

**BLUE RIDGE REAL ESTATE COMPANY  
AND SUBSIDIARIES**

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

**2024**

**FIRST QUARTER REPORT**

As of January 31, 2024 (Unaudited) and October 31, 2023 (Audited)  
and for the Three Months Ended January 31, 2024 and 2023 (Unaudited)

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

**Quarterly Report**  
**For the Period Ending: January 31, 2024**  
(the "Reporting Period")

### Outstanding Shares

The number of shares outstanding of our Common Stock was:

2,408,599 as of January 31, 2024

2,408,599 as of October 31, 2023

### 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: January 31, 2024
Total shares outstanding: 2,408,599	as of date: January 31, 2024
Total number of shareholders of record: 101	as of date: January 31, 2024

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

**Other classes of authorized or outstanding equity 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 equity 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 January 31, 2024: <u>Ending Balance</u> Common: 2,408,599 Preferred: 0									

During the fiscal years ended October 31, 2022 and October 31, 2023 no shares were repurchased. No shares were repurchased during the three months ended January 31, 2024.

**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, Lake Mountain, LLC and Big Boulder Lake, 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.

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

At January 31, 2024, 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, 7,629 acres were held for investment, 1,429 acres were held for development and less than 3 acres were held for sale. Income is derived from these lands through leases, selective timbering by third parties, sales and other dispositions.

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

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

Blue Ridge owns and leases to its wholly-owned subsidiary, Jack Frost National Golf Course, Inc., an 18-hole golf facility known as Jack Frost National Golf Club, which is located on 203 acres near White Haven, Carbon County, Pennsylvania. The golf course is managed by Jack Frost Golf Management, LLC, a subsidiary of 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. Big Boulder Lake, 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 and is currently included in long-lived assets held for sale.

## 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

## 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): None

Discord: None

LinkedIn: None

Facebook: None

(Other): None

##### Other 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="#">Balance Sheets</a> as of January 31, 2024 (Unaudited) and October 31, 2023 (Audited)	13
<a href="#">Statements of Operations</a> for the Three Months ended January 31, 2024 and 2023 (Unaudited)	14
<a href="#">Statements of Comprehensive Loss</a> for the Three Months ended January 31, 2024 and 2023 (Unaudited)	15
<a href="#">Statements of Changes in Shareholders' Equity</a> for the Three Months ended January 31, 2024 (Unaudited)	16
<a href="#">Statements of Cash Flows</a> for the Three Months Ended January 31, 2024 and 2023 (Unaudited)	17
<a href="#">Notes to Financial Statements</a> (Unaudited)	18
<a href="#">Management's Discussion and Analysis</a>	27

**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: March 18, 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: March 18, 2024

/s/ Cynthia A. Van Horn

Cynthia A. Van Horn

Chief Financial Officer and Treasurer

(Principal Financial Officer)

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

	(UNAUDITED)	(AUDITED)
	1/31/2024	10/31/2023
<b>ASSETS:</b>		
Land and land development costs (1,429 acres per land ledger)	\$6,777,690	\$7,279,711
Land improvements, buildings and equipment, net	2,384,373	1,993,654
Land held for investment, principally unimproved (7,629 and 7,632 acres per land ledger, respectively)	1,351,856	1,532,287
Long-lived assets held for sale (3 acres & less than 1 acre per land ledger, respectively)	190,627	30,587
Cash and cash equivalents	9,525,827	9,347,395
Marketable securities	2,463,017	2,956,178
Cash held in escrow	535	535
Prepaid expenses and other assets	435,079	531,914
Accounts receivable	203,124	61,539
Accrued pension assets	0	12,451
Total assets	<u>\$23,332,128</u>	<u>\$23,746,251</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Debt	\$11,462	\$11,462
Accounts payable	309,251	229,721
Accrued liabilities	415,470	719,229
Deferred income	342,518	222,843
Deferred income taxes, net	549,448	644,448
Accrued pension expense	61,049	0
Total liabilities	<u>1,689,198</u>	<u>1,827,703</u>
<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	722,580	722,580
Capital in excess of stated value	18,003,861	18,003,861
Earnings retained in the business	4,015,003	4,290,621
Accumulated other comprehensive loss	(1,098,514)	(1,098,514)
Total shareholders' equity	<u>21,642,930</u>	<u>21,918,548</u>
Total liabilities and shareholders' equity	<u>\$23,332,128</u>	<u>\$23,746,251</u>

See accompanying notes to unaudited financial statements.

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF OPERATIONS****for the three months ended January 31, 2024 and 2023 (UNAUDITED)**

	1/31/2024	1/31/2023
Revenues:		
Resort operations revenue	\$482,281	\$528,687
Real estate management revenue	177,836	183,544
Land resource management revenue	303,457	47,485
Rental income revenue	16,750	11,690
Total revenues	<u>980,324</u>	<u>771,406</u>
Costs and expenses:		
Resort operations costs	838,300	913,377
Real estate management costs	208,482	167,043
Land resource management costs	166,973	97,927
Rental income costs	17,898	13,455
General and administration expense	412,019	416,128
Total costs and expenses	<u>1,643,672</u>	<u>1,607,930</u>
Operating loss before other income and (expense)	<u>(663,348)</u>	<u>(836,524)</u>
Other income and (expense):		
Gain on sale of assets	48,000	(128)
Interest and other income	72,312	65
Interest expense	(163)	(237)
Interest and dividends on marketable securities, net	139,996	67,561
Realized gain on marketable securities	14,917	195
Unrealized (loss) gain on marketable securities	91,168	91,766
Pension expense	(73,500)	(9,249)
Total other income	<u>292,730</u>	<u>149,973</u>
Loss from operations before income taxes	<u>(370,618)</u>	<u>(686,551)</u>
Benefit for income taxes	<u>(95,000)</u>	<u>(176,000)</u>
Net loss	<u>(\$275,618)</u>	<u>(\$510,551)</u>
Basic loss per weighted average share	<u>(\$0.11)</u>	<u>(\$0.21)</u>

See accompanying notes to unaudited financial statements

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF COMPREHENSIVE LOSS**  
**for the three months ended January 31, 2024 and 2023**  
**(Unaudited)**

	<b>1/31/2024</b>	<b>1/31/2023</b>
Net loss	<b>(\$275,618)</b>	<b>(\$510,551)</b>
Other comprehensive loss, net of tax	<b>\$0</b>	<b>\$0</b>
Total comprehensive loss	<b>(\$275,618)</b>	<b>(\$510,551)</b>

See accompanying notes to unaudited financial statements

**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
for the Three Months Ended January 31, 2024 (Unaudited)**

	Capital Stock (1)		Capital in	Earnings	Accumulated	
	Shares	Amount	Excess of	Retained in	Other	Total
			Stated Par	the Business	Comprehensive	
					Loss	
Balance, October 31, 2023	2,408,599	\$722,580	\$18,003,861	\$4,290,621	(\$1,098,514)	\$21,918,548
Net loss				(275,618)		(275,618)
<b>Balance, January 31, 2024</b>	<b>2,408,599</b>	<b>\$722,580</b>	<b>\$18,003,861</b>	<b>\$4,015,003</b>	<b>(\$1,098,514)</b>	<b>\$21,642,930</b>

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

See accompanying notes to unaudited financial statements



**BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES****STATEMENTS OF CASH FLOWS****for the three months ended January 31, 2024 and 2023****(UNAUDITED)**

	<b>1/31/2024</b>	1/31/2023
<b>Cash Flows from Operating Activities:</b>		
Net loss	<b>(\$275,618)</b>	(\$510,551)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	<b>114,491</b>	105,204
Amortization of investment premiums	<b>0</b>	471
Realized gain on marketable securities	<b>(14,918)</b>	(195)
Unrealized gain on marketable securities	<b>(91,168)</b>	(91,766)
Deferred income taxes, net	<b>(95,000)</b>	(176,000)
(Gain) loss on sale of assets	<b>(48,000)</b>	128
Changes in operating assets and liabilities:		
Accounts receivable	<b>89,724</b>	22,423
Prepaid expenses and other assets	<b>96,835</b>	198,340
Land and land development costs	<b>(9,855)</b>	(216,926)
Long-lived assets held for sale	<b>30,587</b>	0
Accounts payable and accrued liabilities	<b>(150,729)</b>	(179,117)
Deferred income	<b>119,675</b>	153,012
Net cash used in operating activities	<b>(233,976)</b>	(694,977)
<b>Cash Flows from Investing Activities:</b>		
Purchases of marketable securities	<b>(753)</b>	(461,627)
Proceeds from maturities and sales of marketable securities	<b>600,000</b>	450,000
Proceeds from disposition of assets	<b>288,000</b>	0
Additions to properties	<b>(474,839)</b>	(36,888)
Net cash provided by (used in) investing activities	<b>412,408</b>	(48,515)
<b>Cash Flows from Financing Activities:</b>		
Payment of debt	<b>0</b>	0
Net cash used in financing activities	<b>0</b>	0
Net increase (decrease) in cash and cash equivalents and restricted cash	<b>178,432</b>	(743,492)
Cash and cash equivalents and restricted cash, beginning of period	<b>9,347,930</b>	5,612,319
Cash and cash equivalents and restricted cash, ending of period	<b>\$9,526,362</b>	\$4,868,827

See accompanying notes to unaudited financial statements

## **NOTES TO UNAUDITED FINANCIAL STATEMENTS**

### **1. Basis of Presentation**

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

The balance sheet as of January 31, 2024, which has been derived from audited financial statements, and the financial statements as of and for the three-month periods ended January 31, 2024 and 2023, which are unaudited, are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Accordingly, these financial statements should be read in conjunction with the combined financial statements and notes thereto contained in the Company’s 2023 Annual Report filed with OTC Markets on January 29, 2024. In the opinion of management, the accompanying financial statements reflect all adjustments (which are of a normal recurring nature) necessary for a fair statement of the results for the interim periods. All significant intercompany accounts and transactions are eliminated.

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

### **2. Significant Accounting Policies**

#### **Use of Estimates and Assumptions:**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. For example, unexpected changes in market conditions or a continued or further downturn in the economy could adversely affect actual results. Estimates are used in accounting for, among other things, land development costs, asset fair value calculations, accounts, equity securities and accounts and notes receivables, legal liability, insurance liability, depreciation, employee benefits, taxes, and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period in which the revisions are determined.

Management believes that its accounting policies regarding revenue recognition, land development costs, long lived assets, deferred income and income taxes among others, affect its more significant judgments and estimates used in the preparation of its financial statements. For a description of these critical accounting policies and estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. There were no significant changes in the Company’s critical accounting policies or estimates since the Company’s fiscal year ended October 31, 2023 (“Fiscal 2023”). Material subsequent events are evaluated and disclosed through the issuance date of this Quarterly Report.

#### **Statements of Cash Flows:**

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

#### **Cash Concentration of Credit Risk:**

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of temporary cash investments. The Company’s temporary cash investments are held by financial institutions. The Company has not experienced any losses related to these investments. At January 31, 2024, the Company had no working cash on deposit in excess of the FDIC insured limit of \$250,000, and also had \$9,193,534 invested in money market and mutual funds at January 31, 2024, which are not insured by the FDIC.

**Cash Equivalents and Restricted Cash:**

Cash, cash equivalents and restricted cash as of the three months ended January 31, 2024 and 2023 consist of the following:

	2024	2023
Cash and cash equivalents	<u>\$9,525,827</u>	\$4,868,297
Cash held in escrow	<u>535</u>	530
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$9,526,362</u>	\$4,868,827

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.

**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), 7 positions of government bonds, a bond mutual fund, a fixed income exchange traded products fund and one certificate of deposit at January 31, 2024. 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. 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 will adopt the new standard using a modified retrospective approach. We have implemented ASU 2016-02 and it did not have a material effect on our financial statements and disclosures.

In August 2018, the FASB issued ASU 2018-14, "Compensation-Retirement Benefits - Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans" ("ASU 2018-14"). ASU 2018-14 modifies the disclosure requirements for employers that sponsor defined benefit pension or other post-retirement plans. We have implemented ASU 2018-14 and it did not have a material effect on our 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 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. Early adoption is permitted but requires simultaneous adoption of all provisions of the new standard. We have implemented ASU 2019-12 and it did not have a material effect on our 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 adopted the standard effective November 1, 2023. The adoption did not have a material effect on our financial statements and disclosures.

### 3. Segment Reporting

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

### 4. Income Taxes

The benefit for income taxes for the three months ended January 31, 2024 and 2023 was estimated using an estimated annual effective tax rate of 25.74%.

The Company’s practice is to recognize interest and/or penalties related to income tax matters as income tax expense in its financial statements. As of and for the three months ended January 31, 2024, no interest and penalties have been accrued in the balance sheet and no expense is reflected in the statement of operations. At January 31, 2024, federal and state tax returns for years ending October 31, 2020 and later are subject to future examination by the respective tax authorities.

### 5. Land and Land Development Costs

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

	1/31/2024	10/31/2023
Land unimproved designated for development	\$1,979,287	\$1,979,303
Residential development	4,585,023	4,595,203
Infrastructure development	213,380	705,205
Total Land and Land Development Costs	<u>\$6,777,690</u>	<u>\$7,279,711</u>

### 6. Land Held for Investment

	1/31/2024	10/31/2023
Land – Unimproved	\$1,207,070	\$1,387,501
Land – Commercial rental properties	144,786	144,786
Total land held for investment	<u>\$1,351,856</u>	<u>\$1,532,287</u>

## 7. Marketable Securities

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

	January 31, 2024			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Preferred marketable securities	\$616,824	\$26,773	(\$13,823)	\$629,774
Bond mutual fund	81,618	20,356	(27,801)	74,173
Exchange traded fund	88,431	12,200	(16,591)	84,040
Government bonds	1,506,329	28,867	(166)	1,535,030
Certificate of deposit	140,000	0	0	140,000
Total marketable securities	\$2,433,202	\$88,196	(\$58,381)	\$2,463,017

The cost of the available for sale certificate of deposit at January 31, 2024 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 \$121,000. For the three months ended January 31, 2024, there were realized gains of \$14,917 and realized losses of \$0 on the sale of marketable securities.

	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	\$3,017,533	\$56,194	(\$117,549)	\$2,956,178

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.

## 8. Pension Benefits

Components of Net Periodic Pension Cost:

	Three Months Ended	
	1/31/2024	1/31/2023
Interest Cost	\$81,500	\$49,749
Expected return on plan assets	(69,500)	(85,500)
Amortization of accumulated loss	61,500	45,000
Total net periodic pension cost	\$73,500	\$9,249

The Company expects to contribute a minimum of \$45,000 to the pension plan in the fiscal year ending October 31, 2024 ("Fiscal 2024"). As of January 31, 2024, the Company has made no contributions and anticipates contributing the \$45,000 to fund their pension plan in the remaining nine months of Fiscal 2024.

## 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:

	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)

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

## 10. Fair Value of Financial Instruments and Impairment

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

The fair value hierarchy is summarized below:

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

The estimated recurring fair values of the Company’s financial instruments at January 31, 2024 and October 31, 2023 are as follows:

	1/31/2024		10/31/2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>ASSETS:</b>				
Cash and cash equivalents and cash held in escrow	<b>\$9,526,362</b>	<b>\$9,526,362</b>	\$9,347,930	\$9,347,930
Marketable securities	<b>2,463,017</b>	<b>2,463,017</b>	2,956,178	2,956,178
Accounts receivable	<b>203,124</b>	<b>203,124</b>	61,539	61,539
<b>LIABILITIES:</b>				
Accounts payable	<b>309,251</b>	<b>309,251</b>	229,721	229,721
Accrued liabilities	<b>415,470</b>	<b>415,470</b>	719,229	719,229
Debt	<b>\$11,462</b>	<b>\$12,154</b>	\$11,462	\$11,944

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 a certificate of deposit at January 31, 2024. Marketable securities at October 31, 2023 consisted of all the aforementioned. Fair value of preferred stocks, government bonds, 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 equity securities asset at fair value as of January 31, 2024 and October 31, 2023.

Investment Assets at Fair Value as of January 31, 2024				
	Level 1	Level 2	Level 3	Total
Preferred stocks:				
Real estate investment trust	\$192,175			\$192,175
Finance	428,368			428,368
Insurance	9,231			9,231
Government bonds		\$1,535,030		1,535,030
Bond mutual fund	74,173			74,173
Exchange traded fund	84,040			84,040
Certificate of Deposit	140,000			140,000
Total marketable securities	\$927,987	\$1,535,030		\$2,463,017
Investment Assets at Fair Value as of October 31, 2023				
	Level 1	Level 2	Level 3	Total
Preferred Stocks:				
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	67,812			67,812
Exchange traded fund	83,200			83,200
Certificate of Deposit	140,000			140,000
Total marketable securities	\$837,239	\$2,118,939		\$2,956,178

As of January 31, 2024, the carrying amount net of prior period impairments for land and land development costs is \$6,777,690. The carrying amount net of prior period impairments for land improvements, buildings and equipment is \$2,384,373. The carrying amount for land held for investment is \$1,351,856, no impairment was ever expensed on the land held for investment. The carrying amount net of prior period impairments for long-lived assets held for sale is \$190,627. There was no impairment expense in the three months ended January 31, 2024.

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 net of prior period impairments is \$30,587. There was no impairment expense in Fiscal 2023.

## 11. Per Share Data

Earnings per share (“EPS”) is based on the weighted average number of common shares outstanding during the period. The calculation of diluted EPS assumes weighted average options have been exercised to purchase shares of common stock in the relevant period, net of assumed repurchases using the treasury stock method. For the three months ended January 31, 2024 and 2023, there were no unexercised stock options. As a result, the calculation of diluted EPS has been excluded from the table below since diluted EPS for these periods is equal to EPS.

Weighted average basic shares, taking into consideration shares issued, weighted average options, if any, used in calculating EPS, treasury shares repurchased, shares cancelled and basic loss per weighted average share for the three months ended January 31, 2024 and 2023 are as follows:

	Three Months Ended	
	1/31/2024	1/31/2023
Weighted average shares of common stock outstanding used to compute basic earnings per share	2,408,599	2,408,599
Basic loss per weighted average share is computed as follows:		
Net loss	(\$275,618)	(\$510,551)
Weighted average share of common stock outstanding	2,408,599	2,408,599
Basic loss per weighted average share	(\$0.11)	(\$0.21)

## 12. Supplemental Disclosure to Statements of Cash Flows

The following are supplemental disclosures to the statements of cash flows for the three months ended January 31, 2024 and 2023:

	1/31/2024	1/31/2023
Cash paid during the period for:		
Interest	\$0	\$0
Income taxes	\$0	\$0
Reclassification from land & land development costs to land improvements, buildings & equipment, net	\$270,371	\$0
Reclassification from land & land development costs to accounts receivable	\$231,309	\$0
Reclassification from land held for investment, principally unimproved to long-lived assets held for sale	\$180,431	\$0
Reclassification from land & land development costs to long-lived assets held for sale	\$10,196	\$0

## 13. Business Segment Information

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



## Resort Operations

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

## Real Estate Management/Rental Operations

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

## Land Resource Management

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

Information by business segment is as follows:

	Three months ended	
	1/31/2024	1/31/2023
Revenues from operations:		
Resort operations	\$482,281	\$528,687
Real estate management/rental operations	194,586	195,234
Land resource management	303,457	47,485
Total revenues from operations	<b>\$980,324</b>	<b>\$771,406</b>
Operating income (loss) from operations, excluding general and administrative expenses:		
Resort operations	(\$356,019)	(\$384,690)
Real estate management/rental operations	(31,794)	14,736
Land resource management	136,484	(50,442)
Total operating loss, excluding general and administrative expenses	<b>(\$251,329)</b>	<b>(\$420,396)</b>
General and administrative expenses:		
Resort operations	\$202,697	\$287,128
Real estate management/rental operations	81,782	104,032
Land resource management	127,540	24,968
Total general and administrative expenses	<b>\$412,019</b>	<b>\$416,128</b>
Interest expense:		
Resort operations	\$0	\$0
Real estate management/rental operations	163	237
Land resource management	0	0
Total Interest expense	<b>\$163</b>	<b>\$237</b>
Loss before income taxes	<b>(\$370,618)</b>	<b>(\$686,551)</b>

Identifiable assets, net of accumulated depreciation at January 31, 2024 and October 31, 2023 and depreciation expense and capital expenditures for three months ended January 31, 2024 and the fiscal year ended October 31, 2023 by business segment are as follows:

January 31, 2024	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
Resort operations	\$2,978,453	\$70,418	\$404,347
Real estate management/rental income	4,781,742	30,724	0
Land resource management	15,080,516	9,257	70,222
Other corporate	300,790	4,092	270
Assets held for sale	190,627	0	0
<b>Total Assets</b>	<b>\$23,332,128</b>	<b>\$114,491</b>	<b>\$474,839</b>

October 31, 2023	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
Resort operations	\$2,763,793	\$261,036	\$213,401
Real estate management/rental income	4,583,477	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
<b>Total Assets</b>	<b>\$23,746,251</b>	<b>\$426,530</b>	<b>\$284,014</b>

During the three months ended January 31, 2024, there were no significant sales.

#### 14. Contingencies and Uncertainties

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

#### 15. Subsequent Events

The Company has evaluated and disclosed subsequent events from January 31, 2024 through the issuance date of the financial statements.

On March 7, 2024, the Company entered into an Agreement of Sale of 3 acres of land located in Monroe County for the purchase price of \$275,000. A deposit in the amount of \$5,000 is being held in escrow.

On March 14, 2024 the Company entered into an Agreement of Sale for Lot 433 for the purchase price of \$90,000. The lot is located in Laurelwoods III Community in Lake Harmony.

## **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 January 31, 2024, we owned 9,061 acres of land in Northeastern Pennsylvania. Of these land holdings, we designated 7,629 acres as held for investment, 1,429 acres as held for development and 3 acres as held for sale. It is expected that all of our planned developments will either be subdivided and sold as parcels of land, or be developed into single and multi-family housing.

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

In 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 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 434 in Laurelwoods III Community.

On December 1, 2023, the Company closed on the Sale of Lot 435 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.

### **Results of Operations for the Three Months Ended January 31, 2024 and 2023**

Operations for the three months ended January 31, 2024 resulted in a net loss of \$275,618, or \$0.11 per share respectively, compared to a net loss of \$510,551, or \$0.21 per share respectively, for the three-month period ended January 31, 2023.

#### **Revenues**

Revenues of \$980,324 for the three months ended January 31, 2024 represent an increase of \$208,918 or 27% compared to the three months ended January 31, 2023. Resort operations revenue decreased (\$46,406), or (9%) for the three months ended January 31, 2024. Real Estate Management Operations/Rental Income revenue decreased (\$648) or less than (1%) compared to the three months ended January 31, 2023. Land Resource Management revenue increased \$255,972, or more than 100% for the three months ended January 31, 2024 compared to the three months ended January 31, 2023.

#### **Resort Operations**

Resort operations consist of the Boulder View Tavern, Boulder Lake Club, Jack Frost National Golf Course, and The Stretch fishing club. Resort operations revenue for the three months ended January 31, 2024 was \$482,281 as compared to \$528,687 for the three months ended January 31, 2023 a decrease of (\$46,406) or (9%). This was primarily the result of decreased revenues at Boulder View Tavern of (\$46,686), or (10%). Revenues also decreased at Jack Frost National Golf Course by (\$8,214), or (22%) and the Stretch fishing club by (\$135). The decreases were offset by an increase in revenue at Boulder Lake Club of \$8,629 or 44%.

#### **Real Estate Management/Rental Income**

Real Estate Management Operations / Rental Income revenue was \$194,586 for the three months ended January 31, 2024, compared to \$195,234 for the three months ended January 31, 2023, which resulted in a decrease of (\$684). Real Estate Management revenue for the three months ended January 31, 2024 decreased to \$177,836 as compared to \$183,544 for the three months ended January 31, 2023, a decrease of (\$5,708). This was primarily the result of decreased trust revenues from the trust services. Rental revenue increased \$5,060 primarily resulting from increased signboard revenues.

#### **Land Resource Management**

For the three months ended January 31, 2024, Land Resource Management revenues increased to \$303,457 compared to \$47,485 for the three months ended January 31, 2023, an increase of \$255,972, primarily due to the sale of land.

#### **Operating Costs**

##### **Resort Operations**

Operating costs associated with Resort Operations for the three months ended January 31, 2024 decreased to \$838,300 compared to \$913,377 for the three months ended January 31, 2023, a decrease of (\$75,077), or (8%). This was primarily related to decreased labor costs and decreased cost of goods sold in tandem with decreased revenues at Boulder View Tavern.

##### **Real Estate Management/Rental Income**

Operating costs associated with Real Estate Management Operations/Rental Income for the three months ended January 31, 2024 increased to \$226,380 compared to \$180,498 for the three months ended January 31, 2023, an increase of \$45,882, or 25%. This increase was primarily attributed to increased expenses in the property management/trust services division.

**Land Resource Management**

Operating costs associated with Land Resource Management for the three months ended January 31, 2024 increased to \$166,973 compared to \$97,927 for the three months ended January 31, 2023, an increase of \$69,046, or 71%. This increase was primarily due to increased expenses around the sale of land.

**General and Administration**

General and administration costs for the three months ended January 31, 2024 decreased to \$412,019 as compared to \$416,128 for the three months ended January 31, 2023, a decrease of (\$4,109), or (1%).

**Other Income and Expense**

Interest expense for the three months ended January 31, 2024 decreased to \$163 compared to \$237 for the three months ended January 31, 2023, a decrease of (\$74).

Interest and dividends on equity securities, net was \$139,996 for the three months ended January 31, 2024 compared to \$67,561 for the three months ended January 31, 2023, an increase of \$72,435. Realized gains on disposition of equity securities were \$14,917 for the three months ended January 31, 2024 compared to \$195 in the three months ended January 31, 2023. Unrealized gains on equity securities were \$91,168 for the three months ended January 31, 2024 compared to \$91,766 for the three months ended January 31, 2023.

Pension expense for the three months ended January 31, 2024 increased to \$73,500 compared to \$9,249 for the three months ended January 31, 2023, an increase of \$64,251 or over 100%.

**Tax Rate**

The tax rate specific to federal taxes for the three and nine months ended January 31, 2024 and 2023 was 21%. The effective rate for the three months ended January 31, 2024 and 2023 was 25.74%.

**Liquidity and Capital Resources**

As reflected in the Statements of Cash Flows, net cash used in operating activities was \$233,976 for the three months ended January 31, 2024 versus net cash used in operating activities was \$694,977 for the three months ended January 31, 2023.

There were no material non-recurring cash items for the three months ended January 31, 2024 and 2023.

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 January 31, 2024, the Company's cash and equity securities totaled \$11,988,844 compared to cash and equity securities of \$12,303,573 at October 31, 2023.

On March 21, 2023, the Company entered into an agreement with PNC Equipment Finance, LLC for the procurement of a 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%.

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 Equity Securities, which approximates fair value.

The following table sets forth the Company's significant contractual cash obligations for the items indicated as of January 31, 2024, and their expected year of payment or expiration.

Contractual Obligations:	Total	Less than			More than
		1 year	1-3 years	4-5 years	5 years
Debt	\$11,462	\$5,570	\$5,892	\$0	\$0
Fixed Rate Interest	698	513	185	0	0
Pension Contribution Obligations (1)	45,000	45,000	0	0	0
Total Contractual Cash Obligations	\$57,160	\$51,083	\$6,077	\$0	\$0

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

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

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

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

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

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

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

Timbering revenues from stumpage contracts are recognized at the time a stumpage contract is signed. At the time a stumpage contract is signed, the risk of ownership is passed to the buyer at a fixed, determinable cost. There is no transfer of title in connection with these contracts. Reasonable assurance of collectability is determined by the date of signing and, at that time, the obligations of the Company 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 January 31, 2024 includes 3 acres of land currently under an Agreement of Sale entered into March 7, 2024 and 1 buildable lot, Mountainwoods Drive Lot 433 with less than 1 acre of land with an Agreement of Sale that was signed March 14, 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 tax assets consist principally of the recognition of losses primarily driven by recognition of net operating losses, defined benefit pension, fixed assets and inventory impairments. In accordance with GAAP, we assessed whether a valuation allowance should be established based on our determination of whether it was “more-likely-than-not” that some portion of all of the deferred tax assets would not be realized, we recorded valuation allowances against our state net operating loss carryforwards for the amount not expected to be used.

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

We sponsor a defined benefit pension plan. The accounting for pension costs is determined by specialized accounting and actuarial methods using numerous estimates, including discount rates, expected long-term investment returns on plan assets, employee turnover, mortality and retirement ages, and future salary increases. Changes in these key assumptions can have a significant effect on the pension plan’s impact on the Company’s financial statements. We engage the services of an independent actuary and investment consultant to assist us in determining these assumptions and in calculating pension income. Future benefit accruals under the pension plan ceased as of August 31, 2010. The pension plan is currently underfunded. The Company has not made any contributions during the three months ended January 31, 2024 and anticipates contributing a minimum of \$45,000 to the pension plan in the remaining months of Fiscal 2024. 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.