

HMG COURTLAND PROPERTIES INC
Form 10-Q
May 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 March 31, 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
(State or other jurisdiction of
incorporation or organization)

59-1914299
(I.R.S. Employer
Identification No.)

1870 S. Bayshore Drive, Coconut
Grove, Florida
(Address of principal executive offices)

33133
(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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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 April 30, 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

	March 31, 2008 (UNAUDITED)	December 31, 2007
ASSETS		
Investment properties, net of accumulated depreciation:		
Commercial properties	\$ 7,536,706	\$ 7,604,490
Commercial properties- construction in progress	386,137	320,617
Hotel, club and spa facility	4,746,130	4,885,328
Marina properties	2,722,804	2,793,155
Land held for development	27,689	27,689
Total investment properties, net	15,419,466	15,631,279
Cash and cash equivalents	4,304,401	2,599,734
Investments in marketable securities	3,641,625	4,818,330
Other investments	4,689,409	4,623,801
Investment in affiliate	3,156,615	3,132,117
Loans, notes and other receivables	731,897	1,218,559
Notes and advances due from related parties	703,828	700,238
Deferred taxes	274,000	233,000
Goodwill	7,728,627	7,728,627
Other assets	695,148	727,534
TOTAL ASSETS	\$ 41,345,016	\$ 41,413,219
LIABILITIES		
Mortgages and notes payable	\$ 19,813,486	\$ 19,981,734
Accounts payable and accrued expenses	1,876,648	1,613,734
Interest rate swap contract payable	1,070,000	525,000
TOTAL LIABILITIES	22,760,134	22,120,468
Minority interests	2,871,792	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 March 31, 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	(50,661,326)	(50,406,705)
Accumulated other comprehensive loss	(535,000)	(262,500)
	18,278,924	18,806,045
Less: Treasury stock, at cost (293,580 shares as of		

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March 31, 2008 and December 31, 2007)	(2,565,834)	(2,565,834)
TOTAL STOCKHOLDERS' EQUITY	15,713,090	16,240,211
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 41,345,016	\$ 41,413,219

See notes to the condensed consolidated financial statements

(1)

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

	Three months ended March 31,	
	2008	2007
REVENUES		
Real estate rentals and related revenue	\$ 401,737	\$ 385,228
Food & beverage sales	1,915,386	1,782,562
Marina revenues	452,642	445,188
Spa revenues	223,214	211,094
Total revenues	2,992,979	2,824,072
EXPENSES		
Operating expenses:		
Rental and other properties	133,118	136,356
Food and beverage cost of sales	513,646	472,657
Food and beverage labor and related costs	410,225	345,047
Food and beverage other operating costs	537,473	582,627
Marina expenses	236,258	250,691
Spa expenses	179,947	212,343
Depreciation and amortization	334,895	311,558
Adviser's base fee	255,000	225,000
General and administrative	78,705	95,633
Professional fees and expenses	62,545	81,941
Directors' fees and expenses	28,750	21,413
Total operating expenses	2,770,562	2,735,266
Interest expense	355,428	402,328
Minority partners' interests in operating income of consolidated entities	95,460	37,433
Total expenses	3,221,450	3,175,027
Loss before other (loss) income and income taxes	(228,471)	(350,955)
Net (loss) gain from investments in marketable securities	(187,874)	126,401
Net income from other investments	31,793	377,093
Interest, dividend and other income	88,931	140,492
Total other (loss) income	(67,150)	643,986
(Loss) income before income taxes	(295,621)	293,031
(Benefit from) provision for income taxes	(41,000)	71,000
Net (loss) income	\$ (254,621)	\$ 222,031
Other comprehensive (loss) income:		
Unrealized loss on interest rate swap agreement	\$ (272,500)	\$ (10,000)
Total other comprehensive loss	(272,500)	(10,000)
Comprehensive (loss) income	\$ (527,121)	\$ 212,031
Net (Loss) Income Per Common Share:		
Basic	\$ (.25)	\$.22
Diluted	\$ (.25)	\$.21

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Weighted average common shares outstanding-basic	1,023,955	1,023,955
Weighted average common shares outstanding-diluted	1,023,955	1,057,570

See notes to the condensed consolidated financial statements

(2)

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three months ended March 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (254,621)	\$ 222,031
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	334,895	311,558
Net income from other investments	(31,793)	(377,093)
Net loss (gain) from investments in marketable securities	187,874	(126,401)
Minority partners' interest in operating income	95,460	37,433
Deferred income tax (benefit) expense	(41,000)	71,000
Changes in assets and liabilities:		
Other assets and other receivables	9,666	(117,346)
Accounts payable and accrued expenses	259,204	70,543
Total adjustments	814,306	(130,306)
Net cash provided by operating activities	559,685	91,725
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases and improvements of properties	(116,697)	(273,923)
Increase in notes and advances from related parties	(3,590)	(9,535)
Additions in mortgage loans and notes receivables	-	(100,548)
Collections of mortgage loans and notes receivables	503,000	1,127,040
Distributions from other investments	9,918	352,589
Contributions to other investments	(194,048)	(287,218)
Net proceeds from sales and redemptions of securities	1,643,628	356,639
Increase in investments in marketable securities	(528,981)	(362,208)
Net cash provided by investing activities	1,313,230	802,836
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgages and notes payables	(168,248)	(166,127)