b>Weighted Average Assumptions</b>	<b>For Determination of:</b>	
	<b>Benefit Obligations as of October 31, 2023</b>	Benefit Obligations as of October 31, 2022
Discount rate	<b>5.90%</b>	5.36%
Rate of compensation increase	N/A	N/A
Mortality improvement scale	<b>MP-2023</b>	MP-2022

Service costs of \$65,323 and \$54,309 for the years ended October 31, 2023 and 2022, respectively, are included in pension expense on the statements of operations.

<b>Weighted-Average Asset Allocations</b>	<b>10/31/2023</b>	10/31/2022
<u>Asset Category</u>		
Equity	<b>20.85%</b>	18.81%
Fixed Income	<b>73.82%</b>	70.33%
Cash Equivalents	<b>5.33%</b>	10.86%
Total	<b>100.00%</b>	100.00%

The Company's goal is to conservatively invest the plan assets in high-grade securities with a minimum risk of market fluctuation.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs used in determining valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted market prices for similar assets in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at October 31, 2023 and 2022.

Fair value for investment in the common collective trusts are based on the net asset value ("NAV") provided by the administrator of the funds. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV's unit price is quoted on a private market that is not active, however, the unit price is based on the underlying investments which are traded on an active market.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methodology is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In accordance with FASB ASC Subtopic 820-10, investments measured at fair value using the net asset value per share practical expedient are not classified within the fair value hierarchy. The fair value of these investments at October 31, 2023 and 2022 are \$5,800,810 and \$6,080,333, respectively.

The following table summarizes investments at fair value based on NAV per share as of October 31, 2023 and 2022, respectively:

As of October 31, 2023:

Name	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common collective trusts	\$5,800,810	N/A	Daily	5 days

As of October 31, 2022:

Name	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common collective trusts	\$6,080,333	N/A	Daily	5 days

## 9. ACCUMULATED OTHER COMPREHENSIVE LOSS:

The following table presents the changes in the accumulated other comprehensive loss for the twelve months ended October 31, 2023 and 2022:

	10/31/2023	
	Defined Benefit Pension Plan	Accumulated Other Comprehensive Loss
Beginning balance	(\$1,193,664)	(\$1,193,664)
Current period other comprehensive income	95,150	95,150
Ending balance	(\$1,098,514)	(\$1,098,514)

	10/31/2022	
	Defined Benefit Pension Plan	Accumulated Other Comprehensive Loss
Beginning balance	(\$1,249,064)	(\$1,249,064)
Current period other comprehensive income	55,400	55,400
Ending balance	(\$1,193,664)	(\$1,193,664)

The other comprehensive loss is reported net of tax.

## 10. FAIR VALUE LAND IMPROVEMENTS, BUILDINGS AND EQUIPMENT, NET:

These assets consist of the following at October 31, 2023 and 2022:

	10/31/2023	10/31/2022
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Land improvements	<b>\$11,076,502</b>	\$10,922,186
Corporate buildings	<b>1,221,347</b>	1,204,042
Buildings leased to others	<b>188,872</b>	188,872
Equipment and furnishings	<b>4,960,246</b>	4,854,628
	<b>17,446,967</b>	17,169,728
Less accumulated depreciation and amortization	<b>15,453,313</b>	15,032,521
Total	<b>\$1,993,654</b>	\$2,137,207

### 11. ACCRUED LIABILITIES:

Accrued liabilities consist of the following at October 31, 2023 and 2022:

	<b>10/31/2023</b>	10/31/2022
Payroll	<b>\$520,038</b>	\$377,006
Security and Other Deposits	<b>1,500</b>	1,500
Professional Fees	<b>190,484</b>	127,758
Other	<b>7,207</b>	(11,488)
Total	<b>\$719,229</b>	\$494,776

### 12. OPERATING LEASES:

The Company leases land and investment properties each of which are accounted for as operating leases. Rents are reported as income over the terms of the leases as they are earned. Information concerning rental properties and minimum future rentals under current leases as of October 31, 2023, is as follows:

	<b>Properties Subject to Lease Cost</b>	
Land		
Minimum future rentals:		
Fiscal years ending October 31:	2024	\$29,700
	2025	25,325
	2026	22,200
	2027	22,200
	2028	22,200
	Thereafter	908,700
		<b>\$1,030,325</b>

Minimum future rentals subsequent to 2028 include \$906,500 under a land lease expiring in 2071. There were no contingent rentals included in income for Fiscal 2023 and 2022. The above information includes rental escalations recognized using straight-line basis, if any.

### 13. 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 October 31, 2023 and October 31, 2022 are as follows:

	10/31/2023		10/31/2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>ASSETS:</b>				
Cash and cash equivalents and cash held in escrow	\$9,347,930	\$9,347,930	\$5,612,319	\$5,612,319
Marketable securities	2,956,178	2,956,178	3,672,526	3,672,526
Accounts receivable	61,539	61,539	159,866	159,866
<b>LIABILITIES:</b>				
Accounts payable	229,721	229,721	366,846	366,846
Accrued liabilities	719,229	719,229	494,776	494,776
Debt	\$11,462	\$11,944	\$16,727	\$17,319

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.

Marketable securities consist of preferred stocks, government bonds, a bond mutual fund, a fixed equity exchange traded fund and one certificate of deposit at October 31, 2023. Marketable securities at October 31, 2022 consisted of all the aforementioned. Fair value of preferred stocks, a bond mutual fund, a fixed equity exchange traded fund and certificate of deposit is determined using unadjusted quoted prices in active markets for identical assets – Level 1 hierarchy.

U.S. Government Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities – Level 2 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.

Marketable securities: The fair value of marketable 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 marketable securities and certificate of deposit asset at fair value as of October 31, 2023 and October 31, 2022:

	Investment Assets at Fair Value as of October 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Preferred stocks:</b>				
Real estate investment trust	\$170,670			\$170,670
Finance	368,311			368,311
Insurance	7,246			7,246
Government bonds		\$2,118,939		2,118,939

Bond mutual fund	<b>67,812</b>	<b>67,812</b>
Exchange traded fund	<b>83,200</b>	<b>83,200</b>
Certificate of Deposit	<b>140,000</b>	<b>140,000</b>
Total marketable securities	<b>\$837,239</b>	<b>\$2,118,939</b>

	Investment Assets at Fair Value as of October 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Preferred Stocks:</b>				
Real estate investment trust	\$143,000			\$143,000
Finance	381,305			381,305
Insurance	8,222			8,222
Government bonds		\$2,852,512		2,852,512
Bond mutual fund	64,607			64,607
Exchange traded fund	82,880			82,880
Certificate of Deposit	140,000			140,000
Total marketable securities	<b>\$820,014</b>	<b>\$2,852,512</b>		<b>\$3,672,526</b>

As of October 31, 2023, the carrying amount net of prior period impairments for land and land development costs is \$7,279,711. The carrying amount net of prior period impairments for land improvements, buildings and equipment is \$1,993,654. The carrying amount net of prior period impairments for land held for investment is \$1,532,287. The carrying amount for long lived assets held for sale is \$30,587, no impairment was ever expensed on the assets held for sale. There was no impairment expense in Fiscal 2023.

As of October 31, 2022, the carrying amount net of prior period impairments for land and land development costs is \$6,854,487. The carrying amount net of prior period impairments for land improvements, buildings and equipment is \$2,137,207. The carrying amount net of prior period impairments for land held for investment is \$1,532,287. The carrying amount for long lived assets held for sale is \$187,214, no impairment was ever expensed on the assets held for sale. There was no impairment expense in Fiscal 2022.

#### 14. QUARTERLY FINANCIAL INFORMATION:

The results of operations for each of the quarters in Fiscal 2023 and Fiscal 2022 years are presented below:

	1st	2nd	3rd	4th	Total
<b>Year ended 10/31/2023</b>					
Operating revenues	<b>\$771,406</b>	<b>\$5,922,931</b>	<b>\$2,566,979</b>	<b>\$2,028,853</b>	<b>\$11,290,169</b>
Operating profit (loss)	<b>(836,524)</b>	<b>4,208,139</b>	<b>15,955</b>	<b>(377,195)</b>	<b>3,010,375</b>
Net income (loss)	<b>(510,551)</b>	<b>3,097,417</b>	<b>76,135</b>	<b>(259,695)</b>	<b>2,403,306</b>
Net income (loss) per weighted average combined share	<b>(\$0.21)</b>	<b>\$1.28</b>	<b>\$0.03</b>	<b>(\$0.10)</b>	<b>\$1.00</b>
	1st	2nd	3rd	4th	Total
<b>Year ended 10/31/2022</b>					
Operating revenues	\$678,212	\$869,682	\$2,165,673	\$1,922,036	\$5,635,603
Operating loss	(710,679)	(604,904)	(130,039)	(324,887)	(1,770,509)
Net loss	(551,330)	(476,544)	(72,225)	(324,557)	(1,424,656)
Net loss per weighted average combined share	(\$0.23)	(\$0.20)	(\$0.03)	(\$0.13)	(\$0.59)

The quarterly results of operations for Fiscal 2023 and 2022 reflect the impact of land dispositions and other assets that occur from time to time during the period and do not follow any pattern during the fiscal year.



**15. 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:

	<b>10/31/2023</b>	10/31/2022
Revenues from operations:		
Resort operations	<b>\$5,312,886</b>	\$4,684,065
Real estate management/rental income	<b>793,707</b>	696,479
Land resource management	<b>5,183,576</b>	255,059
Total revenues from operations	<b>\$11,290,169</b>	\$5,635,603
Operating income (loss) from operations, excluding general and administrative expenses:		
Resort operations	<b>\$4,955</b>	\$26,141
Real estate management/rental income (loss)	<b>87,518</b>	(30,214)
Land resource management	<b>4,436,248</b>	(258,251)
Total operating income (loss), excluding general and administrative expenses	<b>\$4,528,721</b>	(\$262,324)
General and administrative expenses:		
Resort operations	<b>\$713,623</b>	\$1,251,794
Real estate management/rental income	<b>106,284</b>	180,982
Land resource management	<b>698,439</b>	75,409
Total general and administrative expenses	<b>\$1,518,346</b>	\$1,508,185
Interest and other income, net:		
Resort operations	<b>\$2,905</b>	\$9,915
Real estate management/rental income	<b>432</b>	1,434
Land resource management	<b>2,843</b>	597
Total interest and other income, net	<b>\$6,180</b>	\$11,946
Interest expense:		
Resort operations	<b>\$897</b>	\$868

Real estate management/rental income	<b>0</b>	71
Total Interest expense	<b>\$897</b>	\$939
Income (loss) before income taxes	<b>\$3,231,306</b>	(\$1,844,656)

Identifiable assets, net of accumulated depreciation at October 31, 2023 and 2022 and depreciation expense and capital expenditures for the years then ended by business segment are as follows:

	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
<b>October 31, 2023</b>			
Resort operations	\$2,763,793	\$261,036	\$213,401
Real estate management/rental income	4,583,476	116,748	0
Land resource management	16,159,555	34,400	0
Other corporate	208,839	14,346	70,613
Assets held for sale	30,587	0	0
Total Assets	<b>\$23,746,251</b>	<b>\$426,530</b>	<b>\$284,014</b>

	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
<b>October 31, 2022</b>			
Resort operations	\$2,547,072	\$243,097	\$442,991
Real estate management/rental income	4,294,644	120,192	0
Land resource management	13,506,773	31,609	2,253
Other corporate	147,678	12,713	7,222
Assets held for sale	187,214	0	0
Total Assets	<b>\$20,683,381</b>	<b>\$407,611</b>	<b>\$452,466</b>

During the fiscal year ended October 31, 2023, the Company sold 340 acres of land for a sale price of \$5,000,000 and 4 acres of land for a sale price of \$50,000 which is included in land resource management revenue. There were no significant sales during fiscal year ended October 31, 2022.

#### **16. 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.

#### **17. RELATED PARTY TRANSACTIONS:**

KRSX Merge LLC, or KRSX, is our controlling shareholder and Kimco Realty Corporation, or Kimco, the parent company of KRSX, provides consulting services to us. The services are focused on land development, acquisitions and disposals. Kimco was paid \$0 in consulting fees in each of Fiscal 2023 and 2022.

Mr. Raymond Edwards, one of our Board of Directors, is Executive Vice President of Kimco Realty Corporation.

Mr. David Domb, one of our Board of Directors, is Vice President Research and Associate to the Executive Chairman of Kimco Realty Corporation.

Amounts due to the above related parties total \$0 at October 31, 2023 and October 31, 2022.

**18. STOCK OPTIONS AND CAPITAL STOCK:**

During Fiscal 2023 and 2022, no stock options were issued or exercised. For Fiscal 2023 and 2022, there were no outstanding stock options.

The Company's policy regarding the exercise of options requires that optionees utilize an independent broker to manage the transaction, whereby the broker sells the exercised shares on the open market.

**19. 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 Fiscal 2023 and 2022, 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.

During the fiscal years ended October 31, 2023 and 2022, the Company repurchased 0 shares of its common stock, respectively.

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 Fiscal 2023 and 2022 are as follows:

	<b>10/31/2023</b>	10/31/2022
Weighted average shares of common stock outstanding used to compute basic earnings per share	<b>2,408,599</b>	2,408,599
Basic income (loss) per weighted average share is computed as follows:		
Net income (loss)	<b>\$2,403,306</b>	(\$1,424,656)
Weighted average share of common stock outstanding	<b>2,408,599</b>	2,408,599
Basic income (loss) per weighted average share	<b>\$1.00</b>	(\$0.59)

**20. SUPPLEMENTAL DISCLOSURE TO STATEMENTS OF CASH FLOWS:**

The following are supplemental disclosures to the statements of cash flows for Fiscal 2023 and 2022:

	<b>10/31/2023</b>	10/31/2022
Cash paid during the period for:		
Interest	<b>\$897</b>	\$939
Income taxes	<b>\$323,053</b>	\$39,088
Non cash:		
Reclassification from long-lived assets held for sale to land and land development costs	<b>\$147,223</b>	\$0
Reclassification from land and land development costs to long-lived assets held for sale	<b>\$30,587</b>	\$147,223
Reclassification from land held for investment, principally unimproved to long-lived assets held for sale	<b>\$0</b>	\$39,991
Reclassification from long-lived assets held for sale to land held for investment, principally unimproved	<b>\$0</b>	\$16,946

Pension liability and accumulated other comprehensive loss was (decreased) increased by (\$95,150) and \$95,150 in 2023 and by (\$55,400) and \$55,400 in 2022 resulting from changes in the funded status, the prior service cost and the net actuarial loss.

## **21. SUBSEQUENT EVENTS:**

The Company has evaluated and disclosed subsequent events from October 31, 2023 through the issuance date of the financial statements.

On November 14, 2023, the Company closed on the Sale of Lot 439 in Laurelwoods III Community.

On December 1, 2023, the Company closed on the Sale of Lot 435 in Laurelwoods III Community.

On December 1, 2023, the Company closed on the Sale of Lot 434 in Laurelwoods III Community.

On January 1, 2024, the Company created a new subsidiary, Big Boulder Lake, LLC.

On January 8, 2024, the Agreement of Sale was terminated, for the sale of approximately 133 acres located in Tobyhanna Township, Monroe County, Pennsylvania.

## **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 40 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 October 31, 2023, we owned 9,061 acres of land in Northeastern Pennsylvania. Of these land holdings, we designated 7,632 acres as held for investment, 1,429 acres as held for development and less than 1 acre 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 the ever-challenging 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 monitor opportunities for 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, Boulder Lake Club and The Stretch fishing club are a significant portion of our Resort Operations revenue. We remain vigilantly focused on these operations and improvements to the facilities as they continue to provide valuable amenities to the surrounding land.

The Jack Frost National Golf Course is managed by Jack Frost Golf Management, LLC, a subsidiary of Indigo Sports, LLC (formerly known as Antares 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 August 30, 2023 the Company entered into an Agreement of Sale for Lot 439 for the purchase price of \$120,000. The lot is located in Laurelwoods III Community in Lake Harmony.

On October 5, 2023 the Company entered into an Agreement of Sale for Lot 434 for the purchase price of \$60,000. The lot is located in Laurelwoods III Community in Lake Harmony. An escrow deposit in the amount of \$5,000 has been placed on the property with the title company.

On October 5, 2023 the Company entered into an Agreement of Sale for Lot 435 for the purchase price of \$95,000. The lot is located in Laurelwoods III Community in Lake Harmony. An escrow deposit in the amount of \$5,000 has been placed on the property with the title company.

**Fiscal 2023 Versus Fiscal 2022****Net Income**

For Fiscal 2023, we reported net income of \$2,403,306, or \$1.00 per share, as compared to a net loss of (\$1,424,656), or (\$0.59) per share for Fiscal 2022.

**Revenues**

Revenue of \$11,290,169 in Fiscal 2023 represents an increase of \$5,654,566, or more than 100% compared to \$5,635,603 in Fiscal 2022. Resort operations revenue increased to \$5,312,886 in Fiscal 2023 as compared to \$4,684,065 for Fiscal 2022 which represents an increase of \$628,821, or 13%. Land resource management revenue increased \$4,928,517 compared to Fiscal 2022. Real estate management/rental income increased \$97,228, or 14% compared to Fiscal 2022.

**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 was \$5,312,886 in Fiscal 2023 as compared to \$4,684,065 in Fiscal 2022, an increase of \$628,821, or 13%. This was primarily the result of increased revenues at Boulder Lake Club of \$249,520, or 62%, increased revenues at Boulder View Tavern of \$124,711, or 5%, increased sales at Jack Frost National Golf Course of \$238,614, or 14%, and increased revenue at the Stretch fishing club of \$15,975, or 6%.

**Real Estate Management/Rental Income**

The Real Estate Management/Rental Income revenue was \$793,707 in Fiscal 2023 as compared to \$696,479 in Fiscal 2022, which represented an increase of \$97,228, or 14%. Real Estate Management revenue increased to \$718,705 in Fiscal 2023 as compared to \$610,794 in Fiscal 2022, an increase of \$107,911, or 18%. Rental revenue decreased (\$10,683), or (12%), primarily resulting from decreased signboard rental revenues.

**Land Resource Management**

Land Resource Management revenues increased to \$5,183,576 in Fiscal 2023 as compared to \$255,059 in Fiscal 2022, an increase of \$4,928,517, primarily due to two land sale transactions totaling of 344 acres in Fiscal 2023 versus no land sales in Fiscal 2022.

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

Operating costs associated with Resort Operations were \$5,307,931 in Fiscal 2023, compared to \$4,657,924 in Fiscal 2022, an increase of \$650,007, or 14%. This was primarily related to increased labor costs and increased Pennsylvania Unemployment tax.

**Real Estate Management/Rental Income**

Operating costs associated with Real Estate Management Operations/Rental Income for Fiscal 2023 were \$706,189 as compared to \$726,693 for Fiscal 2022, which represents a decrease of (\$20,504), or (3%). This decrease was primarily related to decreased rental income costs.

**Land Resource Management**

Operating costs associated with Land Resource Management for Fiscal 2023 were \$747,328 compared to \$513,310 for Fiscal 2022, an increase of \$234,018, or 46%. This increase was primarily due to costs related to the land sale in Fiscal 2023.

**General and Administration**

General and administration costs for Fiscal 2023 were \$1,518,346 as compared with \$1,508,185 for Fiscal 2022, which represents an increase of \$10,161, or less than 1%. This increase is primarily related to decreased repair and maintenance expense.

**Other Income and Expense**

Interest and other income were \$6,180 in Fiscal 2023 as compared to \$11,946 in Fiscal 2022, a decrease of (\$5,766).

Interest expense for Fiscal 2023 was \$897 as compared to \$939 for Fiscal 2022, a decrease of (\$42).

Interest and dividends on marketable securities, net was \$429,976 in Fiscal 2023 compared to \$105,025 in Fiscal 2022, an increase of \$324,951, or more than 100%. This is primarily related to increased money market and mutual fund dividends. Realized gains on disposition of marketable securities were \$32,092 in Fiscal 2023 compared to \$4,596 in Fiscal 2022 and there were unrealized gains of \$15,854 on marketable securities in Fiscal 2023 versus unrealized losses of (\$165,717) in Fiscal 2022.

Pension expense for Fiscal 2023 increased to \$262,237 from \$37,212 in Fiscal 2022, an increase of \$225,025, primarily related to increased interest cost based on an increased discount rate and lower expected return on assets.

**Tax Rate**

The tax rate specific to federal taxes for Fiscal 2023 and 2022 was 21%. The effective rate for Fiscal 2023 and 2022 was 25.6% and 22.8%, respectively.

**Liquidity and Capital Resources**

As reflected in the Statements of Cash Flows, net cash provided by operating activities was \$3,260,067 for Fiscal 2023 versus net cash used in operating activities of \$1,574,896 for Fiscal 2022.

The sale of 340 acres of land totaling \$5,000,000 was the material non-recurring cash item for Fiscal 2023. There was no material non-recurring cash item for Fiscal 2022.

The Company's investment portfolio includes marketable securities with a goal to provide current income with capital preservation over a 3 to 5-year time horizon. At October 31, 2023, the Company's cash and marketable securities totaled \$12,303,573 compared to cash and marketable securities of \$9,284,315 at October 31, 2022.

On March 21, 2022, the Company entered into an agreement with PNC Equipment Finance, LLC for the procurement of utility vehicle for the Jack Frost National Golf Course in the amount of \$22,323. The obligation is due and payable in 24 non-consecutive monthly installments in the months of May through October, through October 20, 2025. The interest is a fixed rate of 5.65%.

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 was payable in 36 monthly installments of \$786 from September 2020 to August 2023 and bore interest at a fixed rate of 4.39%. On November 17, 2021, the Company paid this loan in full and on December 23, 2021 the vehicle was sold with a gain on the sale of \$8,154.

On April 17, 2017, Blue Ridge Real Estate Company entered into an 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 obligation was due and payable in 30 non-consecutive monthly installments in the months of May through October. The interest was a fixed rate of 5.08%. In June 2022 the final installment of the lease was paid.

The Company has one certificate of deposit with Mauch Chunk Trust Company. On March 8, 2023 the certificate in the amount of \$140,000 matured and yielded interest of \$140. The Company reinvested \$140,000

in a certificate of deposit with Mauch Chunk Trust for a term of 13 months with a new maturity date of April 8, 2024. The bank certificate is included in marketable securities, which approximates fair value.

The following table sets forth the Company's significant contractual cash obligations for the items indicated as of October 31, 2023, and their expected year of payment or expiration.

Contractual Obligations:	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Debt	\$11,462	\$5,570	\$5,892	\$0	\$0
Fixed Rate Interest	860	591	269	0	0
Pension Contribution Obligations (1)	45,000	45,000	0	0	0
<b>Total Contractual Cash Obligations</b>	<b>\$57,322</b>	<b>\$51,161</b>	<b>\$6,161</b>	<b>\$0</b>	<b>\$0</b>

(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, marketable 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 is 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, fishing and lake clubs, and golf course memberships paid. Revenues related to the hunting, fishing and lake clubs and golf course memberships are recognized over the seasonal period that the dues cover. We recognize revenue related to the fishing and lake



clubs 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 October 31, 2023 includes 3 buildable lots, Mountainwoods Drive Lot 439, Lot 434 and Lot 435 which combined equal less than 1 acre. Lot 439 entered under an Agreements of Sale on August 30, 2023 and Lots 434 and 435 entered into Agreements of Sale on October 5, 2023 and were sold in fiscal year 2024.

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 income tax liabilities consists principally of net operating losses, depreciation and asset 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.

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 Company has made contributions of \$246,805 to the pension plan in Fiscal 2023. 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.