

HMG COURTLAND PROPERTIES INC
Form 10-Q
November 13, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE
ACT OF 1934

For the Quarterly period ended September 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-7865

HMG/COURTLAND PROPERTIES, INC.
(Exact name of small business issuer as specified in its charter)

Delaware 59-1914299
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1870 S. Bayshore Coconut Grove, Florida 33133
Drive,

(Address of principal executive offices) (Zip Code)
305-854-6803

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) has filed all reports required to be filed by Sections 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

1,023,955 Common shares were outstanding as of October 31, 2008.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

HMG/COURTLAND PROPERTIES, INC.

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Cautionary Statement. This Form 10-Q contains certain statements relating to future results of the Company that are considered "forward-looking statements" within the meaning of the Private Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied as a result of certain risks and uncertainties, including, but not limited to, changes in political and economic conditions; interest rate fluctuation; competitive pricing pressures within the Company's market; equity and fixed income market fluctuation; technological change; changes in law; changes in fiscal, monetary, regulatory and tax policies; monetary fluctuations as well as other risks and uncertainties detailed elsewhere in this Form 10-Q or from time-to-time in the filings of the Company with the Securities and Exchange Commission. Such forward-looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2008 (UNAUDITED)	December 31, 2007
ASSETS		
Investment properties, net of accumulated depreciation:		
Commercial properties	\$ 8,057,202	\$ 7,604,490
Commercial properties- construction in progress	45,995	320,617
Hotel, club and spa facility	4,467,732	4,885,328
Marina properties	2,588,585	2,793,155
Land held for development	27,689	27,689
Total investment properties, net	15,187,203	15,631,279
Cash and cash equivalents	2,446,384	2,599,734
Cash and cash equivalents-restricted	2,011,113	-
Investments in marketable securities	3,215,025	4,818,330
Other investments	4,862,720	4,623,801
Investment in affiliate	3,173,812	3,132,117
Loans, notes and other receivables	813,144	1,218,559
Notes and advances due from related parties	661,096	700,238
Deferred taxes	513,000	233,000
Goodwill	7,728,627	7,728,627
Other assets	695,107	727,534
TOTAL ASSETS	\$ 41,307,231	\$ 41,413,219
LIABILITIES		
Mortgages and notes payable	\$ 19,473,954	\$ 19,981,734
Accounts payable and accrued expenses	2,003,822	1,613,734
Interest rate swap contract payable	677,000	525,000
TOTAL LIABILITIES	22,154,776	22,120,468
Minority interests	4,017,930	3,052,540
STOCKHOLDERS' EQUITY		
Preferred stock, \$1 par value; 2,000,000 shares authorized; none issued	-	-
Excess common stock, \$1 par value; 500,000 shares authorized; none issued	-	-
Common stock, \$1 par value; 1,500,000 shares authorized; 1,317,535 shares issued as of September 30, 2008 and December 31, 2007	1,317,535	1,317,535
Additional paid-in capital	26,585,595	26,585,595
Undistributed gains from sales of properties, net of losses	41,572,120	41,572,120
Undistributed losses from operations	(51,436,391)	(50,406,705)
Accumulated other comprehensive loss	(338,500)	(262,500)
	17,700,359	18,806,045

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Less: Treasury stock, at cost (293,580 shares as of September 30, 2008 and December 31, 2007)	(2,565,834)	(2,565,834)
TOTAL STOCKHOLDERS' EQUITY	15,134,525	16,240,211
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 41,307,231	\$ 41,413,219

See notes to the condensed consolidated financial statements

(1)

HMG/COURTLAND PROPERTIES, INC AND
SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS
OF COMPREHENSIVE LOSS (UNAUDITED)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2008	2007	2008	2007
REVENUES				
Real estate rentals and related revenue	\$ 436,401	\$ 382,791	\$ 1,242,281	\$ 1,153,114
Food & beverage sales	1,350,509	1,334,074	5,206,324	4,762,052
Marina revenues	447,032	408,859	1,327,045	1,291,498
Spa revenues	227,991	156,815	652,063	535,651
Total revenues	2,461,933	2,282,539	8,427,713	7,742,315
EXPENSES				
Operating expenses:				
Rental and other properties	209,237	207,739	478,813	489,554
Food and beverage cost of sales	370,329	366,993	1,390,691	1,280,020
Food and beverage labor and related costs	377,900	353,615	1,184,991	1,082,699
Food and beverage other operating costs	524,415	503,762	1,654,115	1,742,184
Marina expenses	243,845	244,477	733,529	791,429
Spa expenses	236,928	205,454	604,891	623,739
Depreciation and amortization	345,779	327,218	1,019,927	990,019
Adviser's base fee	255,000	225,000	765,000	675,000
General and administrative	85,760	93,240	246,987	264,383
Professional fees and expenses	102,331	84,030	231,476	262,012
Directors' fees and expenses	30,959	30,999	83,988	71,462
Total operating expenses	2,782,483	2,642,527	8,394,408	8,272,501
Interest expense	329,299	403,195	1,018,403	1,211,960
Minority partners' interests in operating losses of consolidated entities	(174,946)	(204,832)	(4,904)	(292,570)
Total expenses	2,936,836	2,840,890	9,407,907	9,191,891
Loss before other income and income taxes	(474,903)	(558,351)	(980,194)	(1,449,576)
Net realized and unrealized (loss) gain from investments in marketable securities	(689,073)	118,131	(903,723)	368,536
Net income from other investments	6,969	23,871	165,000	765,746
Interest, dividend and other income	72,639	124,481	409,231	368,576
Total other (loss) income	(609,465)	266,483	(329,492)	1,502,858
(Loss) income before income taxes	(1,084,368)	(291,868)	(1,309,686)	53,282
(Benefit from) provision for income taxes	(322,000)	164,000	(280,000)	291,000
Net loss	\$ (762,368)	\$ (455,868)	\$ (1,029,686)	\$ (237,718)
Other comprehensive loss:				
Unrealized loss on interest rate swap agreement	\$ (61,000)	\$ (17,500)	\$ (76,000)	\$ (40,000)
Total other comprehensive loss	(61,000)	(17,500)	(76,000)	(40,000)

Comprehensive loss	\$ (823,368)	\$ (473,368)	\$ (1,105,686)	\$ (277,718)
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