BLUE RIDGE REAL ESTATE COMPANY

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

2015

ANNUAL REPORT

As of and for the Fiscal Year Ended October 31, 2015 and 2014

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

BLUE RIDGE REAL ESTATE COMPANY AND SUBSIDIARIES
ANNUAL REPORT

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

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

2) Address of the issuer's principal executive offices

Company Headquarters
Blue Ridge Real Estate Company
5 Blue Ridge Court
P O Box 707
Blakeslee, PA 18610

Phone: (570) 443-8433
Fax: (570) 443-8412
Website: www.brreco.com

IR Contact
Not Applicable

3) Security Information

Trading Symbol:	BRRE
Exact title and class of securities outstanding:	Common Stock
CUSIP:	096005301
Par or Stated Value:	$0.30 per share
Total shares authorized:	6,000,000 as of October 31, 2015
Total shares outstanding:	2,444,045 as of October 31, 2015

Transfer Agent

Mailing Address:
American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Avenue
Brooklyn, NY 11219

Shareholder Services: 888-509-4619
Website: www.amstock.com
Email: info@amstock.com
Fax: (718) 236-2641

American Stock Transfer & Trust Company is a registered transfer agent under the Securities and Exchange Act of 1934, as amended, and is regulated by the Securities and Exchange Commission.

List any restrictions on the transfer of security: None.

Describe any trading suspension orders issued by the SEC in the past 12 months. 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:

4) Issuance History

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

On February 7, 2014, Blue Ridge completed an odd-lot tender offer resulting in the purchase of an aggregate of 4,076 shares of its common stock at a purchase price of $11 per share plus a $100 bonus per account holder (net to the seller in cash, without interest), for a total cost of approximately $59,000, excluding fees and expense related to the tender. Common shares acquired in the Offer were cancelled and returned to the status of authorized but unissued shares. Blue Ridge filed Schedule 13E-3s and other relevant documents with the Securities and Exchange Commission in connection with this odd-lot tender offer.

On February 13, 2014, the Company filed a Form 15 with the Securities and Exchange Commission which resulted in the Company's deregistration and suspension of its reporting obligations under the Securities Exchange Act of 1934, as amended.

On March 25, 2014, the Company cancelled and returned to the status of authorized but unissued, 282,018 shares held in treasury.

During the fiscal years ended October 31, 2015 and 2014, the Company repurchased 731 and 1,572 shares of its common stock, respectively. Upon transfer, all shares were cancelled and returned to the status of authorized but unissued.

5) Financial Statements

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

6) Describe the 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, New Jersey and Minnesota.

Blue Ridge's year end date is October 31st.

Blue Ridge's primary SIC code is 6500.

Blue Ridge and its wholly-owned subsidiaries, operate through two business segments which consist of 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.

Real Estate Management/Rental Operations (SIC Code 6519)

Real Estate Management/Rental Operations consists of: investment properties leased to others located in Eastern Pennsylvania, New Jersey, Minnesota and Louisiana; recreational club activities and services to the trusts that operate resort residential communities; sales of investment properties; and rental of land and land improvements.

Land Resource Management (SIC Code 6552)

Land Resource Management consists of: land sales; land purchases; timbering operations; the Jack Frost National Golf Course, and a real estate development division. 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.

Risk Factors

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 occurs, our business, financial condition or results of operations could suffer, 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.

We have extensive real estate holdings near our mountain resorts and elsewhere in the United States. 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 costs or delays;
- 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;
- 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.

A downturn in the demand for residential real estate or the increase in the supply of real estate available for sale and declining prices could adversely impact our business.

The real estate development industry is cyclical in nature and is particularly vulnerable to unpredictable shifts in regional and national economic conditions. The United States housing market suffered a dramatic downturn in July 2007. The collapse of the housing market contributed to the recession in the national economy, which exerted further downward pressure on housing demand and resulted in an oversupply of existing homes for sale nationwide. As a result of this downturn, our real estate sales and revenues were adversely affected. Resort vacation unit rental and ownership is a discretionary activity entailing relatively high costs, and a further decline in the regional or national economies where we operate could adversely impact our real estate development operations. Accordingly, if market conditions were to worsen, the demand for our real estate products could further 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 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 and temporary clubhouse, 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.

During Fiscal 2015, we recorded total asset impairment costs of $8,900,000 which related to the write-down of the Jack Frost National Golf Course. During Fiscal 2014, we recorded total asset impairment costs of $967,000 which related to the write-down in the Laurelwoods II development. If market conditions were to continue 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 depend substantially 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. There was a $30,000 outstanding balance on the $250,000 revolving credit facility as of October 31, 2015. Approximately $7,203,000 of our long term debt is due and payable at various times to August 2031.

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.

Competition and market conditions relating to our real estate management operations could adversely affect our operating results.

We face competition from similar retail centers that are near our retail properties with respect to the renewal of leases and re-letting of space as leases expire. Any new competitive properties that are developed close to our existing properties also may impact our ability to lease space to creditworthy tenants. Increased competition for tenants may require us to make capital improvements to properties that we would not have otherwise planned to make or may also have a downward impact on rental prices. Any unbudgeted capital improvements could adversely affect our results of operations. Also, to the extent we are unable to renew leases or re-let space as leases expire, it would result in decreased cash flow from tenants and could adversely affect our results of operations.

Our retail properties are subject to adverse market conditions, such as population trends and changing demographics, income, sales and property tax laws, availability and costs of financing, construction costs and weather conditions that may increase energy costs, any of which could adversely affect our results of operations. If the sales of stores operating at our properties were to decline significantly due to economic conditions, the risk that our tenants will be unable to fulfill the terms of their leases or will enter into bankruptcy may increase. Economic and market conditions have a substantial impact on the performance of our anchor and other tenants and may impact the ability of our tenants to make lease payments and to renew their leases. If, as a result of such tenant difficulties, our properties do not generate sufficient income to meet our operating expenses, including debt service, our results of operations would 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.

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. Deposits with these banks exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. 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 corporate bonds, federal agency bonds, money markets and other financial instruments with weighted average maturities of 18 months or less. 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 Kimco Realty Services, Inc., and other shareholders have little ability to influence our business.

As of January 29, 2016, Kimco Realty Services, Inc., a wholly-owned subsidiary of Kimco Realty Corporation, owned at least 1,425,153 shares, or approximately 58% of our outstanding voting stock. Kimco Realty Services 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 Kimco Realty Services. Accordingly, your ability to influence us through voting your shares is very limited.

Mr. Ray 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 2,444,045 shares of our common stock outstanding as of January 29, 2016, approximately 42% of such shares are beneficially owned by persons other than Kimco Realty Services, 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.

On February 7, 2014, we completed an odd-lot tender offer resulting in the purchase of an aggregate of 4,076 shares of its common stock. Common shares acquired in the Offer were cancelled and returned to the status of authorized but unissued shares. Blue Ridge filed Schedule 13E-3s and other relevant documents with the Securities and Exchange Commission in connection with this odd-lot tender offer.

On February 13, 2014, the Company filed a Form 15 with the Securities and Exchange Commission which resulted in the Company's deregistration and suspension of its reporting obligations under the Securities Exchange Act of 1934, as amended.

Continuing shareholders (i.e., holders of the Company's shares who did not or could not tender any shares in the Offer):

- 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 a reduction in the already limited liquidity of the Company's shares, thus making a sale in the market more difficult because the Company ceased to be a reporting company;
- will not experience a significant increase in their respective ownership percentages of the Company's shares; and
- will likely, especially if an unaffiliated shareholder, have less access to information about Blue Ridge because the Company ceased to be a reporting company.

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.

7) Describe the Issuer's Facilities

At October 31, 2015, the properties of Blue Ridge and its subsidiaries consisted of 9,924 total acres of land owned by Blue Ridge, Northeast Land Company, Flower Fields Motel, LLC, Blue Ridge WNJ, LLC and Blue Ridge WMN, LLC. 9,921 acres of land are located in the Pocono Mountains, along with 3 acres in various other states. Of this acreage, 8,490 acres were held for investment, 1,433 acres were held for development and 1 acre was held for discontinued operations. 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, Big Boulder Lake Mountain Club, a commercial property comprised of 3 acres of vacant land, one shopping center (which was sold December 15, 2014), two retail stores leased to affiliates of Walgreen Company, two single family homes 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 Billy Casper Golf, LLC, an unaffiliated third party operator.

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. The restaurant initially commenced operations in May 1986. Boulder View Tavern, Inc., an affiliate of Peak Resorts, leased the facility since 2008. Effective, March 16, 2015, the lease with Boulder View Tavern, Inc., was terminated. On March 2, 2015, Management entered into a lease agreement with Lake Mountain, LLC, a wholly owned subsidiary of Blue Ridge Real Estate Company, to lease the facility for a 5-year period. The restaurant has dining capacity for 200 patrons.

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. Boulder Lake Club was leased to Boulder View Tavern, Inc., an affiliate of Peak Resorts, effective November 1, 2013. Effective, March 16, 2015, the lease with Boulder View Tavern, Inc., was terminated. On March 2, 2015, Management entered into a lease agreement with Lake Mountain, LLC, a wholly owned subsidiary of Blue Ridge Real Estate Company, to lease the facility for a 5-year period.

Blue Ridge owns two single family homes 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.

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 are held for investment and 86 acres of land are held for development.

Coursey Commons Shopping Center, located in East Baton Rouge Parrish, Louisiana, was owned by Coursey Commons Shopping Center, LLC, a wholly-owned subsidiary of Blue Ridge. The center consisted of 10 acres of land which were reported as acres of discontinued operations. On December 15, 2014, the Company sold the Coursey Commons Shopping Center to Wal-Mart Real Estate Business Trust.

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.

Blue Ridge WNJ, LLC owns and leases to Walgreen Eastern Co., Inc., a retail store in Toms River, New Jersey. The property consists of a free standing Walgreens store, including 2 acres of land, with approximately 14,820 square feet of leasable space.

Blue Ridge WMN, LLC owns and leases to Walgreen Co., Inc., a retail store located in White Bear Lake, Minnesota. The property consists of a free standing Walgreens store, including 2 acres of land, with approximately 14,820 square feet of leasable space.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons.

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

Bruce Beaty	Chairman of the Board, President and Chief Executive Officer
Paul A. Biddelman	Director
Raymond Edwards	Director
David Domb	Director
Cynthia A. Van Horn	Chief Financial Officer and Treasurer
Kimco Realty Services, Inc. 3333 New Hyde Park Road, Suite 100 New Hyde Park, NY 10042-0020	Principal Stockholder

B. Legal/Disciplinary History.

1. There have been no criminal actions against any of the above members.
2. There has been no order, judgment, or decree by a court against any of the above members.
3. There have been no findings or judgment from the SEC, CFTC or state securities regulator against any of the above members.
4. There has been no order barring, suspending, or otherwise limiting any of the above persons' involvement in any type of business or securities activities.

C. Beneficial Shareholders.

The following company holds more than 10% of Blue Ridge common shares. The information is accurate as of the issuance date of this report.

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)
Kimco Realty Services, Inc. Conor C. Flynn, Director Glenn G. Cohen, Director Ross Cooper, Director 3333 New Hyde Park Road, Suite 100 New Hyde Park, NY 10042-0020	1,425,153

(1) Shares are beneficially owned when a person, directly or indirectly, has or shares the voting power thereof (that is, the power to vote, or direct the voting, of such shares) and investment power thereof (that is, the power to dispose, or to direct the disposition, of such shares).

9) Third Party Providers

Legal Counsel
Joanne R. Soslow, Esquire
Morgan, Lewis & Bockius
1701 Market Street
(215) 963-5000

Investor Relations Consultant
Not Applicable

Accountant or Auditor
Mario Ercolani, CPA
Kronick Kalada Berdy & Co.
190 Lathrop Street
Kingston, PA 18704
(570) 283-2727

Other Advisor:
Not Applicable

10) Issuer Certification

I, Bruce Beaty certify that:

1. I have reviewed this annual disclosure statement of Blue Ridge Real Estate Company;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: January 29, 2016

/s/ Bruce Beaty
Bruce Beaty
Chief Executive Officer and President

I, Cynthia A. Van Horn certify that:

1. I have reviewed this annual disclosure statement of Blue Ridge Real Estate Company;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: January 29, 2016

/s/ Cynthia A. Van Horn
Cynthia A. Van Horn
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Blue Ridge Real Estate Company

We have audited the accompanying consolidated balance sheets of Blue Ridge Real Estate Company and Subsidiaries as of October 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the years ended October 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Companies are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Companies' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Blue Ridge Real Estate Company and Subsidiaries at October 31, 2015 and 2014, and the consolidated results of their operations, and their cash flows for the years ended October 31, 2015 and 2014, in conformity with accounting principles generally accepted in the United States of America.

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

Kingston, Pennsylvania
January 29, 2016

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

BALANCE SHEETS
October 31, 2015 and 2014

ASSETS	**10/31/15**	10/31/14
Land and land development costs (1,433 acres per land ledger)	$6,863,506	$14,517,523
Land improvements, buildings and equipment, net	10,485,823	11,997,962
Land held for investment, principally unimproved (8,490 acres per land ledger)	4,186,203	4,186,203
Long-lived assets held for sale (0 and 1 acres per land ledger, respectively)	0	5,403
Cash and cash equivalents	989,169	1,444,103
Marketable securities available for sale at cost, which approximates market	6,943,686	1,007,419
Cash held in escrow	98,066	97,969
Prepaid expenses and other assets	425,735	463,540
Deferred tax asset	366,221	0
Accounts and notes receivable	638,177	182,485
Assets of discontinued operations (1 and 11 acres per land ledger, respectively)	166,682	8,943,983
Total assets	$31,163,268	$42,846,590
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Debt	$7,202,684	$7,433,520
Accounts payable	724,715	179,338
Accrued liabilities	443,820	515,461
Deferred income	119,143	85,016
Deferred income taxes	0	66,360
Accrued pension expense	2,949,791	2,368,431
Liabilities of discontinued operations	0	3,000,000
Total liabilities	11,440,153	13,648,126
SHAREHOLDERS' EQUITY:		
Capital stock, without par value, stated value $0.30 per share, Blue Ridge authorized 6,000,000 shares, issued and outstanding 2,444,045 and 2,444,776, respectively	733,214	733,433
Capital in excess of stated value	18,256,665	18,262,554
Earnings retained in the business	2,902,997	12,028,890
Accumulated other comprehensive loss	(2,169,761)	(1,826,413)
Total shareholders' equity	19,723,115	29,198,464
Total liabilities and shareholders’ equity	$31,163,268	$42,846,590

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

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF OPERATIONS
for the years ended October 31, 2015 and 2014

	10/31/15	10/31/14
Revenues:		
Real estate management revenue	$1,023,919	$1,001,705
Land resource management revenue	2,469,009	6,101,516
Rental income revenue	800,796	852,386
Total revenues	4,293,724	7,955,607
Costs and expenses:		
Real estate management costs	976,236	980,884
Land resource management costs	11,869,924	3,358,015
Rental income costs	367,632	415,508
General and administration expense	1,713,768	2,161,741
Gain on sale of assets	(6,039)	(1,016)
Total costs and expenses	14,921,521	6,915,132
Operating (loss) profit from continuing operations before other income and (expense)	(10,627,797)	1,040,475
Other income and (expense):		
Interest and other income	2,453	1,818
Interest expense	(503,589)	(521,565)
Interest and dividends on marketable securities, net	28,801	12,206
Loss on disposition of marketable securities	(47)	(2,247)
Total other income and (expense)	(472,382)	(509,788)
(Loss) income from continuing operations before income taxes	(11,100,179)	530,687
(Benefit) provision for income taxes on continuing operations:		
Current income taxes on continuing operations	(551,000)	480,000
Deferred income taxes on continuing operations	(198,000)	(316,000)
Total (benefit) provision for income taxes on continuing operations	(749,000)	164,000
(Loss) income before discontinued operations	(10,351,179)	366,687
Income from discontinued operations before income taxes (including $1,879,732 gain on disposal in 2015)	1,856,286	119,844
Provision for income taxes on discontinued operations:		
Current income taxes on discontinued operations	631,000	42,000
Deferred income taxes on discontinued operations	0	0
Total provision for income taxes on discontinued operations	631,000	42,000
Income from discontinued operations	1,225,286	77,844
Net (loss) income	($9,125,893)	$444,531
Basic (loss) earnings per weighted average share:		
(Loss) income before discontinued operations	($4.23)	$0.15
Income from discontinued operations, net of tax	$0.50	$0.03
Total basic (loss) earnings per weighted average share	($3.73)	$0.18

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, 2015 and 2014

	2015	2014
Net (loss) income	**($9,125,893)**	$444,531
Other comprehensive income (loss), net of tax		
Defined benefit pension		
Net loss arising during the period	**(869,425)**	(540,901)
Amortization of net loss included in net periodic pension cost (a)	**291,496**	249,478
Deferred tax expense	**234,581**	118,289
Other comprehensive loss	**(343,348)**	(173,134)
Total comprehensive (loss) income	**($9,469,241)**	$271,397

Deferred tax expense on net loss arising during the period was $352,899 and $219,552 for the years ended October 31, 2015 and 2014, respectively.

Deferred tax expense on amortization of net loss included in net periodic pension cost was ($118,318) and ($101,263) for the years ended October 31, 2015 and 2014, respectively.

(a) These amounts are comprised of reclassifications from accumulated other comprehensive income that are included in general and administration expense. The deferred tax amounted to $118,318 and $101,263 at October 31, 2015 and 2014, 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, 2015 and 2014

	Capital Stock (1) Shares	Capital Stock (1) Amount	Capital in Excess of Stated Par	Earnings Retained in the Business	Accumulated Other Comprehensive Loss	Capital Stock in Treasury (2)	Total
Balance, October 31, 2013	2,732,442	$819,731	$19,829,475	$11,584,359	($1,653,279)	($2,085,407)	$28,494,879
Cancellation of shares in treasury	(282,018)	(84,605)	(2,000,802)			2,085,407	0
Cancellation of shares due to odd lot tender offer	(4,076)	(1,222)	(57,514)				(58,736)
Cancellation of shares purchased in buyback program	(1,572)	(471)	(12,605)				(13,076)
Excess tax deduction related to stock options			504,000				504,000
Net income				444,531			444,531
Other comprehensive loss					(173,134)		(173,134)
Balance, October 31, 2014	2,444,776	$733,433	$18,262,554	$12,028,890	($1,826,413)	$0	$29,198,464
Cancellation of shares purchased in buyback program	(731)	(219)	(5,889)				(6,108)
Net loss				(9,125,893)			(9,125,893)
Other comprehensive loss					(343,348)		(343,348)
Balance, October 31, 2015	2,444,045	$733,214	$18,256,665	$2,902,997	($2,169,761)	$0	$19,723,115

(1) Capital stock, at stated value of $0.30 per share
(2) 282,018 combined shares held in treasury, at cost at October 31, 2013

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, 2015 and 2014

	10/31/15	10/31/14
Cash Flows (Used In) Provided By Operating Activities:		
Net (loss) income	($9,125,893)	$444,531
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	762,400	1,061,163
Amortization of investment premiums	98,375	83,627
Loss on marketable securities	47	2,247
Impairment	8,900,000	967,000
Abandonment	0	352,037
Deferred income taxes	(198,000)	188,000
Excess tax benefits from share-based payment arrangements	0	(504,000)
Gain on sale of assets	(1,885,771)	(1,016)
Changes in operating assets and liabilities:		
Cash held in escrow	(97)	(92)
Accounts and notes receivable	104,888	(72,689)
Prepaid expenses and other assets	37,805	(35,149)
Land and land development costs	17	(20)
Long-lived assets held for sale	5,403	329,821
Accounts payable and accrued liabilities	(83,413)	81,135
Deferred income	34,127	(19,099)
Net cash (used in) provided by operating activities	(1,350,112)	2,877,496
Cash Flows Provided By (Used In) Investing Activities:		
Purchases of marketable securities	(9,784,689)	(13,956,136)
Proceeds from disposition of assets	10,663,072	2,200
Proceeds from maturities of marketable securities	3,750,000	12,862,843
Additions to properties	(496,261)	(372,682)
Net cash provided by (used in) investing activities	4,132,122	(1,463,775)
Cash Flows (Used In) Provided By Financing Activities:		
Proceeds from debt	55,000	3,085,073
Payment of debt	(3,285,836)	(6,903,238)
Excess tax benefits from share-based payment arrangements	0	504,000
Purchase of common stock	(6,108)	(71,812)
Net cash used in financing activities	(3,236,944)	(3,385,977)
Net decrease in cash and cash equivalents	(454,934)	(1,972,256)
Cash and cash equivalents, beginning of period	1,444,103	3,416,359
Cash and cash equivalents, ending of period	$989,169	$1,444,103

The accompanying notes are an integral part of the 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, Boulder Creek Resort Company, Moseywood Construction Company, Jack Frost National Golf Course, Inc., BRRE Holdings, Inc., Coursey Commons Shopping Center, LLC, Coursey Creek, LLC, Cobble Creek, LLC, Flower Fields Motel, LLC, Blue Ridge WNJ, LLC, Blue Ridge WMN, LLC and Lake Mountain, LLC) (collectively "Blue Ridge"). 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, home construction and leasing activities. Generally, revenues are recognized as services are performed, 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, 2014 was 1 acre of land under agreement of sale to Mountain Rentals PA, LLC, which closed on November 21, 2014.

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. 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 and golf club memberships paid in advance. The Company recognizes revenue related to the hunting and fishing clubs and golf course memberships over the period that the dues cover. The Company recognizes revenue related to the fishing club over a five-month period, May through September, and the golf course over a seven-month period, April through October. Deposits are required on land and home sales.

Comprehensive Income (Loss):

The Company’s comprehensive income differs from net income (loss) due to changes in the funded status of the Company’s defined benefit pension plan (see Note 10). The Company has elected to disclose comprehensive income and loss in its Statements of Comprehensive Income (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.

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 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, 2014 ("Fiscal 2014"). 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, 2015, the Company had $243,647 on deposit in excess of the FDIC insured limit of $250,000. The Company also had $240,476 invested in a money market fund at October 31, 2015 which is not insured by the FDIC.

Cash Held in Escrow:

Cash held in escrow consists of deposits held by the Company for golf course memberships.

Accounts and Notes 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. An allowance for doubtful accounts, if deemed necessary, is estimated based upon a review of individual accounts.

The Companies account for notes receivable on a cost basis. Interest income is recorded on a monthly basis. Late payment fees are charged on overdue payments. Notes receivable are evaluated at origination and monitored on an ongoing basis for credit worthiness. Notes receivable are considered fully collectible by management and accordingly no allowance for losses is considered necessary. Any note 90 days past due is reviewed by management for collectability. Notes receivable which consist of a single note, bears interest at 3.25%, is unsecured, and the balloon payment for interest and principal is due on the maturity date of July 1, 2016. Notes receivable amounted to $172,408 and $0 at October 31, 2015 and 2014, respectively.

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 two business segments, which consist of the Real Estate Management/Rental Operations and Land Resource Management segments. Financial information about our segments can be found in Note 17.

Marketable Securities:

Marketable securities consist of debt securities (15 positions of corporate bonds and notes and 1 position of federal agency bonds) and two brokered certificates of deposit. The securities are stated at cost which approximates fair value and are considered available for sale. Securities 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. Investments are adjusted for amortization of premiums and accretion of discounts and recognized as an adjustment of interest income. Interest and dividends on marketable securities are recognized as income when earned. Contractual maturities on the debt securities range from 1 to 24 months.

Discontinued operations:

A component of the Company is classified as a discontinued operation when (i) the operations and cash flows of the component of the Company can be clearly distinguished and have been or will be eliminated from our ongoing operations; (ii) the component has either been disposed of or is classified as held for sale; and (iii) we will not have any significant continuing involvement in the operations of the component of the Company after the disposal transactions. Significant judgments are involved in determining whether a component meets the criteria for discontinued operations reporting and the period in which these criteria are met.

If a component of the Company is reported as a discontinued operation, the results of operations through the date of sale, including any gain or loss recognized on the disposition, are presented on a separate line of the Statements of Operations.

Reclassification:

The Company reports the results of discontinued operations as a separate component of income on the statement of operations under the caption discontinued operations. This reporting presentation resulted in certain reclassifications of the 2014 financial statement amounts. Accordingly, certain amounts in the Fiscal 2014 financial statements have been reclassified to conform to the Fiscal 2015 presentation.

New Accounting Pronouncements:

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 "*Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360) – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity"* (ASU 2014-08) which requires entities to change the criteria for reporting discontinued operations and enhance convergence of the FASB's and International Accounting Standard Board's (IASB) reporting requirements for discontinued operations so as not to be overly complex or difficult to apply to stakeholders. Only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on the entity's operations and financial results will be reported as discontinued operations in the financial statements. ASU 2014-08 is effective for fiscal years beginning on or after December 15, 2014 and interim periods thereafter. ASU 2014-08 will be effective for the Company's financial statements for fiscal years beginning November 1, 2015. Based on the Company's evaluation of ASU 2014-08, the adoption of this statement on November 1, 2015 will not have a material impact on the Company's financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which provides guidance for revenue recognition. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets and supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," and most industry-specific guidance. ASU 2014-09 also supersedes some cost guidance included in Subtopic 605-35, "Revenue Recognition-Construction-Type and Production-Type Contracts." The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under the current guidance. These judgments and estimates include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. In August 2015, the FASB issued ASU 2015-14 "Revenue from Contracts with Customers" ("ASU 2015-14"), which delays the effective date of ASU 2014-09 by one year. ASU 2014-09, as amended by ASU 2015-14, is effective for us beginning November 1, 2018, and, at that time, we may adopt the new standard under the full retrospective approach or the modified retrospective approach. We are currently evaluating the method of adoption and the impact the adoption of ASU 2014-09 will have on our financial statements and disclosures.

2. DISCONTINUED OPERATIONS

On September 17, 2012, the Company signed an Agreement of Sale regarding Lot 5 Maple Terrace located in Saylorsburg, Pennsylvania. A deposit was received and the transaction was expected to close October 1, 2013. Management became aware that settlement on the property would not occur by October 1, 2013 and on August 16, 2013 extended the settlement date by addendum to the Agreement of Sale until September 30, 2014 and executed a new lease for the period October 1, 2013 through September 30, 2014. On August 6, 2014, an addendum to the Lease dated August 16, 2013 was entered into with the current lessees of the property for the period of October 1, 2014 through September 30, 2015 and a Second Addendum to the Agreement of Sale was executed extending the settlement date one year to September 30, 2015. On September 30, 2015, a Second Addendum to the Lease dated August 16, 2013 was entered into with the current lessees of the property for the period of October 1, 2015 through September 30, 2016 and a Third Addendum to the Agreement of Sale was executed extending the settlement date one year to September 30, 2016.

Management continues to negotiate closing on this transaction. As a result, operating activity for the property is continuing to be reported as discontinued operations for the years ended October 31, 2015 and 2014. The net operating results were previously reported in the rental operations in the Statements of Operations. At October 31, 2015 and 2014, there were assets related to the Maple Terrace property totaling $166,682 included in assets of discontinued operations and there were no liabilities.

On November 3, 2014, the Company signed an agreement of sale regarding the Coursey Commons Shopping Center located in Baton Rouge, Louisiana for $10,900,000. A deposit was received and the property was sold on December 15, 2014. As a result, operating activity for the property is being reported as discontinued operations for the years ended October 31, 2015 and 2014. The net operating results were previously reported in the rental operations of the Statements of Operations. At October 31, 2014, there were assets related to the Coursey Commons Shopping Center totaling $8,777,301 included in assets of discontinued operations and there were liabilities totaling $3,000,000 included in liabilities of discontinued operations.

The assets as of October 31, 2015 and 2014 and the results of operations of the property classified as discontinued operations for the years ended October 31, 2015 and 2014, are summarized as follows:

BALANCE SHEET	**10/31/15**	10/31/14
ASSETS		
Land improvements, buildings and equipment, net	**$124,790**	$6,693,926
Land held for investment, principally unimproved	**41,892**	2,250,057
Total assets of discontinued operations	**$166,682**	$8,943,983
LIABILITIES		
Debt	**$0**	$3,000,000
Total liabilities of discontinued operations	**$0**	$3,000,000

Operating results of the discontinued operations in twelve months ending October 31, 2015 and 2014 are as follows:

STATEMENTS OF OPERATIONS	Year ended October 31,	
	2015	2014
Revenues:		
Maple Terrace	**$15,000**	$15,000
Coursey Commons Shopping Center	**107,667**	912,043
Total Revenue	**122,667**	927,043
Expenses (excluding interest):		
Maple Terrace	**6,003**	8,083
Coursey Commons Shopping Center	**119,613**	446,499
Total Expenses	**125,616**	454,582
Interest expense (calculated on debt related to the property):		
Coursey Commons Shopping Center	**20,497**	352,617
Total Interest	**20,497**	352,617
Gain on Disposal:		
Coursey Commons Shopping Center	**1,879,732**	0
Total Gain on Disposal	**1,879,732**	0
Income from discontinued operations before income taxes	**$1,856,286**	$119,844

3. CONDENSED FINANCIAL INFORMATION:

Condensed financial information of Blue Ridge and its subsidiaries at October 31, 2015 and 2014 and for each of the years then ended is as follows:

	Blue Ridge and Subsidiaries	
	10/31/15	10/31/14
FINANCIAL POSITION:		
Total assets	**$31,163,268**	$42,846,590
Total liabilities	**11,440,153**	13,648,126
Shareholders' equity	**19,723,115**	29,198,464
OPERATIONS:		
Revenues	**4,293,724**	7,955,607
(Loss) income from continuing operations before taxes	**(11,100,179)**	530,687
(Credit) provision for income taxes from continuing operations	**(749,000)**	164,000
Net (loss) income	**($9,125,893)**	$444,531

4. LAND AND LAND DEVELOPMENT COSTS:

Land and land development costs as of October 31, 2015 and 2014 consist of the following:

	10/31/2015	10/31/2014
Land unimproved designated for development	**$1,981,817**	$9,635,834
Residential development	**1,208,201**	1,208,201
Infrastructure development	**3,673,488**	3,673,488
Total land and land development costs	**$6,863,506**	$14,517,523

The decrease in land and land development costs is due to the $7,654,000 impairment charge taken on the golf course land based on a recent appraisal obtained in Fiscal 2015.

5. ABANDONMENT OF LAND DEVELOPMENT COSTS:

Two capital projects previously under development related to the Big Boulder sewer and water facilities have been abandoned in Fiscal 2014. The Company determined that the investments in the projects are not expected to be recoverable as the expansion of the sewer and water facilities are not required for the foreseeable future due to existing sufficient capacity. A portion of the projects related to monitoring wells has been reclassified in Fiscal 2014 from land and land development costs to land improvements, buildings and equipment, net.

Costs for infrastructure related to one residential lot in the Laurelwoods II development were abandoned in Fiscal 2014 due to an agreement with the Laurelwoods II Homeowners Association (the "LWII HOA") as the result of a claim presented to the Company regarding assessment for past dues on units in the Longview Drive and Woodsbluff Court sections of the planned community and for convertible and withdrawable real estate within the planned community that was not converted or withdrawn prior to October 20, 2012. Management determined that the investment in the lot was not expected to be recoverable and therefore abandoned the project. On October 6, 2015, the Company finalized the settlement with the LWII HOA. Under the terms of the settlement the Company conveyed one undeveloped lot in the Longview Drive Section of the community, commenced paying HOA assessments for six undeveloped lots in the Woodsbluff Court section of the community and made payment in the sum of $25,000 to the LWII HOA.

The major expenditures which were abandoned include permits, surveys, architectural and legal fees and capitalized costs including labor, interest and property taxes.

The following is a summary of the projects that were abandoned as of October 31, 2014:

	Total Investment at 10/31/14	Abandonment	Net Investment After Abandonment at 10/31/2014
Big Boulder Sewer Project	$303,867	$230,098	$73,769
Big Boulder Water Project	41,954	41,954	0
LWII Lot Infrastructure	79,985	79,985	0
Totals	$425,806	$352,037	$73,769

6. LAND HELD FOR INVESTMENT:

	10/31/2015	10/31/2014
Land held for investment		
Land – Unimproved	**$1,791,192**	$1,791,192
Land – Commercial rental properties	**2,395,011**	2,395,011
Total land held for investment	**$4,186,203**	$4,186,203

7. DEBT AND LETTER OF CREDIT:

Debt as of October 31, 2015 and 2014 consists of the following:

	10/31/2015	10/31/2014
Continuing operations debt		
Mortgage notes payable to bank, interest fixed at 6.90% payable in monthly installments of $61,769 including interest through Fiscal 2031, secured by certain buildings.	**$7,128,400**	$7,368,694
Capital lease obligation payable to bank, interest fixed at 4.99%, payable in 24 installments of $3,934 due May 2014 to October 2017, secured by certain equipment.	**44,284**	64,826
Revolving line of credit promissory note payable to bank, interest at the New York prime index plus 1% (4.25% at October 31, 2015) payable on demand, secured by CD accounts.	**30,000**	
Total continuing operations debt	**7,202,684**	7,433,520
Discontinued operations debt		
Mortgage note payable to Kimco Capital Corporation, interest only fixed at 5.59% payable in monthly installments of $13,975 through December 2014, secured by a certain building.	**0**	3,000,000
Total discontinued operations debt	**0**	3,000,000
Total debt	**$7,202,684**	$10,433,520

On April 13, 2015, the Company entered into a revolving line of credit promissory note with Mauch Chunk Trust Company totaling $250,000. The interest rate is variable monthly based on the New York prime index rate plus 1%, with a floor of 4% and a ceiling of 20% (such interest rate was 4.25% at October 31, 2015). Interest is paid monthly on the outstanding balance with principal payable on demand with a maturity date of April 13, 2017. The loan is secured with two investment accounts. The proceeds of the loan will be used for working capital. The balance outstanding at October 31, 2015 was $30,000.

On January 8, 2016, the Company established 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 one year, renewable annually and is collateralized by the Company’s brokerage account with Cetera Advisor Networks, LLC. As of January 8, 2016, advances on our commercial operating line of credit with Mauch Chunk Trust Company are limited to $110,000. Interest is at a rate of Prime plus 1.00% (4.50% as of January 8, 2016). The letter was established 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.

On October 1, 2014, the Company entered into a short term promissory note with Kimco Capital Corporation, a wholly owned subsidiary of Kimco Realty Corporation in the amount of $3,000,000. The interest only note was secured with a mortgage on Coursey Commons Shopping Center. The note bore interest at a fixed rate of 5.59% per annum payable monthly with the balance of unpaid interest and principal due December 31, 2014. The proceeds of the loan along with a portion of invested funds were used to pay a mortgage of $6,463,324 on the Coursey Commons Shopping Center which matured on October 1, 2014. As of October 31, 2014, the loan with Kimco Capital Corporation was classified as liabilities of discontinued operations. On December 15, 2014, the Coursey Commons Shopping Center was sold and the loan with Kimco Capital Corporation was paid in full.

On December 26, 2013, the Company entered into a capital lease agreement with PNC Equipment Finance, LLC for mower equipment at Jack Frost National Golf Course in the amount of $85,073. The capital lease is payable in 24 installments of $3,934 and bears interest at a fixed rate of 4.99%.

The Company had a capital lease agreement with M & T Bank for maintenance equipment at Jack Frost National Golf Course. The capital lease was payable in 24 installments of $8,682 and bore interest at a fixed rate of 5.23%. The capital lease was paid in full in September 2014.

The weighted average short term borrowings and interest rate for the year ended October 31, 2015 were $7,500 and 4.25%, respectively. The Company had no variable rate debt as of October 31, 2014.

The aggregate amount of debt maturing in each of the next five years and thereafter ending subsequent to October 31, 2015, is as follows: 2016 - $309,001; 2017 - $298,437; 2018 - $295,384; 2019 -$316,422; 2020 - $338,959; thereafter $5,644,481.

8. INCOME TAXES:

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

	10/31/15	10/31/14
Currently payable (refundable):		
Federal (1)	**(817,000)**	477,000
State	**266,000**	3,000
	(551,000)	480,000
Deferred:		
Federal	**(158,000)**	(240,000)
State	**(40,000)**	(76,000)
	(198,000)	(316,000)
Total	**($749,000)**	$164,000

(1) Current federal tax provision for October 31, 2014 includes $504,000 in realization of a net operating loss deduction related to stock options which reduces actual federal taxes payable.

A reconciliation between the amount computed using the statutory federal income tax rate of 34% and the actual provision (credit), rounded to the nearest thousand, for income taxes is as follows:

	10/31/15	10/31/14
Computed at statutory rate	**($3,748,000)**	$179,000
State income taxes, net of federal income tax	**(23,000)**	(80,000)
Nondeductible expenses	**$2,000**	2,000
Change in valuation allowance	**3,026,000**	0
Other	**(6,000)**	63,000
(Credit) provision for income taxes from continuing operations	**($749,000)**	$164,000

The components of the deferred tax assets and liabilities as of October 31, 2015 and 2014 are as follows:

	10/31/15	10/31/14
Deferred tax assets:		
Accrued expenses	**(7,000)**	68,000
Deferred income	**(41,000)**	(76,000)
Defined benefit pension	**1,482,000**	1,248,000
Asset impairment	**6,693,000**	3,081,000
AMT credit carryforward	**559,000**	486,000
Net operating losses	**2,744,000**	4,251,000
Valuation allowance	**(6,124,000)**	(2,296,000)
Capital loss carryforward	**0**	1,000
Deferred tax asset	**5,306,000**	6,763,000

	10/31/15	10/31/14
Deferred tax liability, depreciation	**4,940,000**	6,829,000
Deferred income tax asset (liability), net	**$366,000**	($66,000)

At October 31, 2015, the Companies have approximately $559,000 of Alternative Minimum Tax (AMT) credit carryforward available to reduce future income taxes. The AMT credit has no expiration date.

At October 31, 2015, the Companies had available approximately $684,000 of federal net operating loss carryforwards which will expire from 2028 to 2033. The Companies also have state net operating loss carryforwards of approximately $25,136,000 that will expire from 2021 to 2035. The Companies have recorded a valuation allowance against the deferred tax assets, which are not expected to be utilized. In Fiscal 2014, $16,000 of the state valuation allowance was reversed due to the profit expected in Fiscal 2015, primarily related to the land sale which occurred on December 15, 2014.

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

At October 31, 2015, the Companies had unsettled federal tax returns for Fiscal 2012, 2013 and 2014 and unsettled state tax returns for Fiscal 2012, 2013 and 2014 for the states of Louisiana, Minnesota, New Jersey, Pennsylvania, Texas and Colorado.

9. MARKETABLE SECURITIES:

The amortized costs of the marketable securities, which approximate fair market value, available for sale at October 31, 2015 was $250,069 for federal agency bonds, $6,442,733 for corporate bonds and $250,884 for two certificates of deposits. The amortized costs of the marketable securities, which approximate fair market value, available for sale at October 31, 2014 was $250,260 for federal agency bonds and $757,159 for corporate bonds.

The amortized costs of the available for sale debt securities and certificates of deposit at October 31, 2015 maturing within one year was $5,676,255 and $75,000, respectively and maturing one year through five years was $1,016,547 and $175,884, respectively.

10. 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.

Weighted Average Assumptions	**10/31/15**	10/31/14
Discount Rates used to determine net periodic pension cost as of October 31, 2015 and 2014	**3.90%**	4.45%
Expected long-term rates of return on assets	**5.75%**	7.50%
Rates of increase in compensation levels	**N/A**	N/A

Change in Benefit Obligation	**10/31/15**	10/31/14
Benefit obligation at beginning of year	**$9,375,848**	$8,867,941
Service cost (net of expenses)	**72,730**	98,183
Interest cost	**359,168**	387,641
Curtailment	**0**	0
Actuarial (gain) loss	**488,770**	345,363
Benefits paid	**(346,045)**	(323,280)
Benefit obligation at end of year	**$9,950,471**	$9,375,848

Change in Plan Assets	**10/31/15**	10/31/14
Fair value of plan assets at beginning of year	**$7,007,417**	$6,604,598
Actual return on plan assets	**93,970**	371,016
Employer contributions	**318,617**	424,822
Benefits paid	**(346,045)**	(323,280)
Administrative expenses	**(73,279)**	(69,739)
Fair value of plan assets at end of year	**$7,000,680**	$7,007,417

Reconciliation of Funded Status of the Plan	**10/31/15**	10/31/14
Funded status at end of year	**($2,949,791)**	($2,368,431)
Unrecognized transition obligation	**0**	0
Unrecognized net prior service cost	**0**	0
Unrecognized net actuarial loss	**3,652,181**	3,074,252
Net amount recognized at end of year	**$702,390**	$705,821

Amounts Recognized in the Balance Sheet	**10/31/15**	10/31/14
Accrued pension expense	**($2,949,791)**	($2,368,431)
Accumulated other comprehensive loss (pre-tax)	**3,652,181**	3,074,252
Net amount recognized	**$702,390**	$705,821

Additional Year-End Information for Pension Plan with Accumulated Benefit Obligation in Excess of Plan Assets	**10/31/15**	10/31/14
Projected benefit obligation	**$9,950,471**	$9,375,848
Accumulated benefit obligation	**$9,950,471**	$9,375,848
Fair value of plan assets	**$7,000,680**	$7,007,417

Amounts Recognized in Accumulated Other Comprehensive Loss	**10/31/15**	10/31/14
Net actuarial loss	**$3,652,181**	$3,074,252
Prior service cost	**0**	0
Unrecognized net initial obligation	**0**	0
Total (before tax effects)	**$3,652,181**	$3,074,252

Components of Net Periodic Benefit Cost	**10/31/15**	10/31/14
Service cost	**$72,730**	$98,183
Interest cost	**359,168**	387,641
Expected return on plan assets	**(401,346)**	(496,815)
Amortization of transition obligation	**0**	0
Amortization of prior service cost	**0**	0
Amortization of accumulated loss	**291,496**	249,478
Total net periodic benefit expense	**$322,048**	$238,487

Other changes in plan assets and benefit obligations recognized in other comprehensive loss	**10/31/15**	10/31/14
Net loss (gain)	**$869,425**	$540,901
Recognized net actuarial gain	**(291,496)**	(249,478)
Prior service cost (credit)	**0**	0
Recognized prior service (cost) credit	**0**	0
Recognized net transition (obligation) asset	**0**	0
Total recognized in other comprehensive loss (before tax effects)	**$577,929**	$291,423
Total recognized in net periodic benefit cost and other comprehensive income (loss) (before tax effects)	**$899,977**	$529,910

Amounts expected to be recognized into net periodic cost in the coming year	**10/31/15**	10/31/14
Loss recognition	**$362,007**	$291,496
Prior service cost recognition	**$0**	$0
Net initial obligation/(asset) recognition	**$0**	$0

Estimated Future Benefits Payments	**Fiscal Year**	**Benefits**
	2016	$434,934
	2017	$492,151
	2018	$493,775
	2019	$512,525
	2020	$515,838
	2021-2025	$2,926,433

The Company expects to contribute $153,300 to the pension plan in Fiscal 2016.

Measurement Date October 31

Weighted Average Assumptions	**For Determination of:**	
	Benefit Obligations as of October 31, 2015	Benefit Obligations as of October 31, 2014
Discount rate	4.02%	3.90%
Rate of compensation increase	N/A	N/A

Weighted-Average Asset Allocations	10/31/15	10/31/14
Asset Category		
Equity	21.29%	20.44%
Fixed Income	76.16%	76.97%
Cash Equivalents	2.55%	2.59%
Total	100.00%	100.00%

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

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Plan for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

Information about the Plan's fair value levels follows as at October 31, 2015:

	Level 1	**Level 2**	**Level 3**	**Total**
Money Market Fund	$178,348			$178,348
Common Collective Trust Fund of Wilmington Trust Fiduciary Services:				
Aggressive Growth Portfolio		$523,503		523,503
Intermediate Fixed Income Portfolio		2,761,057		2,761,057
International Growth Portfolio		221,907		221,907
International Value Portfolio		224,812		224,812
Large Company Value Portfolio		520,471		520,471
Small Company Growth Portfolio		828,047		828,047
Strategic Bond Portfolio		1,742,535		1,742,535
Total	$178,348	$6,822,332		$7,000,680

Information about the Plan's fair value levels follows as at October 31, 2014:

	Level 1	**Level 2**	**Level 3**	**Total**
Money Market Fund	$181,153			$181,153
Common Collective Trust Fund of Wilmington Trust Fiduciary Services:				
Aggressive Growth Portfolio		$715,829		715,829
Intermediate Fixed Income Portfolio		2,664,923		2,664,923
Large Company Value Portfolio		716,298		716,298
Small Company Growth Portfolio		2,729,214		2,729,214
Total	$181,153	$6,826,264		$7,007,417

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at October 31, 2015 and 2014.

Money market fund is valued at cost, which approximates fair value.

Mutual funds, if any, are valued at the quoted net asset value of the shares and common collective trust funds are valued based upon the unit values of such collective trust funds held by the Plan at year end. Unit values are based on the fair value of the underlying assets of the fund. The fair value of the level 2 funds are derived from inputs principally from or corroborated by observable market data by correlation or other means.

The methods described above 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 methods are 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.

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in the accumulated other comprehensive loss for the twelve months ended October 31, 2015 and 2014:

	10/31/15		10/31/14	
	Defined Benefit Pension Plan	**Accumulated Other Comprehensive Loss**	Defined Benefit Pension Plan	Accumulated Other Comprehensive Loss
Beginning balance	**($1,826,413)**	**($1,826,413)**	($1,653,279)	($1,653,279)
Current period other comprehensive loss	**(343,348)**	**(343,348)**	(173,134)	(173,134)
Ending balance	**($2,169,761)**	**($2,169,761)**	($1,826,413)	($1,826,413)

The other comprehensive loss is reported net of tax.

12. LAND IMPROVEMENTS, BUILDING AND EQUIPMENT, NET:

These assets consist of the following at October 31, 2015 and 2014.

	10/31/15	10/31/2014
Land improvements	**$12,690,431**	$13,211,977
Corporate buildings	**554,873**	554,873
Buildings leased to others	**10,545,856**	10,812,328
Equipment and furnishings	**1,513,800**	1,494,674
	25,304,960	26,073,852
Less accumulated depreciation and amortization	**14,819,137**	14,075,890
Total	**$10,485,823**	$11,997,962

13. ACCRUED LIABILITIES:

Accrued liabilities consist of the following at October 31, 2015 and 2014.

	10/31/15	10/31/2014
Payroll	**$186,525**	$241,903
Security and Other Deposits	**2,750**	40,808
Professional Fees	**90,989**	119,845
Real Estate Taxes	**0**	70,213
Other	**163,556**	42,692
Total	**$443,820**	$515,461

14. 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. Our shopping center has been reclassed to discontinued operations as of October 31, 2014 as this property was sold on December 15, 2014. Information concerning rental properties and minimum future rentals under current leases as of October 31, 2015 is as follows:

		Properties Subject to Lease	
		Cost	**Accumulated Depreciation**
Investment properties leased to others		$10,545,856	$2,677,621
Land		$3,818,293	$0
Minimum future rentals:			
Fiscal years ending October 31:	2016	$894,858	
	2017	847,846	
	2018	849,046	
	2019	849,646	
	2020	846,786	
	Thereafter	12,776,000	
		$17,064,182	

Minimum future rentals subsequent to 2020 include $1,095,500 under a land lease expiring in 2072; $5,505,500 and $6,175,000 under net leases for two stores expiring in December 2035 and August 2036. There were no contingent rentals included in income for Fiscal 2015 and 2014. The above information includes rental escalations recognized using straight-line basis.

15. 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, 2015 and October 31, 2014 are as follows:

	10/31/15		10/31/14	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
ASSETS:				
Cash and cash equivalents and cash held in escrow	$1,087,235	$1,087,235	$1,542,072	$1,542,072
Marketable securities available for sale at cost, which approximates market	6,943,686	6,943,686	1,007,419	1,007,419
Accounts and notes receivable	638,177	638,177	182,485	182,485

	10/31/15		10/31/14	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
LIABILITIES:				
Accounts payable	724,715	724,715	179,338	179,338
Accrued liabilities	443,820	443,820	515,461	515,461
Debt (includes debt from discontinued operations for October 31, 2014)	$7,202,684	$7,393,720	$10,433,520	$10,613,493

Fair Values were determined as follows:

Cash and cash equivalents, accounts and notes 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 corporate and governmental agency bonds and certificates of deposit. At October 31, 2015 and 2014, marketable securities are carried at cost, which approximates fair value. Fair value of the marketable securities for corporate and government agency bonds is determined using significant observable inputs, either quoted prices in active markets for similar assets or quoted prices in markets that are not active – Level 2 hierarchy. Fair value of certificates of deposit is determined using unadjusted quoted prices in active markets for identical assets – Level 1 hierarchy.

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

As of October 31, 2015, the carrying amount net of prior period impairments for land and land development costs is $14,517,506, less impairment expense of $7,654,000, recorded in Fiscal 2015 for a revised carrying value of $6,863,506. The carrying amount net of prior period impairments for land improvements, buildings and equipment is $11,731,823, less impairment expense of $1,246,000, recorded in Fiscal 2015 for a revised carrying value of $10,485,823. The Jack Frost National Golf Course had a carrying value of $10,170,144 which was written down by an impairment charge of $8,900,000, of which $7,654,000 was on the land value and $1,246,000 was on the land improvements, buildings and equipment. After careful review of an appraisal finalized in Fiscal 2015, Management determined that the carrying costs of the golf course were in excess of the fair market value and may not be recoverable. Management had previously reviewed the golf property for impairment considering the course in conjunction with the surrounding planned residential development. Management changed this methodology and had an appraisal performed on the golf course only based on concerns of the economic feasibility of the current product mix and number of units in the planned residential development. The carrying amount net of prior period impairments for land held for investment is $4,186,203. The assets of discontinued operations as of October 31, 2015 had a carrying value net of prior period adjustments for impairment of $166,682. There was a total of $8,900,000 impairment expense in Fiscal 2015.

As of October 31, 2014, the carrying amount net of prior period impairments for land and land development costs is $15,484,523, less impairment expense of $967,000, recorded in Fiscal 2014 for a revised carrying value of $14,517,523. A development project had a carrying value of $1,558,208 which was written down by an impairment charge of $967,000. Management recognized an adverse change in the manner in which the project initially was intended to be developed and determined that impairment was probable and estimable. In determining the amount of impairment, management utilized a discounted cash flow calculation. The carrying amount net of prior period impairments for land improvements, buildings and equipment is $11,997,962. The carrying amount net of prior period impairments for land held for investment is $4,186,203. The carrying amount net of prior period impairments for long-lived assets held for sale is $5,403. The assets of discontinued operations as of October 31, 2014 had a carrying value net of prior period adjustments for impairment of $8,943,983. There was a total of $967,000 impairment expense in Fiscal 2014.

The table below summarizes the level of fair value hierarchy in which the fair value measurements resulting in impairment losses during the period ending October 31, 2015 are categorized:

		Non-Recurring Fair Value Measurements at the End of the Reporting Period Using ($ in thousands)			
	10/31/2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
Land and land development costs (a)	**$1,002**		$1,002		$7,654
Land improvements, buildings and equipment, net (b)	**$268**		$268		$1,246
Total nonrecurring fair value measurements	**$1,270**		$1,270		$8,900

(a) In accordance with Subtopic 360-10, land and land development costs with a carrying value of $8,656,000 were written down to their fair value of approximately $1,002,000, resulting in impairment expense of $7,654,000, which was included in the loss for the period. Due to a recent appraisal Management determined the carrying costs of the golf course land and land development costs were in excess of fair market value and may not be recoverable.

(b) In accordance with Subtopic 360-10, land improvements, buildings and equipment, net with a carrying value of $1,514,000 were written down to their fair value of approximately $268,000, resulting in impairment expense of $1,246,000, which was included in the loss for the period. Due to a recent appraisal Management determined the carrying costs of the golf course land improvements, buildings and equipment, net were in excess of fair market value and may not be recoverable.

The appraisal was developed using an income approach, which uses discounted cashflows. We consider the income approach to be a reliable indicator of the final value because a typical buyer actions will depend heavily on the income potential of the property. The income approach is based upon the premise that value is measured by the present worth of future benefits, which are derived from the property's income potential.

The table below summarizes the level of fair value hierarchy in which the fair value measurements resulting in impairment losses during the period ending October 31, 2014 are categorized:

		Non-Recurring Fair Value Measurements at the End of the Reporting Period Using ($ in thousands)			
	10/31/2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
Land and land development costs (a)	**$591**		$591		$967
Total nonrecurring fair value measurements	**$591**		$591		$967

(a) In accordance with Subtopic 360-10, land and land development costs with a carrying value of $1,558,000 were written down to their fair value of approximately $591,000, resulting in impairment expense of $967,000, which was included in the loss for the period. Due to a recent sale in the area for a similar lot, the new estimated selling price was reduced to approximately $24,000 per lot, less 9% selling costs and approximately $75,000 of additional infrastructure required, discounted back to October 31, 2014.

16. QUARTERLY FINANCIAL INFORMATION (Audited):

The results of operations for each of the quarters in Fiscal 2015 and Fiscal 2014 years are presented below.

	1st	2nd	3rd	4th	Total
Year ended 10/31/15					
Operating revenues	$460,670	$541,932	$1,660,557	$1,630,565	$4,293,724
Operating loss	(656,975)	(646,228)	(9,106,613)	(217,981)	(10,627,797)
Net income (loss) from discontinued operations	1,026,823	(7,515)	1,575	204,403	1,225,286
Net income (loss)	511,298	(511,909)	(5,926,172)	(3,199,110)	(9,125,893)
Net loss before discontinued operations per weighted average share	($0.21)	($0.21)	($2.42)	($1.39)	($4.23)
Net income (loss) per weighted average share	$0.21	($0.21)	($2.42)	($1.31)	($3.73)

	1st	2nd	3rd	4th	Total
Year ended 10/31/14					
Operating revenues	$5,488,685	$505,579	$1,010,969	$950,374	$7,955,607
Operating profit (loss)	3,845,301	(945,695)	(378,820)	(1,480,311)	1,040,475
Net income from discontinued operations	21,470	23,252	6,519	26,603	77,844
Net income (loss)	2,229,583	(660,083)	(352,560)	(772,409)	444,531
Net income (loss) before discontinued operations per weighted average share	$0.90	($0.28)	($0.14)	($0.33)	$0.15
Net income (loss) per weighted average share	$0.91	($0.27)	($0.14)	($0.32)	$0.18

The quarterly results of operations for Fiscal 2015 and 2014 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.

17. 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.

Real Estate Management/Rental Operations

Real Estate Management/Rental Operations consists of: investment properties leased to others located in Eastern Pennsylvania, New Jersey, Minnesota and Louisiana; recreational club activities; services to the trusts that operate resort residential communities; and rental of land and land improvements.

Land Resource Management

Land Resource Management consists of: land sales; land purchases; timbering operations; the Jack Frost National Golf Course; Boulder View Tavern, Boulder Lake Club and a real estate development division. Timbering operations consist of selective timbering on our land holdings. The Jack Frost National Golf Course is managed by Billy Casper Golf, LLC, an unaffiliated third party. 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:

	10/31/15	10/31/14
Revenues from continuing operations:		
Real estate management/rental operations	**$1,824,715**	$1,854,091
Land resource management	**2,469,009**	6,101,516
Total revenues from operations	**$4,293,724**	$7,955,607
Operating profit (loss) from continuing operations, excluding general and administrative expenses:		
Real estate management/rental operations	**$480,847**	$457,699
Land resource management	**(9,394,876)**	2,744,517
Total operating profit (loss), excluding general and administrative expenses	**($8,914,029)**	$3,202,216
General and administrative expenses:		
Real estate management/rental operations	**$728,304**	$503,804
Land resource management	**985,464**	1,657,937
Total general and administrative expenses	**$1,713,768**	$2,161,741
Interest and other income, net:		
Real estate management/rental operations	**$91**	$398
Land resource management	**2,362**	1,420
Total interest and other income, net	**$2,453**	$1,818
Interest expense:		
Real estate management/rental operations	**$500,610**	$516,268
Land resource management	**2,979**	5,297
Total Interest expense	**$503,589**	$521,565
Income (loss) from continuing operations before income taxes	**($11,100,179)**	$530,687

For fiscal year ended October 31, 2014, we had a land sale to Wildlands Conservancy for $5,050,000.

Identifiable assets, net of accumulated depreciation at October 31, 2015 and 2014 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
October 31, 2015			
Real estate management/rental operations	$20,610,104	$558,313	$412,228
Land resource management	10,264,526	173,714	50,780
Other corporate	121,956	30,373	33,253
Discontinued operations	166,682	0	0
Total Assets	**$31,163,268**	**$762,400**	**$496,261**

	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
October 31, 2014			
Real estate management/rental operations	$15,936,695	$529,530	$192,329
Land resource management	17,890,525	265,813	142,100
Other corporate	75,387	50,277	38,253
Discontinued operations	8,943,983	215,543	0
Total Assets	**$42,846,590**	**$1,061,163**	**$372,682**

All asset impairments in Fiscal 2015 and 2014 relate to the Land Resource Management segment.

18. 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.

Effective July 1, 2014, in accordance with the Boulder Lake Village Declaration and the provisions of the Pennsylvania Uniform Condominium Act, 68 Pa.C.S. § 3101 et seq., the Company's representatives resigned from both the Executive Board of Boulder Lake Village Condominium Association ("BLVCA") and from their positions as BLVCA officers. As a result, the BLVCA Board transitioned to an all-Unit Owner Executive Board. As part of the transition process, the BLVCA Board and the Company's management commissioned an engineering study to assess the condition of BLVCA Building J. In June 2015, BLVCA presented the Company with a Transition Engineering Evaluation of BLVCA Building J (the "Evaluation") which indicated certain deficiencies exist. Management believes it is too early to reasonably estimate a liability for this claim, however, there is a possibility it could rise to a level of materiality. The Company disagrees with the assertions raised by the Evaluation.

19. RELATED PARTY TRANSACTIONS:

Kimco Realty Services, Inc., or Kimco, is our controlling shareholder and Kimco Realty Corporation, the parent company of Kimco, provides consulting services to us. The services are focused on land development, acquisitions and disposals. Kimco was paid $0 in consulting fees in Fiscal 2015 and 2014.

Kimco Realty Corporation has served as the management company for the Coursey Commons Shopping Center in Baton Rouge, Louisiana since June 2004. A wholly owned subsidiary of Kimco Realty Corporation, KRC Property Management I, Inc., receives a fixed monthly fee of 4.5% of rental income on store leases in this shopping center. During Fiscal 2015 and 2014, that subsidiary received $2,167 and $41,559, respectively for management fees earned on the shopping center.

On October 1, 2014, the Company entered into a short term promissory note with Kimco Capital Corporation, a wholly owned subsidiary of Kimco Realty Corporation in the amount of $3,000,000. The interest only note was secured with a mortgage on Coursey Commons Shopping Center. The note bore interest at a fixed rate of 5.59% per annum payable monthly with the balance of unpaid interest and principal due December 31, 2014. The proceeds of the loan along with a portion of invested funds were used to pay a mortgage of $6,463,324 on the Coursey Commons Shopping Center which matured on October 1, 2014. As of October 31, 2014, the loan with Kimco Capital Corporation was classified as liabilities of discontinued operations. On December 15, 2014, the Coursey Commons Shopping Center was sold and the loan with Kimco Capital Corporation was paid in full.

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

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

Amounts due to the above related parties total $0 at October 31, 2015 and October 31, 2014.

20. STOCK OPTIONS and CAPITAL STOCK:

During Fiscal 2015 and 2014, no stock options were issued or exercised. For Fiscal 2015 and 2014, there were no outstanding stock options.

The prior stock options resulted in a tax deduction prior to actual realization of related tax benefit because the Company had net operating loss carryforwards. In 2014, a tax benefit and a credit to additional paid-in capital for the excess deduction, in the amount of $504,000, was recognized during the year due to this deduction reducing taxes payable.

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.

21. 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 2015 and 2014, 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.

On November 25, 2013 the Company filed with the Securities and Exchange Commission a Schedule 13E-3 Transaction Statement and accompanying Offer to Purchase all of its common shares held by holders of 99 or fewer shares of stock. The small share buyback offer was in effect thru February 7, 2014. As a result, for the fiscal year ended October 31, 2014, 4,076 tendered shares have been cancelled and are no longer outstanding.

During the fiscal years ended October 31, 2015 and 2014, the Company repurchased 731 and 1,572 shares of its common stock, respectively. Upon transfer, all shares were cancelled and returned to the status of authorized but unissued.

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 earnings (loss) for Fiscal 2015 and 2014 are as follows:

	10/31/15	10/31/14
Weighted average shares of common stock outstanding used to compute basic earnings per share	**2,444,419**	2,447,161

Basic (loss) earnings per weighted average share is computed as follows:

	10/31/15	10/31/14
Net (loss) income before discontinued operations	**($10,351,179)**	$366,687
Weighted average shares of common stock outstanding	**2,444,419**	2,447,161
Basic (loss) earnings per weighted average share	**($4.23)**	$0.15
Net income from discontinued operations	**$1,225,286**	$77,844
Weighted average shares of common stock outstanding	**2,444,419**	2,447,161
Basic earnings per weighted average share	**$0.50**	$0.03
Net (loss) income	**($9,125,893)**	$444,531
Weighted average shares of common stock outstanding	**2,444,419**	2,447,161
Basic (loss) earnings per weighted average share	**($3.73)**	$0.18

22. SUPPLEMENTAL DISCLOSURE TO STATEMENTS OF CASH FLOWS

Supplemental disclosures of cash flow information:

	10/31/15	10/31/14
Cash:		
Interest paid	**$524,172**	$874,348
Income taxes paid	**$7,400**	$66,150
Non cash:		
Increase in accounts and notes receivable and increase accounts payable	**$560,580**	$0
Cancellation of 282,018 shares of stock held in treasury	**$0**	$2,085,407
Reclassification of assets from land improvements, buildings and equipment, net to assets of discontinued operations	**$0**	$6,569,137
Reclassification of assets from land held for investment to assets of discontinued operations	**$0**	$2,208,165
Reclassification of assets from land and land development costs to land improvements, buildings and equipment, net	**$0**	$73,769
Reclassification of assets from land held for investment to long-lived assets held for sale	**$0**	$5,403

Pension liability and accumulated other comprehensive loss was increased (decreased) by $343,348 and ($343,348) in 2015 and increased (decreased) by $173,134 and ($173,134) in 2014 resulting from the changes in the funded status, the prior service cost and the net actuarial loss.

23. SUBSEQUENT EVENTS:

The Company has evaluated and disclosed subsequent events from October 31, 2015 through the issuance date of the financial statements.

On November 13, 2015, the Company closed a transaction with Kidder Township for the Gift of Real Property whereby the Company agreed to convey to the township a one-acre vacant lot for municipal purpose use as a parking lot and/or recreation area. The transaction is being accounted for as a non-cash charitable contribution.

On December 22, 2015, the Company entered into a second amendment to the Agreement of Sale with the Natural Lands Trust dated August 13, 2015 to extend the funding contingency until February 24, 2016, extend the inspection period until March 31, 2016, and extend the closing date until April 29, 2016.

On December 22, 2015, Kimco Realty Services, Inc. (“Kimco”), holder of 58.3% of the Company’s outstanding shares of common stock, executed a Partial Written Consent of Shareholders in lieu of Meeting to approve the re-election of Bruce Beaty, Paul A. Biddelman, Ray Edwards and David Domb as the Company’s Directors. On January 4, 2016, shareholders were notified by mail of the re-election of Directors.

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 30 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, 2015, we owned 9,921 acres of land in Northeastern Pennsylvania along with 3 acres of land in various other states for a total acres figure of 9,924 acres. Of these land holdings, we designated 8,490 acres as held for investment, 1,433 acres as held for development and 1 acre for discontinued operations. 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.

The Company is moving forward with plans for the residential development of 57 lots on the south shore of Big Boulder Lake. The management team is in the early stage of planning new amenities in and around the Lake. Preliminary plans include a clubhouse with a fitness center, bike paths, additional tennis courts and swimming pools. Future development plans and the construction of new recreational facilities hinge on successful permitting, favorable construction costs and financial viability.

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

For Fiscal 2015, we intend to continue selective sales of land, some of which may be treated as Section 1031 tax deferred exchanges under the Internal Revenue Code.

We also have generated revenue through the selective timbering of our land. We rely on the advice of our forester, who is engaged on a consulting basis and who receives a commission on each stumpage contract, for the timing and selection of certain parcels for timbering. Our forester gives significant attention to protecting the environment and maximizing the value of these parcels for future timber harvests. We have not entered into any new timber harvest contracts for the timbering of our lands since March 2012 in order to provide ample time for the regeneration of trees. Our forester will monitor the growth and timbering will resume when we, in consultation with our forester, deem prudent.

The Jack Frost National Golf Course is managed by Billy Casper Golf, LLC, a nationally-recognized golf course management company. With a continued emphasis on course maintenance, along with the natural maturation of the fairways, Jack Frost National has become one of the premier golf facilities in Northeastern Pennsylvania. Year to year financial performance continues to improve.

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 October 6, 2015, the Company finalized the settlement with the Laurelwoods II Homeowners Association (the "LWII HOA") as the result of a claim presented to the Company in Fiscal 2014 regarding assessment for past dues on units in the Longview Drive and Woodsbluff Court sections of the planned community and for convertible and withdrawable real estate within the planned community that was not converted or withdrawn prior to October 20, 2012. Under the terms of the settlement the Company conveyed one undeveloped lot in the Longview Drive Section of the community, commenced paying HOA assessments for six undeveloped lots in the Woodsbluff Court section of the community and made payment in the sum of $25,000 to the LWII HOA.

On October 7, 2015, the Company entered into an employment agreement with Mr. Bruce Beaty, as the Corporation's President and Chief Executive Officer, effective January 1, 2016 and extending until December 31, 2017 unless terminated earlier pursuant to the termination provisions provided in the agreement.

On October 15, 2015 the Company entered into the First amendment to the Agreement of Sale with the Natural Lands Trust dated August 13, 2015 ("the NLT Agreement") to extend the funding contingency until December 31, 2015, extend the inspection period until January 30, 2016, and extend the closing date until February 29, 2016. Subsequently, on December 22, 2015, the Company entered into a second amendment to the NLT Agreement to extend the funding contingency until February 24, 2016, extend the inspection period until March 31, 2016, and extend the closing date until April 29, 2016.

Effective July 1, 2014, in accordance with the Boulder Lake Village Declaration and the provisions of the Pennsylvania Uniform Condominium Act, 68 Pa.C.S. § 3101 et seq., the Company's representatives resigned from both the Executive Board of Boulder Lake Village Condominium Association ("BLVCA") and from their positions as BLVCA officers. As a result, the BLVCA Board transitioned to an all-Unit Owner Executive Board. As part of the transition process, the BLVCA Board and the Company's management commissioned an engineering study to assess the condition of BLVCA Building J. In June 2015, BLVCA presented the Company with a Transition Engineering Evaluation of BLVCA Building J (the "Evaluation") which indicated certain deficiencies exist. Management has hired an engineering firm to examine the evaluation presented by BLVCA. Management believes it is too early to reasonably estimate a liability for this claim, however, there is a possibility it could rise to a level of materiality. The Company disagrees with the assertions raised by the Evaluation.

During the fiscal year ended October 31, 2015, the Company repurchased an aggregate of 731 shares of Blue Ridge Real Estate Company common stock. Upon repurchase, the shares of stock were cancelled and returned to the status of authorized but unissued.

FISCAL 2015 VERSUS FISCAL 2014

Net Income

For Fiscal 2015, we reported a net loss of $9,125,893 or ($3.73) per share, as compared with a net income of $444,531, or $0.18 per share for Fiscal 2014.

Revenues

Revenue of $4,293,724 in Fiscal 2015 represents a decrease of $3,661,883, or 46% compared to $7,955,607 in Fiscal 2014. Real Estate Management Operations/Rental Operations revenue decreased $29,376, or 2%, compared to Fiscal 2014. Land Resource Management revenue decreased $3,632,507, or 60%, compared to Fiscal 2014.

Real Estate Management/Rental Operations

The Real Estate Management Operations/Rental Operations revenue was $1,824,715 in Fiscal 2015 as compared to $1,854,091 in Fiscal 2014, which represented a decrease of $29,376, or 2%. This was primarily attributable to reduced rental income resulting from the termination of two operating leases with Boulder View Tavern, Inc.

Land Resource Management

Land Resource Management revenue was $2,469,009 in Fiscal 2015 as compared to $6,101,516 in Fiscal 2014, a decrease of $3,632,507, or 60%. This was primarily the result of the sale of 2,115 acres to the PA Game Commission in Fiscal 2014 for $5,050,000. This was offset by $1,005,161 in revenue for the Boulder View Tavern and $279,137 in revenue for the Boulder Lake Club, both of which began operations in April 2015. In Fiscal 2014, both of these operations were leased to third party operators.

There was no timbering revenue in Fiscal 2015 and 2014. Jack Frost National Golf Course revenue in Fiscal 2015 was $1,096,499 as compared to $1,041,516 for Fiscal 2014, an increase of $54,983, or 5%, primarily due to increased cart and green fees.

Operating Costs

Real Estate Management/Rental Operations

Operating costs associated with Real Estate Management Operations/Rental Operations for Fiscal 2015 were $1,343,868 as compared to $1,396,392 for Fiscal 2014, which represents a decrease of $52,524**,** or 4%. This decrease was primarily due to the termination of the two operating leases, Boulder View Tavern ($28,250) and Boulder Lake Club ($20,500).

Land Resource Management

Operating costs associated with Land Resource Management for Fiscal 2015 were $11,869,924 compared to $3,358,015 for Fiscal 2014, an increase of $8,511,909, or greater than 100%. This was primarily related to a $8,900,000 valuation allowance taken on the Jack Frost National Golf Course in order to more closely reflect market value. The Jack Frost National Golf Course expenses decreased by ($31,031), or (3%), for Fiscal 2015 as compared to Fiscal 2014, primarily due to decreased depreciation ($90,465), and offset by increased course repairs and maintenance $24,130 and utilities $21,863.

General and Administration

General and administration costs for Fiscal 2015 were $1,713,768, as compared with $2,161,741 for Fiscal 2014, which represents a decrease of ($447,973), or (21%). This decrease was primarily related to reduced severance pay ($138,915), salaries and wages, related benefits and payroll taxes ($215,892) consultants ($99,243) and professional fees ($31,441).

Other Income and Expense

Interest and other income was $2,453 in Fiscal 2015, as compared to $1,818 in Fiscal 2014, an increase of $635 relating to interest income.

Interest expense for Fiscal 2015 was $503,589 as compared to $521,565 for Fiscal 2014, a decrease of ($17,976), or (3%). There was no capitalized interest in Fiscal 2015 or 2014.

Discontinued Operations

At October 31, 2015, one leased investment property located in Saylorsburg, Pennsylvania was leased and under agreement of sale. The Coursey Commons Shopping Center in Baton Rouge, Louisiana was sold on December 15, 2014. The assets of the Saylorsburg property at October 31, 2015 and 2014 and the Baton Rouge property at October 31, 2014 are being reported as assets of discontinued operations and the results of operations for Fiscal 2015 and 2014 are being reported as discontinued operations. Future cash flows and operating results for the investment properties are no longer being reported in the Real Estate Management / Rental segment.

The net income after taxes from discontinued operations for the Baton Rouge Louisiana investment property for Fiscal 2015 was $1,219,289 as compared to $72,927 for Fiscal 2014, an increase of $1,146,362 (including the gain on disposal of $1,879,732). The net income after taxes from discontinued operation for the Saylorsburg, Pennsylvania investment property for Fiscal 2015 was $5,997 as compared to $4,917 Fiscal 2014, an increase of $1,080, or 21%.

Tax Rate

The effective tax rate for income taxes (benefit) was 7% in Fiscal 2015 and 31% in Fiscal 2014. The provision for income taxes in Fiscal 2015 includes a $3,026,000 increase in the valuation allowance on the current year impairments and $260,000 to account for the utilization of the deferred state tax asset created in Fiscal 2014, primarily related to the sale of Coursey Commons which occurred on December 15, 2014. The provision for income taxes in Fiscal 2014 includes an additional $244,000 to account for the utilization of the deferred state tax asset created in Fiscal 2013, primarily related to the land sale which occurred on November 6, 2013.

Liquidity and Capital Resources

As reflected in the Statements of Cash Flows, net cash used in operating activities was $1,350,112 for Fiscal 2015 versus net cash provided by operating activities of $2,877,496 for Fiscal 2014. The decrease in net cash provided by operating activities is primarily attributable to reduced net income due to a higher cost basis in the sale of the Coursey Commons Shopping Center versus the sale of 2,115 acres of land in Fiscal 2014.

The $10,900,000 sale of Coursey Commons Shopping Center is the material non-recurring cash item for the Fiscal 2015. The $5,050,000 land sale of approximately 2,115 acres is the material non-recurring cash item for Fiscal 2014.

In December 2014, the Company invested the proceeds of $7,489,408 from the sale of Coursey Commons Shopping Center in marketable securities. The investment portfolio contains government, agency and corporate obligations with a minimum single A rating and no maturity greater than 2 years. At October 31, 2015, the Company's cash and marketable securities totaled $7,932,855 compared to cash and marketable securities of $2,451,522 at October 31, 2014.

On October 1, 2014, the Company entered into a $3,000,000 short term promissory note with Kimco Capital Corporation. The "interest only" note was secured with a mortgage on Coursey Commons Shopping Center. The note had an interest rate of 5.59% per annum payable monthly and a maturity date of December 31, 2014. On December 15, 2014 the Coursey Commons Shopping Center was sold and the loan with Kimco Capital Corporation was paid in full.

The mortgage on the Coursey Commons Shopping Center in the amount of $6,489,224 matured on October 1, 2014. The Company satisfied the debt with $3,500,000 of funds from liquidated short term investments and $3,000,000 of funds borrowed from Kimco Capital Corporation.

In March 2015, Blue Ridge Real Estate opened a brokerage account with Cetera Advisor Networks, LLC thru Mauch Chunk Trust Company. The Company purchased two brokered certificates of deposit totaling $250,000 which is included in Marketable Securities Available for Sale at Cost. The certificates have maturities no greater than 2 years.

On April 13, 2015, Lake Mountain, LLC entered into a commercial line of credit with Mauch Chunk Trust Company in the amount of $250,000. Interest is to be paid monthly on the unpaid principal balance and the line has a maturity of April 14, 2017. Interest is at a rate of Prime plus 1.00% (4.25% at October 31, 2015). The line is collateralized with a recorded lien on the brokerage account with Mauch Chunk Trust Company. Funds drawn on the line of credit will be used for working capital needs. As of October 31, 2015, there is a $30,000 balance outstanding on the line.

On January 8, 2016, the Company established 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 one year, renewable annually and is collateralized by the Company's brokerage account with Cetera Advisor Networks, LLC. As of January 8, 2016, advances on our commercial operating line of credit with Mauch Chunk Trust Company are limited to $110,000. Interest is at a rate of Prime plus 1.00% (4.50% as of January 8, 2016). The letter was established 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.

The following table sets forth the Company's significant contractual cash obligations for the items indicated as of October 31, 2015 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
Long-Term Debt-Investment Properties	$7,128,400	$257,410	$887,549	$702,061	$5,281,380
Line of credit	30,000	30,000	0	0	0
Capital Leases	44,284	21,590	22,694	0	0
Debt Sub-total	$7,202,684	$309,000	$910,243	$702,061	$5,281,380
Fixed Rate Interest	$4,610,488	$485,745	$1,336,958	$780,400	$2,007,385
Variable Rate Interest	1,806	1,275	531	0	0
Interest Sub-total	$4,612,294	$487,020	$1,337,489	$780,400	$2,007,385
Pension Contribution Obligations (1)	153,300	153,300	0	0	0
Total Contractual Cash Obligations	$11,968,278	$949,320	$2,247,732	$1,482,461	$7,288,765

(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, home construction, property management services, timbering, golf activities, and leasing activities. 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 market.

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 and fishing clubs and golf course memberships paid. Revenues related to the hunting and fishing clubs and golf course memberships are recognized over the seasonal period that the dues cover. We recognize revenue related to the fishing club over a five month period from May through September, and the golf course over a seven month period, from April through October. Deposits are required on land and home sales.

Management's estimate of deferred tax assets and liabilities is primarily based on the difference between the tax basis and financial reporting basis of depreciable assets, 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 is 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 for recoverability our long-lived assets 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.

In Fiscal 2014, management reassessed the carrying value of the remaining units in the Laurelwoods II development project based on management's recognition of an adverse change in the manner in which the project initially was intended to be developed. In determining the impairment, management performed a discounted cash flow analysis on wholesale of the parcel in bulk.

Assets are classified as long lived assets held for sale when they are expected to be sold within the next year. There are no long lived assets classified as held for sale at October 31, 2015. The amount in long lived assets held for sale at October 31, 2014 included 1 acre of land under agreement of sale to Mountain Rentals PA, LLC, which closed on November 21, 2014.

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 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.

At October 31, 2015, we expect to utilize a portion of prior year federal tax loss carryforwards on our Fiscal 2015 federal income tax return. The loss carryforwards result from prior year losses incurred for federal income tax purposes. We will offset our approximately $1,880,000 book gain on the sale of Coursey Commons Shopping Center which occurred on December 15, 2014 with operating losses from year ending October 31, 2015 and a portion of the prior year federal tax loss carryforwards.

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

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

We sponsor a defined benefit pension plan as detailed in Note 10 to the accompanying audited financial statements. 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. The pension plan is currently underfunded and, accordingly, the Company has made contributions to the fund of $424,822 in Fiscal 2014. The Company contributed $220,617 and expects to contribute another $98,000 to the pension plan in Fiscal 2015. Future benefit accruals under the pension plan ceased as of August 31, 2010. The Company also has a 401(k) pension plan that is available to all full time employees. Effective August 1, 2010, the Company matches 50% of employee salary deferral contributions up to 3% 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.