BLUE RIDGE REAL ESTATE COMPANY

2019

FIRST QUARTER REPORT

As of January 31, 2019 (Unaudited) and October 31, 2018 (Audited)
and for the Three Months Ended January 31, 2019 and 2018 (Unaudited)

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

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

BLUE RIDGE REAL ESTATE COMPANY

a Pennsylvania Corporation

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

Telephone: 570-443-8433
Website: www/brreco.com
Email: info@brreco.com
SIC code: 6500

Quarterly Report
For the Period Ending: January 31, 2019
(the "Reporting Period")

As of January 31, 2019, the number of shares outstanding of our Common Stock was:

2,443,488

As of October 31, 2018, the number of shares outstanding of our Common Stock was:

2,443,488

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

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

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

Blue Ridge Real Estate Company was incorporated in Pennsylvania on August 11, 1918.

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

Yes: ☐ No: ☒

2) Security Information

Trading Symbol:	BRRE
Exact title and class of securities outstanding:	Common Stock
CUSIP:	096005301
Par or Stated Value:	$0.30 per share
Total shares authorized:	6,000,000 as of January 31, 2019
Total shares outstanding:	2,443,488 as of January 31, 2019
Number of shares in the Public Float:	1,018,335 as of January 31, 2019
Total number of shareholders of record:	135 as of January 31, 2019

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.astfinancial.com
Email: help@astfinancial.com
Fax: (718) 236-2641

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

List any restrictions on the transfer of security: None.

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

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

3) Issuance History

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

A. Changes to the Number of Outstanding Shares

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

<table>
<tr><td>Number of Shares outstanding as of
November 1, 2016</td><td colspan="2">Opening Balance:
Common:2,443,824
Preferred: 0</td><td colspan="7"></td></tr>
<tr><td>Date of Transaction</td><td>Transaction type (e.g. new issuance, cancellation, shares returned to treasury)</td><td>Number of Shares Issued (or cancelled)</td><td>Class of Securities</td><td>Value of shares issued ($/per share) at issuance</td><td>Were the shares issued at a discount to market price at the time of issuance? (Yes/No)</td><td>Individual / Entity Shares were issued to (entities must have individual with voting/investment control disclosed).</td><td>Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided if applicable</td><td>Restricted or Unrestricted as of this filing?</td><td>Exemption or Registration Type?</td></tr>
<tr><td>10/31/2017</td><td>Cancellation</td><td>224</td><td>Common</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>4/19/2018</td><td>Cancellation</td><td>112</td><td>Common</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Shares Outstanding on January 31, 2019:</td><td colspan="2"><u>Ending Balance</u>
Common: 2,443,488
Preferred: 0</td><td colspan="7"></td></tr>
</table>

During the fiscal year ended October 31, 2017, the Company repurchased 224 shares of its common stock. Upon transfer, all shares were cancelled and returned to the status of authorized but unissued. During the fiscal year ended October 31, 2018, the Company repurchased 112 shares of its common stock. Upon transfer, all shares were cancelled and returned to the status of authorized but unissued. No shares were repurchased during the three months ended January 31, 2019.

B. Debt Securities, Including Promissory and Convertible Notes

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

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

4) Financial Statements

A. The following financial statements were prepared in accordance with:

☒ U.S. GAAP

☐ IFRS

B. The financial statements for this reporting period were prepared by

Name: Cynthia A. Van Horn

Title: Chief Financial Officer and Treasurer

Relationship to Issuer: Principal Financial Officer

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

5) Issuer's Business, Products and Services

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

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

Blue Ridge's primary SIC code is 6500.

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

Resort Operations (SIC Code 6512)

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

Real Estate Management/Rental Operations (SIC Code 6519)

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

Land Resource Management (SIC Code 6552)

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

6) Issuer's Facilities

At January 31, 2019, the properties of Blue Ridge and its subsidiaries consisted of 9,693 total acres of land owned by Blue Ridge, Northeast Land Company, Flower Fields Motel, LLC, Blue Ridge WNJ, LLC and Blue Ridge WMN, LLC. 9,690 acres of land are located in the Pocono Mountains, along with 3 acres in various other states. Of this acreage, 7,976 acres were held for investment, 1,433 acres were held for development and 284 acres were held for sale. Income is derived from these lands through leases, selective timbering by third parties, sales and other dispositions.

These properties included the Jack Frost National Golf Course, Boulder View Tavern, Boulder Lake Club, a commercial property comprised of 3 acres of vacant land, 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. Lake Mountain, LLC, a wholly owned subsidiary of Blue Ridge Real Estate Company, leases and operates the facility. Effective August 1, 2018, the restaurant is managed by Boulder View Management, LLC, a subsidiary of Billy Casper Golf, LLC, an unaffiliated third party operations. 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. Lake Mountain, LLC, a wholly owned subsidiary of Blue Ridge Real Estate Company, leases and operates the facility.

Blue Ridge owns one single family home held for investment.

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

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

Blue Ridge owns The Stretch, an exclusive members-only fly fishing club, located along a two-mile stretch of the Tunkhannock Creek in Blakeslee, Pennsylvania.

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.

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. On March 11, 2019, the Company sold the Minnesota Walgreens property.

7) Officers, Directors, and Control Persons

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

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

Name of Officer/Director and Control Person	**Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)**	**Residential Address (City/State Only)**	**Number of shares owned**	**Share type/class**	**Ownership Percentage of Class Outstanding**	**Note**
Bruce Beaty	Chairman of the Board, President and Chief Executive Officer	Blakeslee, PA	0		0%	
Paul A. Biddelman	Director	New York, NY	0		0%	
Raymond Edwards	Director	New Hyde Park, NY	0		0%	
David Domb	Director	New Hyde Park, NY	0		0%	
Cynthia A. Van Horn	Chief Financial Officer and Treasurer	Blakeslee, PA	0		0%	
KRSX Merge, LLC	Principal Stockholder	New Hyde Park, NY	1,425,153	Common	58.3%	Conor C. Flynn, Director Glenn G. Cohen, Director Ross Cooper, Director 3333 New Hyde Park Road, Suite 100 New Hyde Park, NY 10042-0020

8). Legal/Disciplinary History.

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

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

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities. None

9) Third Party Providers

<u>Securities Counsel</u>
Joanne R. Soslow, Esquire
Morgan, Lewis & Bockius
1701 Market Street
Philadelphia, PA 19103-2921
(215) 963-5000

<u>Accountant or Auditor</u>
Kevin Foley, CPA
Kronick Kalada Berdy & Co.
190 Lathrop Street
Kingston, PA 18704
(570) 283-2727

<u>Investor Relations Consultant</u>
Not Applicable

<u>Other Service Providers:</u>
Not Applicable

10) Issuer Certification

Principal Executive Officer

I, Bruce Beaty certify that:

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

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

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

Date: March 18, 2019

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

Principal Financial Officer

I, Cynthia A. Van Horn certify that:

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

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

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

Date: March 18, 2019

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

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

BALANCE SHEETS

	(Unaudited)	
ASSETS	**01/31/19**	10/31/18
Land and land development costs (1,433 acres per land ledger)	**$6,863,566**	$6,863,566
Land improvements, buildings and equipment, net	**2,345,828**	2,431,113
Land held for investment, principally unimproved (7,972 and 7,976 acres per land ledger, respectively)	**1,692,278**	1,692,278
Assets of discontinued operations (includes 4 acres per land ledger)	**9,388,587**	9,455,868
Long-lived assets held for sale (284 acres per land ledger)	**65,657**	65,657
Cash and cash equivalents	**2,103,111**	2,569,341
Marketable securities available for sale	**2,562,080**	2,559,601
Cash held in escrow	**510**	510
Prepaid expenses and other assets	**341,738**	493,036
Deferred tax asset	**974,001**	821,717
Accounts and notes receivable	**16,402**	46,241
Total assets	**$26,353,758**	$26,998,928
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Debt	**$86,230**	$86,230
Accounts payable	**241,260**	192,673
Accrued liabilities	**288,348**	427,331
Deferred income	**160,759**	114,968
Accrued pension expense	**2,621,602**	2,570,402
Liabilities of discontinued operations	**6,240,632**	6,317,930
Total liabilities	**9,638,831**	9,709,534
SHAREHOLDERS' EQUITY:		
Capital stock, without par value, stated value $0.30 per share, Blue Ridge authorized 6,000,000 shares, issued and outstanding 2,443,488	**733,046**	733,046
Capital in excess of stated value	**18,252,368**	18,252,368
Earnings retained in the business	**(511,277)**	64,954
Accumulated other comprehensive loss	**(1,759,210)**	(1,760,974)
Total shareholders' equity	**16,714,927**	17,289,394
Total liabilities and shareholders’ equity	**$26,353,758**	$26,998,928

See accompanying notes to unaudited financial statements.

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF OPERATIONS
for the three months ended January 31, 2019 and 2018
(UNAUDITED)

.	**2019**	2018
Revenues:		
Resort operations revenue	**$469,623**	$436,986
Real estate management revenue	**170,360**	170,549
Land resource management revenue	**40,340**	40,240
Rental income revenue	**14,172**	18,613
Total revenues	**694,495**	666,388
Costs and expenses:		
Resort operations costs	**680,963**	650,203
Real estate management costs	**167,564**	160,456
Land resource management costs	**140,871**	181,123
Rental income costs	**17,017**	18,231
General and administration expense	**473,167**	488,800
Total costs and expenses	**1,479,582**	1,498,813
Operating loss before other income and (expense)	**(785,087)**	(832,425)
Other income and (expense):		
Interest and other income	**20**	80
Interest expense	**(1,109)**	(1,406)
Interest and dividends on marketable securities, net	**46,245**	48,956
Loss on disposition of marketable securities	**0**	(5,145)
Total other income and (expense)	**45,156**	42,485
Loss from continuing operations before income taxes	**(739,931)**	(789,940)
(Benefit) provision for income taxes on continuing operations, net of $210,000 deferred tax expense from enacted Tax Act rate reduction in 2018	**(155,000)**	26,000
Loss before discontinued operations	**(584,931)**	(815,940)
Income from discontinued operations before income taxes	**10,700**	5,508
Provision for income taxes on discontinued operations	**2,000**	1,000
Income from discontinued operations	**8,700**	4,508
Net loss	**($576,231)**	($811,432)
Basic loss per weighted average share		
Loss before discontinued operations	**($0.24)**	($0.33)
Income from discontinued operations, net of tax	**$0.00**	$0.00
Total basic loss per weighted average share	**($0.24)**	($0.33)

See accompanying notes to unaudited financial statements.

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE LOSS
for the three months ended January 31, 2019 and 2018
(UNAUDITED)

	2019	2018
Net loss	**($576,231)**	($811,432)
Other comprehensive income (loss), net of tax		
Unrealized income (loss) on securities		
Unrealized holding income (losses) arising during the period	**2,480**	(99,400)
Reclassification adjustment for net losses included in net income	**0**	5,145
Deferred tax provision (benefit)	**(716)**	40,582
Net unrealized gain (loss) on securities, net of deferred tax (provision) benefit	**1,764**	(53,673)
Other comprehensive gain (loss)	**1,764**	(53,673)
Total comprehensive loss	**($574,467)**	($865,105)

See accompanying notes to unaudited financial statements.

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the three months ended January 31, 2019 and 2018
(UNAUDITED)

	Capital Stock (1)		Capital in Excess of	Earnings Retained in	Accumulated Other Comprehensive	
	Shares	Amount	Stated Par	the Business	Loss	Total
Balance, October 31, 2018	2,443,488	$733,046	$18,252,368	$64,954	($1,760,974)	$17,289,394
Net loss				(576,231)		(576,231)
Other comprehensive loss					1,764	1,764
Balance, January 31, 2019	**2,443,488**	**$733,046**	**$18,252,368**	**($511,277)**	**($1,759,210)**	**$16,714,927**

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

See the accompanying notes to unaudited financial statements.

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF CASH FLOWS
For the three months ended January 31, 2019 and 2018
(UNAUDITED)

	2019	2018
Cash Flows (Used In) Provided By Operating Activities:		
Net loss	**($576,231)**	($811,432)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**155,226**	176,332
Amortization of investment premiums	**0**	250
Loss on marketable securities	**0**	5,145
Deferred income taxes	**(153,000)**	27,000
Changes in operating assets and liabilities:		
Accounts receivable	**37,919**	25,081
Prepaid expenses and other assets	**151,298**	160,753
Land and land development costs	**0**	(20)
Accounts payable and accrued liabilities	**(39,417)**	(808,171)
Deferred income	**45,791**	29,204
Net cash used in operating activities	**(378,414)**	(1,195,858)
Cash Flows (Used In) Provided By Investing Activities:		
Purchases of marketable securities	**0**	(848,268)
Proceeds from maturities and sales of marketable securities	**0**	1,173,771
Additions to properties	**(10,740)**	(30,830)
Net cash (used in) provided by investing activities	**(10,740)**	294,673
Cash Flows Provided By (Used In) Financing Activities:		
Payments of debt	**(77,076)**	(71,952)
Net cash used in financing activities	**(77,076)**	(71,952)
Net decrease in cash and cash equivalents	**(466,230)**	(973,137)
Cash and cash equivalents, beginning of period	**2,569,341**	3,130,601
Cash and cash equivalents, ending of period	**$2,103,111**	$2,157,464

See accompanying notes to unaudited financial statements.

NOTES TO UNAUDITED FINANCIAL STATEMENTS

1. Basis of Presentation:

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

The balance sheet as of October 31, 2018, which has been derived from audited financial statements, and the financial statements as of and for the three month periods ended January 31, 2019 and 2018, which are unaudited, are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Accordingly, these financial statements should be read in conjunction with the combined financial statements and notes thereto contained in the Company's 2018 Annual Report filed with OTC Markets on January 29, 2019. In the opinion of management, the accompanying financial statements reflect all adjustments (which are of a normal recurring nature) necessary for a fair statement of the results for the interim periods. All significant intercompany accounts and transactions are eliminated.

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

2. Significant Accounting Policies

Use of Estimates and Assumptions:

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

Management believes that its accounting policies regarding revenue recognition, land development costs, long lived assets, deferred income and income taxes among others, affect its more significant judgments and estimates used in the preparation of its financial statements. For a description of these critical accounting policies and estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations". There were no significant changes in the Company's critical accounting policies or estimates since the Company's fiscal year ended October 31, 2018 ("Fiscal 2018"). Material subsequent events are evaluated and disclosed through the issuance date of this Quarterly Report.

Statements of Cash Flows:

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

Cash Concentration of Credit Risk:

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of temporary cash investments. The Company's temporary cash investments are held by financial institutions. The Company has not experienced any losses related to these investments. At January 31, 2019, the Company had $0 working cash on deposit in excess of the FDIC insured limit of $250,000, however, the Company had $1,694,546 invested in money market funds at January 31, 2019, which are not insured by the FDIC.

Cash Held in Escrow:

Cash held in escrow consists mainly of funds held in a real estate escrow account.

Marketable Securities:

Marketable securities consist of investments in preferred stocks (49 positions of financial services, insurance and real estate investment trusts) and two certificates of deposit at January 31, 2019. Marketable securities consist of investments in preferred stock (49 positions of financial services, insurance and real estate investment trusts) and two certificates of deposit at October 31, 2018. Investments in preferred stocks are stated at fair value. Investments in preferred stocks are not purchased with the intent of selling in the near term. However, from time to time, the Company may decide to sell certain securities for liquidity, tax planning and other business purposes. The cost of securities sold is determined by the specific identification method. Unrealized gains and losses on investments in preferred stocks are recorded monthly. Interest and dividends on marketable securities are recognized as income when earned.

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 judgements 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 the sale, including any gain or loss recognized on the disposition, are presented on a separate line of the Statement of Operations.

Reclassification:

Certain reclassifications have been made to prior year's financial information to conform to the January 31, 2019 presentation.

New Accounting Pronouncements:

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which provides guidance for revenue recognition. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets and supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," and most industry-specific guidance. ASU 2014-09 also supersedes some cost guidance included in Subtopic 605-35, "Revenue Recognition-Construction-Type and Production-Type Contracts." The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under the current guidance. These judgments and estimates include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. In August 2015, the FASB issued ASU 2015-14 "Revenue from Contracts with Customers" ("ASU 2015-14"), which delays the effective date of ASU 2014-09 by one year. ASU 2014-09, as amended by ASU 2015-14, ASU 2016-08 Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Consideration (Reporting Revenue Gross versus Net); ASU 2016-10 Revenue from Contracts with Customers (Topic 606): identifying Performance Obligations and Licensing; ASU 2016-12 Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients and ASU 2016-20 Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers are effective for us beginning November 1, 2019, 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 these pronouncements will have on our financial statements and disclosures.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities", which requires equity investments to be measured at fair value with changes in fair value recognized in net income, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset and eliminates the requirement to disclose the fair value of the financial instruments measured at amortized cost. ASU No. 2016-01 is effective for us beginning November 1, 2019, and, at that time, we will adopt the new standard. We are currently evaluating the impact that the adoption of ASU 2016-01 may have on our financial statements and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. FASB issued updates ASU 2018-10, Codification Improvements to Topic 842, Leases and ASU 2018-11, Leases (Topic 84): Targeted Improvements in relation to ASU 2016-02. ASU 2016-02 is effective for us beginning November 1, 2019, and, at that time, we will adopt the new standard using a modified retrospective approach. We are currently evaluating the impact that the adoption of ASU 2016-02 may have on our financial statements and disclosures.

In March 2017, the FASB issued ASU 2017-7 Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. ASU 2017-07 is effective for us beginning November 1, 2020. We are currently evaluating the impact that the adoption of ASU 2017-07 may have on our financial statements and disclosures.

In February 2018, the FASB issued ASU No. 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ("ASU 2018-02"). ASU 2018-02 allows a reclassification from accumulated other comprehensive loss to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act enacted on December 22, 2017 and also requires entities to disclose their accounting policy for releasing income tax effects from accumulated other comprehensive income. We elected to adopt ASU 2018-02 in the current year. See Note 10, Accumulated Other Comprehensive Loss.

In August 2018, the FASB issued ASU 2018-14, "Compensation-Retirement Benefits- Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans" ("ASU 2018-14"). ASU 2018-14 modifies the disclosure requirements for employers that sponsor defined benefit pension or other post retirement plans. ASU 2018-14 is effective for us beginning November 1, 2021. We are currently evaluating the impact that the adoption of ASU 2018-14 may have on our financial statements and disclosures.

3. Discontinued Operations

On December 21, 2018, the Company entered into a Purchase and Sale Agreement for the Walgreens property located in White Bear Lake, Minnesota for $6,240,000. On March 11, 2019, the Company sold the Minnesota Walgreens property. As a result, operating activity for the property is being reported as discontinued operations for the three months ending January 31, 2019 and 2018. The net operating results were previously reported in rental income in the Statements of Operations. At January 31, 2019 and October 31, 2018, respectively, there were $4,822,675 and $4,855,045 assets related to Walgreens, MN included in assets of discontinued operations and there were $3,232,772 and $3,272,815 liabilities included in liabilities of discontinued operations.

On February 6, 2019, the Company entered into a Purchase and Sale Agreement for the Walgreens property located in Toms River, New Jersey for $5,700,000. On March 7, 2019, the Company entered into a First Amendment to the Purchase and Sale Agreement for the New Jersey Walgreens property terminating the inspection period and moving the closing date forward to April 2, 2019. As a result, operating activity for the property is being reported as discontinued operations for the three months ending January 31, 2019 and 2018. The net operating results were previously reported in rental income of the Statements of Operations. At January 31, 2019 and October 31, 2018, respectively, there were assets related to the Walgreens, NJ property of $4,565,912 and $4,600,823 included in assets of discontinued operations and there were liabilities totaling $3,007,860 and $3,045,115 included in liabilities of discontinued operations.

The assets as of January 31, 2019 and October 31, 2018 and the results of operations of the property classified as discontinued operations for the three months ended January 31, 2019 and 2018, are summarized as follows:

BALANCE SHEET	**01/31/19**	10/31/18
ASSETS		
Land improvements, buildings and equipment, net	**$6,993,575**	$7,060,856
Land held for investment, principally unimproved	**2,395,012**	2,395,012
Total assets of discontinued operations	**$9,388,587**	$9,455,868
LIABILITIES		
Debt	**$6,222,785**	$6,299,861
Accrued liabilities	**17,847**	18,069
Total liabilities of discontinued operations	**$6,240,632**	$6,317,930

STATEMENTS OF OPERATIONS	**01/31/19**	01/31/18
Revenues:		
Walgreens, MN	**$97,500**	$97,500
Walgreens, NJ	**90,750**	90,750
Total Revenue	**188,250**	188,250
Expenses (excluding interest):		
Walgreens, MN	**33,423**	33,476
Walgreens, NJ	**36,118**	36,117
Total Expenses	**69,541**	69,593
Interest expense (calculated on debt related to the property):		
Walgreens, MN	**55,951**	58,614
Walgreens, NJ	**52,058**	54,535
Total Interest	**108,009**	113,149
Income from discontinued operations before income taxes	**$10,700**	$5,508

4. Segment Reporting

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

5. Income Taxes

The benefit for income taxes for the three months ended January 31, 2019 was estimated using the estimated annual effective tax rate for the fiscal year ending October 31, 2018.

The provision (benefit) for income taxes for the three months ended January 31, 2018 was estimated using a reduced blended rate of 23.33% due to the new “Tax Cuts and Jobs Act” legislation. An estimated tax expense of $210,000 was recorded in the quarter ended January 31, 2018 related to re-measurement of the deferred tax assets and liabilities.

In the first quarter ended January 31, 2018, the Company elected to reclassify the stranded tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive loss to retained earnings, based on ASU No. 2018-02, "Income Statement-Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income". The amount reclassified from Accumulated Other Comprehensive Income to Retained Earnings, which related to the re-measurement of deferred taxes on the defined benefit pension plan, amounted to approximately $321,000.

The Company's practice is to recognize interest and/or penalties related to income tax matters as income tax expense in its financial statements. As of and for the three months ended January 31, 2019, no interest and penalties have been accrued in the balance sheet and no expense is reflected in the statement of operations. At January 31, 2019, federal and state tax returns for years ending October 31, 2015 and later are subject to future examination by the respective tax authorities.

6. Land and Land Development Costs

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

	01/31/2019	10/31/2018
Land unimproved designated for development	**$1,981,817**	$1,981,817
Residential development	**1,208,201**	1,208,201
Infrastructure development	**3,673,548**	3,673,548
Total Land and Land Development Costs	**$6,863,566**	$6,863,566

7. Land Held for Investment

	01/31/2019	10/31/2018
Land – Unimproved	**$1,547,492**	$1,547,492
Land – Commercial rental properties	**144,786**	144,786
Total land held for investment	**$1,692,278**	$1,692,278

8. Marketable Securities

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

	January 31, 2019			
	Cost	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Available for sale:				
Preferred stocks	**$2,355,262**	**$48,496**	**($95,298)**	**$2,308,460**
Certificates of deposit	**253,620**	**0**	**0**	**253,620**
Total marketable securities	**$2,608,882**	**$48,496**	**($95,298)**	**$2,562,080**

The costs of the available for sale certificates of deposit at January 31, 2019 maturing within one year was $176,620, and maturing one year through five years was $77,000. Subsequently, on February 5, 2019, a certificate initially valued at $176,620 matured yielding interest of $4,402. $140,000 was reinvested in a certificate of deposit with a maturity date of March 8, 2020. The preferred stocks include investments in 49 public companies in various industries with the largest investment, at market value, in a single company of $128,220. For the three months ended January 31, 2019, there were no realized gains or realized losses on sale of preferred stocks.

	October 31, 2018			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available for sale:				
Preferred Stocks	$2,355,262	$38,957	($88,238)	$2,305,981
Certificates of deposit	253,620	0	0	253,620

Total marketable securities	$2,608,882	$38,957	($88,238)	$2,559,601

The costs of the available for sale certificates of deposit at October 31, 2018 maturing within one year was $176,620, and maturing one year through five years was $77,000. The preferred stocks include investments in 49 public companies in various industries with the largest investment, at market value, in a single company of $127,199. For the twelve months ended October 31, 2018, there were realized gains of $8,852 and realized losses of $6,236 on sale of preferred stocks.

9. Pension Benefits

Components of Net Periodic Pension Cost:

	Three Months Ended	
	01/31/19	01/31/18
Service Cost	**$23,000**	$26,500
Interest Cost	**90,750**	84,500
Expected return on plan assets	**(75,250)**	(80,250)
Net amortization and deferral:		
Amortization of accumulated loss	**60,500**	81,500
Net amortization and deferral	**60,500**	81,500
Total net periodic pension cost	**$99,000**	$112,250

The Company expects to contribute $225,427 to their pension plan in the fiscal year ending October 31, 2019 ("Fiscal 2019"). As of January 31, 2019, the Company made contributions totaling $47,800 and anticipates contributing the $177,627 to fund their pension plan in the remaining nine months of Fiscal 2019.

10. Accumulated Other Comprehensive Loss

The following table presents the changes in the accumulated other comprehensive loss for the three months ended January 31, 2019 and the twelve months ended October 31, 2018:

	01/31/19		
	Unrealized Losses on Securities	**Defined Benefit Pension Plan**	**Accumulated Other Comprehensive Loss**
Beginning balance	**($34,010)**	**($1,726,964)**	**($1,760,974)**
Current period other comprehensive income	**1,764**		**1,764**
Ending balance	**($32,246)**	**($1,726,964)**	**($1,759,210)**

	10/31/18		
	Unrealized Gains (Losses) on Securities	Defined Benefit Pension Plan	Accumulated Other Comprehensive Loss
Beginning balance	$70,345	($1,987,259)	($1,916,914)
Current period other comprehensive income (loss)	(105,389)	638,883	533,494
Adoption of ASU 2018-02	1,034	(378,588)	(377,554)
Ending balance	($34,010)	($1,726,964)	($1,760,974)

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

The Company elected to reclassify the stranded tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive loss to retained earnings, based on ASU No. 2018-02, "Income Statement-Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated other Comprehensive Income". The amount reclassified from Accumulated Other Comprehensive Income to Retained Earnings, which related to the re-measurement of deferred taxes on the defined benefit pension plan, amounted to $377,554 at October 31, 2018.

11. Fair Value of Financial Instruments and Impairment

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

The fair value hierarchy is summarized below:

Level 1: Fair value determined based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value determined using significant observable inputs, generally either quoted prices in active markets for similar assets or liabilities or quoted prices in markets that are not active.

Level 3: Fair value determined using significant unobservable inputs, such as pricing models, discounted cash flows, or similar techniques.

The estimated recurring fair values of the Company's financial instruments at January 31, 2019 and October 31, 2018 are as follows:

	1/31/19		10/31/18	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
ASSETS:				
Cash and cash equivalents and cash held in escrow	**$2,103,621**	**$2,103,621**	$2,569,851	$2,569,851
Marketable securities available for sale	**2,562,080**	**2,562,080**	2,559,601	2,559,601
Accounts receivable	**16,402**	**16,402**	46,241	46,241
LIABILITIES:				
Accounts payable	**241,260**	**241,260**	192,673	192,673
Accrued liabilities	**288,348**	**288,348**	427,331	427,331
Debt	**$86,230**	**$89,460**	$86,230	$87,912

Fair Values were determined as follows:

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

Marketable securities consist of preferred stocks and 2 certificates of deposit. Fair value of preferred stocks and certificates of deposit is determined using unadjusted quoted prices in active markets for identical assets – Level 1 hierarchy.

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

The following tables set forth by level within the fair value hierarchy the Company's marketable securities asset at fair value as of January 31, 2019 and October 31, 2018.

	Investment Assets at Fair Value as of January 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**

Preferred stocks:				
Real estate investment trust	**$1,194,613**			**$1,194,613**
Finance	**946,007**			**946,007**
Insurance	**167,840**			**167,840**
Certificates of Deposit	**253,620**			**253,620**
Total marketable securities	**$2,562,080**			**$2,562,080**

	Investment Assets at Fair Value as of October 31, 2018			
	Level 1	Level 2	Level 3	Total
Preferred Stocks:				
Real estate investment trust	$1,206,153			$1,206,153
Finance	935,088			935,088
Insurance	164,740			164,740
Certificate of Deposit	253,620			253,620
Total marketable securities	$2,559,601			$2,559,601

As of January 31, 2019, the carrying amount net of prior period impairments for land and land development costs is $6,863,566. The carrying amount net of prior period impairments for land improvements, buildings and equipment is $2,345,828. The carrying amount net of prior period impairments for land held for investment is $1,692,278. The carrying amount for assets of discontinued operations is $9,388,587, no impairment was ever expensed on assets of discontinued operations. The carrying amount for long-lived assets held for sale is $65,657, no impairment was ever expensed on the assets held for sale. There was no impairment expense in the three months ended January 31, 2019.

As of October 31, 2018, the carrying amount net of prior period impairments for land and land development costs is $6,863,566. The carrying amount net of prior period impairments for land improvements, buildings and equipment is $2,431,113. The carrying amount net of prior period impairments for land held for investment is $1,692,278. The carrying amount of asset of discontinued operations is $9,455,868, no impairment was ever expensed on assets of discontinued operations. The carrying amount for long-lived assets held for sale is $65,657, no impairment was ever expensed on this asset held for sale. There was no impairment expense in Fiscal 2018.

12. Per Share Data

Earnings per share ("EPS") is based on the weighted average number of common shares outstanding during the period. The calculation of diluted EPS assumes weighted average options have been exercised to purchase shares of common stock in the relevant period, net of assumed repurchases using the treasury stock method. For the three months ended January 31, 2019 and 2018, there were no unexercised stock options. As a result, the calculation of diluted EPS has been excluded from the table below since diluted EPS for these periods is equal to EPS.

Weighted average basic shares, taking into consideration shares issued, weighted average options, if any, used in calculating EPS, treasury shares repurchased, shares cancelled and basic loss per weighted average share for the three months ended January 31, 2019 and 2018 are as follows:

	Three Months Ended	
	01/31/19	01/31/18
Weighted average shares of common stock outstanding used to compute basic earnings per share	**2,443,488**	2,443,600
Basic loss per weighted average share is computed as follows:		

Net loss before discontinued operations	**($584,931)**	($815,940)
Weighted average share of common stock outstanding	**2,443,488**	2,443,600
Basic loss per weighted average share	**($0.24)**	($0.33)
Net income from discontinued operations	**$8,700**	$4,508
Weighted average share of common stock outstanding	**2,443,488**	2,443,600
Basic earnings per weighted average share	**$0.00**	$0.00
Net loss	**($576,231)**	($811,432)
Weighted average share of common stock outstanding	**2,443,488**	2,443,600
Basic loss per weighted average share	**($0.24)**	($0.33)

13. Supplemental Disclosure to Statements of Cash Flows

The following are supplemental disclosures to the statements of cash flows for the three months ended January 31, 2019 and 2018:

	2019	2018
Cash paid during the period for:		
Interest	**$108,010**	$113,149
Income taxes	**$0**	$0
Non cash:		
Marketable securities available for sale and shareholders' equity (decreased) increased resulting from changes in the net unrealized gains and losses	**($1,764)**	$53,673
Reclassification from land improvements, buildings & equipment, net to assets of discontinued operations	**$6,993,575**	$7,060,856
Reclassification from land held for investment, principally unimproved to assets of discontinued operations	**$2,395,012**	$2,395,012
Reclassification from debt to liabilities of discontinued operations	**$6,222,785**	$6,299,861
Reclassification from accrued liabilities to liabilities of discontinued operations	**$17,847**	$18,069
Reclassification from land improvements, buildings & equipment, net to accounts receivable	**$8,080**	$0
Reclassification increasing accumulated other comprehensive loss and increasing retained earnings due to re-measurement of deferred tax on unrealized losses of pension plan	**$0**	$321,155

14. Business Segment Information

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

Resort Operations

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

Real Estate Management/Rental Operations

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

Land Resource Management

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

Information by business segment is as follows:

	Three months ended	
	01/31/19	01/31/18
Revenues from continuing operations:		
Resort operations	**$469,623**	$436,986
Real estate management/rental operations	**184,532**	189,162
Land resource management	**40,340**	40,240
Total revenues from operations	**$694,495**	$666,388
Operating loss from continuing operations, excluding general and administrative expenses:		
Resort operations	**($211,340)**	($213,217)
Real estate management/rental operations	**($49)**	10,475
Land resource management	**($100,531)**	(140,883)
Total operating income (loss), excluding general and administrative expenses	**($311,920)**	($343,625)
General and administrative expenses:		
Resort operations	**$251,726**	$249,929
Real estate management/rental operations	**199,818**	215,856
Land resource management	**21,623**	23,015
Total general and administrative expenses	**$473,167**	$488,800
Interest and other income, net:		
Resort operations	**$19**	$55
Real estate management/rental operations	**1**	23
Land resource management	**0**	2
Total interest and other income, net	**$20**	$80

	Three months ended	
	01/31/19	01/31/18
Interest expense:		
Resort operations	**$1,109**	$1,406
Real estate management/rental operations	**0**	0
Land resource management	**0**	0
Total Interest expense	**$1,109**	$1,406
Loss before income taxes	**($729,231)**	($784,432)

Identifiable assets, net of accumulated depreciation at January 31, 2019 and October 31, 2018 and depreciation expense and capital expenditures for three months ended January 31, 2019 and the fiscal year ended October 31, 2018 by business segment are as follows:

January 31, 2019	**Identifiable Assets**	**Depreciation and Amortization Expense**	**Capital Expenditures**
Resort operations	**$1,529,937**	**$40,996**	**$10,740**
Real estate management/rental income	**4,660,412**	**33,638**	**0**
Land resource management	**10,645,505**	**8,382**	**0**
Other corporate	**63,660**	**4,929**	**0**
Assets of discontinued operations	**9,388,587**	**67,281**	**0**
Assets held for sale	**65,657**	**0**	**0**
Total Assets	**$26,353,758**	**$155,226**	**$10,740**

October 31, 2018	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
Resort Operations	$1,337,675	$200,287	$127,725
Real estate management/rental income	7,018,855	369,548	19,610
Land resource management	9,047,020	1,637	1,927
Other corporate	73,853	20,257	11,556
Assets of discontinued operations	9,455,868	67,281	0
Assets held for sale	65,657	0	0
Total Assets	$26,998,928	$659,010	$160,818

There were no significant sales during the three months ended January 31, 2019 and 2018.

15. 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.

16. Subsequent Events

The Company has evaluated and disclosed subsequent events from January 31, 2019 through the issuance date of the financial statements.

On February 6, 2019, the Company entered into a Purchase and Sale Agreement for the Walgreens, New Jersey property. The sale is subject to and conditioned upon satisfactory completion of due diligence by the Buyer. On March 7, 2019, the Company entered into a First Amendment to the Purchase and Sale Agreement for the New Jersey Walgreens property terminating the inspection period and moving the closing date forward to April 2, 2019.

On February 8, 2019, the Company executed a second Amendment to the Purchase and Sale Agreement for 284+/- acres of land extending the due diligence period until March 18, 2019. No other terms or conditions of the Agreement were modified.

On February 25, 2019, the Company entered into a Fourth Amendment to the Purchase and Sale Agreement for 1,162 +/- acres of land, extending the Buyer's time to complete a survey of the property until April 25, 2019. No other terms of the Agreement were modified.

On March 11, 2019, the Company sold the Walgreens property located at 915 Wildwood Road, White Bear Lake, Minnesota to EJR White Bear Lake, LLC for the purchase price of $6,240,000. Net proceeds from the sale will be used for working capital purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview

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

At January 31, 2019, we owned 9,690 acres of land in Northeastern Pennsylvania along with 3 acres of land in various other states for a total of 9,693 acres. Of these land holdings, we designated 7,976 acres as held for investment, 1,433 acres as held for development and 284 acres as held for sale. It is expected that all of our planned developments will either be subdivided and sold as parcels of land, or be developed into single and multi-family housing.

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

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

We also have generated revenue through the selective timbering of our land. We rely on the advice of our forester, who is engaged on a consulting basis and who receives a commission on each stumpage contract, for the timing and selection of certain parcels for timbering. Our forester gives significant attention to protecting the environment and maximizing the value of these parcels for future timber harvests. In April 2017, the Company entered into a new timber contract. The Company's last timber contract was in March 2012. The Company purposefully slowed timbering activities in order to provide ample time for the regeneration of trees. We consult with our forester who monitors the growth and advises us when it is prudent to resume timbering.

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.

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

Recent Developments

On November 14, 2018, the Company renewed an irrevocable stand-by Letter of Credit up to an aggregate of $140,000 in favor of Pennsylvania Department of Environmental Protection ("PA-DEP"), Bureau of Waterways Engineering with Mauch Chunk Trust Company. The Letter has a term of one year, renewable annually and is collateralized by the Company's certificate of deposit with Mauch Chunk Trust. The letter was established to comply with legislation that requires Blue Ridge as a private owner of two dams to post a financial guarantee adequate to breach the dams if the Company fails to comply with PA-DEP safety requirements.

Effective February 25, 2019, an amendment to the Purchase and Sale Agreement for 1,162 +/- acres of land in Kidder Township, Carbon County, Pennsylvania extended the Buyers time to complete a survey of the property until April 25, 2019. No other terms or conditions of the Agreement were modified.

Effective February 8, 2019, an amendment to the Purchase and Sale Agreement for 284 +/- acres of land in Kidder Township, Carbon County, Pennsylvania, extended the Buyers due diligence period until March 18, 2019. No other terms or conditions of the Agreement were modified.

On December 21, 2018, the Company entered into a Purchase and Sale Agreement for the Walgreens property located in White Bear Lake, Minnesota. On March 11, 2019, the Company sold the Minnesota Walgreens property to EJR White Bear Lake, LLC for the purchase price of $6,240,000. Net proceeds from the sale will be used for working capital purposes.

Results of Operations for the Three Months Ended January 31, 2019 and 2018

Operations for the three months ended January 31, 2019 resulted in a net loss of ($576,231) or ($0.24) per share respectively, compared to a net loss of ($811,432) or ($0.33) per share, for the three-month period ended January 31, 2018, respectively.

Revenues

Revenues of $694,495 for the three months ended January 31, 2019 represent an increase of $28,107 compared to the three months ended January 31, 2018. Resort operations revenue increased $32,637, or 5%. Real Estate Management Operations/Rental Income revenue decreased ($4,630), or (2%) for the three months ended January 31, 2019, compared to the three months ended January 31, 2018. Land Resource Management revenue increased $100, or less than 1% for the three months ended January 31, 2019 compared to the three months ended January 31, 2018.

Resort Operations

Resort operations consist of the Boulder View Tavern, Boulder Lake Club, Jack Frost National Golf Course, and The Stretch fishing club. Resort operations revenue for the three months ended January 31, 2019 was $469,623 as compared to $436,986 for the three months ended January 31, 2018 an increase of $32,637, or 7%. This was primarily the result of increase food sales at Boulder View Tavern of $31,722 or 1%.

Real Estate Management/Rental Income

Real Estate Management Operations / Rental Income revenue was $184,532 for the three months ended January 31, 2019, compared to $189,162 for the three months ended January 31, 2018, which resulted in a decrease of ($4,630), or (2%). Real Estate Management revenue for the three months ended January 31, 2019 decreased to $170,360 as compared to $170,549 for the three months ended January 31, 2018, a decrease of ($189), or (1%). Rental revenue decreased ($4,441), or (24%). This was primarily due to no longer leasing a maintenance building in Fiscal 2019.

Land Resource Management

For the three months ended January 31, 2019, Land Resource Management revenues increased to $40,340 compared to $40,240 for the three months ended January 31, 2018, an increase of $100, or less than 1%.

Operating Costs

Resort Operations

Operating costs associated with Resort Operations for the three months ended January 31, 2019 increased to $680,963 compared to $650,203 for the three months ended January 31, 2018, an increase of $30,760, or 5%. This was primarily related to increased labor costs $21,269, increased cost of goods sold $17,543, and management fees $9,000 related to Boulder View Tavern. Depreciation expense for the Jack Frost National Golf Course decreased ($14,510) due to assets becoming fully depreciated.

Real Estate Management/Rental Income

Operating costs associated with Real Estate Management Operations/Rental Income for the three months ended January 31, 2019 increased to $184,581 compared to $178,687 for the three months ended January 31, 2018, an increase of $5,894, or 3%. This increase was primarily related to repairs and maintenance of the resort communities' roads.

Land Resource Management

Operating costs associated with Land Resource Management for the three months ended January 31, 2019 decreased to $140,871 compared to $181,123 for the three months ended January 31, 2018, a decrease of ($40,252), or (22%). This decrease was primarily the result of reduced research and development costs.

General and Administration

General and administration costs for the three months ended January 31, 2019 decreased to $473,167 as compared to $488,800 for the three months ended January 31, 2018, a decrease of ($15,633), or (3%). This decrease is primarily related to a decrease in pension expense ($13,247) for the three months ended January 31, 2019 as compared to the three months ended January 31, 2018.

Other Income and Expense

Interest and other income decreased to $20, for the three months ended January 31, 2019 compared to $80 for the three months ended January 31, 2018, a decrease of ($60), or (75%).

Interest expense for the three months ended January 31, 2019 decreased to $1,109 compared to $1,406 for the three months ended January 31, 2018, a decrease of ($297), or (21%).

Interest and dividends on marketable securities, net was $46,245 for the three months ended January 31, 2019 compared to $48,956 for the three months ended January 31, 2018, a decrease of ($2,711) or (5%). In the three months ended January 31, 2019, this amount included $46,245 of interest income which was reduced by $0 of amortized bond premium compared to $49,206 of interest income which was reduced by $250 of amortized bond premium in the three months ended January 31, 2018.

Tax Rate

The tax rate specific to federal taxes for the three months ended January 31, 2019 was 21%. The effective rate for both the three months ended January 31, 2019 and January 31, 2018 were 21% and 23.33%, respectively.

Liquidity and Capital Resources

As reflected in the Statements of Cash Flows, net cash used in operating activities was $378,414 for the three months ended January 31, 2019 versus net cash used in operating activities was $1,195,858 for the three months ended January 31, 2018. The net decrease is primarily due to the payment of the Transition Settlement Agreement with Boulder Lake Village Condominium Association in January 2018.

There was no material non-recurring cash item for the three months ended January 31, 2019. The payment of the Transition Settlement Agreement was the material non-recurring cash item for the three months ended January 31, 2018.

The Company's investment portfolio includes preferred securities with a goal to provide current income with capital preservation over a 3 to 5-year time horizon. At January 31, 2019, the Company's cash and marketable securities totaled $4,665,191 compared to cash and marketable securities of $5,128,942 at October 31, 2018.

The Company has two certificates of deposit with Mauch Chunk Trust Company. A $77,000 certificate was purchased in July of 2016 with a maturity of July 6, 2021. A second certificate of deposit in the amount of $176,620 was purchased in March 2017 with a maturity date of February 5, 2019. This certificate yielded interest of $4,402 subsequent to the 3 months ended January 31, 2019 and on February 8, 2019 the Company reinvested $140,000 in a certificate of deposit with Mauch Chunk Trust with a maturity date of March 8, 2020. Both bank certificates are included in Marketable Securities Available for Sale, which approximates fair value.

On November 14, 2018, the Company renewed an irrevocable stand-by Letter of Credit up to an aggregate of $140,000 in favor of Pennsylvania Department of Environmental Protection ("PA-DEP"), Bureau of Waterways Engineering with Mauch Chunk Trust Company. The Letter has a term of one year, renewable annually and is collateralized by the Company's certificate of deposit with Mauch Chunk Trust. The letter was established January 8, 2016 to comply with legislation that requires Blue Ridge as a private owner of 2 dams to post a financial guarantee adequate to breach the dams if we fail to comply with PA-DEP safety requirements.

The following table sets forth the Company's significant contractual cash obligations for the items indicated as of January 31, 2019, 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
Capital Leases	$86,230	$24,312	$61,918	$0	$0
Debt Sub-total	86,230	24,312	61,918	0	0
Fixed Rate Interest	8,984	4,979	4,005	0	0
Pension Contribution Obligations (1)	177,627	177,627	0	0	0
Total Contractual Cash Obligations	$272,841	$206,918	$65,923	$0	$0

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

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

Critical Accounting Policies and Significant Judgments and Estimates

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

Revenues are derived from a wide variety of sources, including sales of real estate, management of investment properties, operation of a restaurant 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.

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

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

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

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

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

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

Long-lived assets, namely properties, are recorded at cost. Depreciation and amortization 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 our long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, we utilize either or both a discounted cash flow method or comparable sale pricing method to determine a fair market value. If our use of one or both of these methods indicates that the carrying value of the asset is not recoverable, an impairment loss is recognized in operating income. An impairment loss is the difference between the carrying value and the fair value of the asset less cost to sell. An impairment loss is recognized during the period in which the impairment is determined to be probable and reasonably estimable.

Assets are classified as long lived assets held for sale when they are expected to be sold within the next year. The amount in long lived assets held for sale at January 31, 2019 and October 31, 2018 included 284 acres of land that is the subject of an Agreement of Sale, entered into by the Company on February 12, 2018.

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. In Fiscal 2018, the deferred tax assets were remeasured based on the new Tax Cuts and Jobs Act legislation, which includes the enacted date, December 22, 2017.

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

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

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

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

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

We sponsor a defined benefit pension plan. The accounting for pension costs is determined by specialized accounting and actuarial methods using numerous estimates, including discount rates, expected long-term investment returns on plan assets, employee turnover, mortality and retirement ages, and future salary increases. Changes in these key assumptions can have a significant effect on the pension plan's impact on the Company's financial statements. We engage the services of an independent actuary and investment consultant to assist us in determining these assumptions and in calculating pension income. The pension plan is currently underfunded and, accordingly, the Company has made contributions to the fund of $214,000 in Fiscal 2018. The Company contributed $47,800 and anticipates contributing another $177,627 to the pension plan in Fiscal 2019. 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. The Company matches 100% of employee salary deferral contributions up to 5% of their pay for each payroll period.

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

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Legal Proceedings

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