HMG/COURTLAND PROPERTIES, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
(LIQUIDATION BASIS)

As of December 31, 2022 and 2021 and for the Year Ended December 31, 2022 and Period from December 14, 2021 Through December 31, 2021

And Independent Accountant's Review Report

Cherry Bekaert LLP
Your Guide Forward

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Your Guide Forward

Independent Accountant's Review Report

To the Liquidating Trustee
HMG/Courtland Properties, Inc. and Subsidiaries
Coconut Grove, Florida

We have reviewed the accompanying consolidated statements of net assets in liquidation (liquidation basis) of HMG/Courtland Properties, Inc. (a Delaware corporation) and Subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of changes in net assets in liquidation (liquidation basis) for the year ended December 31, 2022 and period from December 14, 2021 through December 31, 2021, and the related notes to the consolidated financial statements (liquidation basis). A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements (liquidation basis) as a whole. Accordingly, we do not express such an opinion.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the stockholders of the Company approved the Plan of Dissolution on December 14, 2021, and the Company determined liquidation is imminent. As a result, the Company changed its basis of accounting on December 14, 2021 from the going concern basis to the liquidation basis. Our conclusion is not modified with respect to that matter.

Management's Responsibility for the Consolidated Financial Statements (Liquidation Basis)

Management is responsible for the preparation and fair presentation of these consolidated financial statements (liquidation basis) in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements (liquidation basis) that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements (liquidation basis) for them to be in accordance with accounting principles generally accepted in the United States of America. We believe the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of HMG/Courtland Properties, Inc. and Subsidiaries, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements (liquidation basis) in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Fort Lauderdale, Florida
February 22, 2024

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF NET ASSETS IN LIQUIDATION
(LIQUIDATION BASIS)

DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 25,169,063	$ 6,701,078
Investment in residential real estate partnership	164,966	20,565,688
Other investments	3,162,669	3,966,470
Office building and other commercial property	2,850,750	3,750,750
Investment in commercial real estate partnership	900,000	-
Investment in marketable securities	1,207,995	2,752,385
Investment in affiliate	1,172,901	1,191,057
Notes and other receivables	1,032,205	828,008
Future operating interest and rental income	484,420	878,903
Total Assets	36,144,969	40,634,339
LIABILITIES		
Amounts due to Advisor for incentive fees	1,787,570	1,904,473
Amounts due to Advisor for regular fees	1,980,000	2,640,000
Note payable to affiliate	-	400,000
Operating expenses in liquidation	1,119,198	1,435,943
Accounts payable, accrued expenses, and other liabilities	14,394	150,682
Estimated capital contributions due on other investments	995,890	1,106,125
Federal and state income taxes payable	567,000	3,400,000
Total Liabilities	6,464,052	11,037,223
NET ASSETS IN LIQUIDATION	$ 29,680,917	$ 29,597,116

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

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2022 AND PERIOD FROM DECEMBER 14, 2021 THROUGH DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	For the year ended December 31, 2022	**For the period from December 14, 2021 through December 31, 2021**
Net assets in liquidation, beginning of period	$ 29,597,116	$ 29,557,223
Changes in net assets in liquidation:		
Disposals and value changes of other investments	(803,801)	(1,107,907)
Net increase in cash during period	18,467,985	1,276,920
Sale of investment in residential real estate partnership	(20,400,000)	-
Disposals and value changes in marketable securities	(1,544,390)	154,900
Net additions to (repayments of) notes and other receivables	204,197	(503,018)
Decrease in accounts payable and accrued expenses	135,566	21,849
Decrease in other assets	-	(20,142)
Repayment of note payable to affiliate	400,000	-
Decrease in commitments due on other investments	110,235	-
Purchase of non-controlling interest	-	251,618
Payment to Advisor for regular fees	660,000	-
Payment to (addition of) Advisor for incentive fees	116,903	(71,416)
(Decrease) increase in investment in affiliate	(18,156)	37,089
Federal and state income taxes	2,833,000	-
Reduction in estimated expenses in liquidation	316,745	-
Reduction in future operating interest and rental income	(394,483)	-
Changes in net assets in liquidation	83,801	39,893
Net assets in liquidation, end of period	$ 29,680,917	$ 29,597,116

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

Note 1—Summary of Significant Accounting Policies

The Company – HMG/Courtland Properties, Inc. and Subsidiaries (the "Company") is a Delaware corporation organized in 1972. Unless indicated otherwise or unless the context requires otherwise, all references to "we," "us," "our," or the "Company" are to HMG/Courtland Properties, Inc., and all references to "Plan of Dissolution" are to the voluntary liquidation and dissolution (the "dissolution") of the Company pursuant to a plan of liquidation and dissolution, described below.

Business and Consolidation – Prior to dissolution proceedings, the Company's business was the ownership and management of income-producing commercial properties and its management considered other investments if such investments offered growth or profit potential. The Company's recurring operating revenue is from interest income and property rental operations of its corporate offices.

The consolidated financial statements include the accounts of HMG/Courtland Properties, Inc. and entities in which the Company owns a majority voting interest or controlling financial interest. In 2021, the Company qualified for taxation as a real estate investment trust ("REIT") under the Internal Revenue Code ("IRC"), and included a 95% owned taxable REIT subsidiary, Courtland Investments, Inc. which filed separate tax returns, but was consolidated for financial statement purposes. As of January 1, 2022, the Company revoked its REIT status.

All material transactions and balances with consolidated and unconsolidated entities have been eliminated in consolidation or as required under the equity method.

Prior to Adoption of the Plan of Dissolution

For the period from October 1, 2021 to December 13, 2021 the consolidated financial statements were prepared on the going concern basis of accounting, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and were prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Reference is made to Note 3.

Plan of Dissolution –

Background of the Plan of Dissolution

On June 14, 2021, the Company filed a Form 8-K with the Securities and Exchange Commission (the "SEC"), announcing that the Company was considering revocation of its REIT status, followed by the adoption of a plan of liquidation of the Company. Following the adoption of such plan, the Company would pursue the sale of its assets, including its real estate assets, and distribute the net proceeds to its stockholders after payment of debt and other obligations.

On November 3, 2021, the Company's then board of directors ("Board") unanimously determined that the dissolution of the Company was advisable and in the best interests of the Company and its stockholders and approved and adopted the Plan of Dissolution. On November 8, 2021, the Company filed a Form 8-K with the SEC, announcing that the Board had approved and adopted the Plan of Dissolution. On or about December 31, 2021, a Notice of Action Taken Without a Stockholder Meeting and an Information Statement was filed with the SEC and mailed to all stockholders of record of the Company as of the close of business on December 24, 2021 in connection with the Plan of Dissolution.

Note 1—Summary of Significant Accounting Policies (continued)

Reasons for Dissolution

In recommending the stockholders adopt and approve the Plan of Dissolution, the Board considered a variety of factors, including the following (not necessarily presented in order of relative importance):

- the sale of the Company's assets pursuant to the Company's monetization strategy and the dissolution to provide stockholders with an opportunity to potentially monetize their investment in the Company through distribution of the maximum amount of cash to stockholders;

- the terms and conditions of the Plan of Dissolution, including the provisions that permit the Board to modify or abandon the Plan of Dissolution before the effective date without further action by stockholders; and

- the costs associated with the Company's ongoing operations, including accounting, legal, and other expenses in connection with required filings with the SEC and other bodies required to support the day-to-day operations of the Company.

The Plan of Dissolution was approved by the written consent of the holders of a majority of the issued and outstanding shares of the Company's common stock entitled to vote on December 14, 2021 in accordance with the provisions set forth in Section 228 of the Delaware Corporation Law. The Company decided to obtain a written consent of approval in order to eliminate the cost and delay involved in holding a special meeting of stockholders.

The record date for purposes of determining the stockholders to whom the Information Statement was sent was December 24, 2021. As of the record date, the Company had 1,016,848 shares of common stock issued and outstanding that were entitled to vote on approving the Plan of Dissolution, with each share of common stock entitled to one vote. By written consent, the holders of 569,764 shares of the common stock issued and outstanding, representing approximately 56% of the votes entitled to be cast, approved the Plan of Dissolution.

No meeting of stockholders to approve the Plan of Dissolution was required under Section 228 of the Delaware Corporation Law since these actions have already been approved by the holders of a majority of the outstanding shares of the Company's voting common stock by written consent.

Section 228 of the Delaware Corporation Law mandates that if a written consent is signed by less than the unanimous consent of all stockholders entitled to vote, the Company must give notice of the actions taken to all stockholders who were entitled to vote on the consent actions but who have not consented to the actions. The Information Statement was intended to provide the required notice.

The Certificate of Dissolution was filed with the Secretary of the State of Delaware on or after January 24, 2022. Also in January 2022 the Company closed its stock transfer books and shares of common stock ceased to be traded on the New York Stock Exchange (the "NYSE"). From and after the date the Certificate of Dissolution was filed the Company has limited operations and activities to those required to wind up the Company's business and affairs as required by law. Effective on the date the Plan of Dissolution was filed, the Company's Chairman (Maurice Wiener) became the Liquidating Trustee. Mr. Finkelstein, a former director, was appointed alternate Liquidating Trustee in the event Mr. Wiener was unable to continue as Liquidating Trustee. On November 8, 2023, Mr. Wiener passed away and Mr. Finkelstein became the Liquidating Trustee.

Note 1—Summary of Significant Accounting Policies (continued)

On March 2, 2022 the Company notified the Internal Revenue Service ("IRS") that pursuant to IRC Section 856(g)(2), it revoked its election under IRC Section 856(c)(1) to be a REIT. The effective date of the revocation was January 1, 2022.

After the effective date of the dissolution, the Company expects that the Liquidating Trustee and some of its officers will continue in their positions for the purpose of winding up the Company's business and affairs. The Liquidating Trustee may appoint new officers, hire employees, and retain independent contractors and agents in connection with the winding up process, and is authorized to pay compensation to or otherwise compensate its officers, employees, and independent contractors above their regular compensation in recognition of the extraordinary efforts they may be required to undertake in connection with the successful implementation of the Plan of Dissolution. Approval of the Plan of Dissolution constitutes approval by stockholders of any such compensation.

The approval of the Plan of Dissolution also authorizes, without further stockholder action, the Liquidating Trustee to do and perform, or to cause its officers to do and perform, any and all acts and to make, execute, and deliver any and all agreements, conveyances, assignments, transfers, certificates, and other documents of every kind that the Liquidating Trustee deems necessary, appropriate, or advisable to implement the Plan of Dissolution and the transactions contemplated thereby, including, without limitation, all filings or acts required by any state or federal law or regulation to wind up its affairs.

Estimated Liquidating Distributions to Stockholders

The Company estimates it could make aggregate liquidating distributions to stockholders of approximately $30 million (approximately $30.00 per share of common stock), based on 1,016,848 shares of common stock outstanding as of December 3, 2021. On January 13, 2023, the Company made its first liquidating distribution to stockholders in the amount of $10,168,480 or $10.00 per share. The Company made a second liquidating distribution on January 19, 2024 in the amount of $10.00 per share or $10,168,480.

The Company cannot predict the timing or amount of any further liquidating distributions, as uncertainties exist as to the value it may receive upon the sale of the Company's assets pursuant to its monetization strategy, the net value of any remaining assets after such sales are completed, the ultimate amount of expenses associated with implementing monetization strategy, the operating costs and amounts to be set aside for claims, obligations and provisions during the liquidation and winding-up process, and the related timing to complete such transactions. The Company did not make any pre-effective date distributions.

Calculating the estimated amount of cash to be distributed to stockholders is inherently uncertain and requires the Company make a number of assumptions regarding future events, many of which are unlikely to ultimately materialize. The Company used the following assumptions when calculating the range of estimated distributable amount of cash: (1) the Company files the Certificate of Dissolution and implement the Plan of Dissolution and shortly after pursue the sale of all or substantially all of the Company's assets; (2) there are no currently unknown or unanticipated material liabilities, and if no such liabilities arise or are identified after the filing of the Certificate of Dissolution (or the effective date if at a later date than the filing of the Certificate of Dissolution); (3) the estimate of the Company's known, contingent, or future liabilities is reasonable and materially accurate; and (4) the accounting for the Company's liabilities, including those that are presently unknown, involves estimates that are reasonable and materially accurate; and (5) the Company's estimate of the net proceeds to be received from the sale of the Company's assets pursuant to monetization strategy is reasonable and materially accurate.

Note 1—Summary of Significant Accounting Policies (continued)

The Company's estimates of the anticipated distribution amounts are preliminary and subject to change and many of the factors that are necessary to determine how much, if any, will be able to distribute to stockholders in liquidation are subject to changes that are outside of the Company's control. The foregoing estimates are qualified by the assumptions set forth above, are subject to numerous uncertainties, and may not reflect the total range of possible outcomes; actual amounts may differ materially from such estimates. The Company has attempted to make reasonable estimates and assumptions; however, actual results may differ significantly from estimates and the actual amount it distributes to stockholders may be lower or higher than the estimated amount. It is possible that the aggregate liquidating distributions that would be paid to a stockholder would not exceed the amount the stockholder could have received upon sales of its shares of common stock in the open market. It is not possible to predict with certainty what the amount of aggregate liquidating distributions ultimately will be. While the Company intends to pursue matters related to liquidation and winding up as quickly as possible after completion of the sale of its assets pursuant to the Company's monetization strategy, the timing thereof is also subject to numerous risks and uncertainties.

It is currently anticipated that a majority of the assets the Company owned on December 14, 2021 (the date the Company's Plan of Dissolution was approved by the written consent of a majority of the shareholders) will be sold by December 31, 2025. The original end of the liquidation period was December 31, 2024, however, due to circumstances beyond the Company's control (i.e., the passing of the Company's former chairman and CEO) we are in the process of seeking an extension of the liquidation period through the end of 2025. It is also anticipated that any assets and liabilities remaining at such time will be transferred to a liquidating entity and it is likely that the full realization of proceeds from sales will extend beyond that date.

Under Delaware law, stockholders are not entitled to appraisal rights for their shares of common stock in connection with the transactions contemplated by the Plan of Dissolution.

For a discussion of risks related to the dissolution and the estimates, assumptions, and uncertainties related thereto, stockholders are urged to review the risk factors set forth under the caption "Risk Factors" in the Information Statement, in the Company's 2020 Annual Report and the other documents the Company files with or furnish to the SEC.

Accounting Treatment after Dissolution

The Company changed its basis of accounting to the liquidation basis of accounting effective December 14, 2021, the date the majority of the Company's stockholders approved the Plan of Dissolution and liquidation became imminent as defined in Accounting Standards Codification ("ASC") 205-30 *Financial Statement Presentation, Liquidation Basis of Accounting*. Under the liquidation basis of accounting, assets are stated at their estimated net realizable values, and liabilities are stated at their estimated settlement amounts. Recorded liabilities will include the estimated expenses associated with carrying out the Plan of Dissolution. For periodic reporting periods ending after the Plan of Dissolution has been approved by the majority of its stockholders, the Company will prepare a consolidated statement of net assets in liquidation, which will summarize the liquidation value per outstanding share of common stock and a consolidated statement of changes in net assets in liquidation, which will present the changes during the period in net assets available for distribution to investors and other claimants during the liquidation. Valuations presented in the statement will represent management's estimates, based on present facts and circumstances, of the net realizable values of assets, satisfaction amounts of liabilities, and expenses associated with carrying out the Plan of Dissolution based upon management assumptions.

Note 1—Summary of Significant Accounting Policies (continued)

Use of Estimates

The valuation of assets and liabilities will necessarily require many estimates and assumptions, and there will be substantial uncertainties in carrying out the provisions of the Plan of Dissolution. Ultimate values realized for the Company's assets and ultimate amounts paid to satisfy the Company's liabilities are expected to differ from estimates historically recorded under the going concern basis of U.S. GAAP in its annual or interim consolidated financial statements.

Consolidated Subsidiaries

The Company's consolidated primary subsidiaries are described below:

Courtland Investments, LLC ("CII") - On December 30, 2021, the Company increased its ownership of CII from 95% to 100% by purchasing the 5% ownership in CII (the non-controlling interest) which was owned by a wholly-owned subsidiary of Transco Realty Trust (a 47% shareholder of the Company) for $342,000. The Company then converted CII from a corporation to a limited liability company thus making CII a disregarded entity for tax purposes. Effective January 1, 2022 CII was consolidated and included in HMG's consolidated tax return.

HMG Fort Myers, LLC ("HMGFM") - This wholly-owned limited liability company was formed in August 2018 and owned a 25% interest in Murano At Three Oaks Associates, LLC, a development project of multi-family residential apartments containing 318 units totaling approximately 312,000 net rentable square feet on a 17.5-acre site located in Fort Myers, Florida ("Project"). The Project was completed, and the final certificate of occupancy was obtained in March 2021. In May 2022, the Project was sold for $122,500,000 and a corresponding loan of approximately $42 million was repaid in full. HMG received a $20,400,000 distribution in May 2022 and two additional distributions totaling $164,966 in 2023. The total gain recognized from this investment was approximately $16.93 million, net of $1.69 million in incentive fee paid to the Advisor (See Note 11).

260 River LLC ("260") - This wholly-owned subsidiary of the Company previously owned an approximate 70% interest in a property located in Montpelier, Vermont. In August 2020, the existing owners of the property amended and restated an existing pre-development agreement that was in place which called for the transfer of a 50% of interest in the property to the local developer which remediated the property and 10% interest in the property to an unrelated real estate consultant which assisted us in the process of remediating and developing the property. In June 2022, the Certificate of Completion (COC) was received from the State of Vermont Agency of Natural Resources ("ANR"). The COC provides certain liability protections for environmental contamination at the property under Vermont's Brownfields Reuse and Environmental Liability Limitation Act program ("BRELLA"). During 2022, the property was transferred to a newly created limited liability company of which the Company presently owns approximately 28%. The Company believes that based on the current net operating income generated by the new entity of approximately $215,000 per year, the Company's interest in the property is valued at approximately $900,000.

Note 1—Summary of Significant Accounting Policies (continued)

Accounting Policies

Income Taxes. For the year ended December 31, 2021, the Company qualified as a REIT and in conformity with requirements of the IRC is not required to report deferred items due to its ability to distribute all taxable income. For 2021 the Company's 95%-owned taxable REIT subsidiary, CII, filed a separate income tax return and its operations are not included in the REIT's income tax return. The Company accounts for income taxes in accordance with ASC Topic 740, *Accounting for Income Taxes* ("ASC Topic 740"). This requires a Company to use the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred income taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred taxes only pertain to CII. As previously stated, effective January 1, 2022 the Company revoked its REIT status, and in December 2021 HMG increased its ownership of CII from 95% to 100% and CII was converted into a limited liability company and became a disregarded wholly-owned subsidiary of HMG. For the year ended December 31, 2022 HMG filed its tax returns as a corporation consolidated with CII.

Under both the going concern basis of accounting and the liquidation basis of accounting, the estimated future income tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as operating loss and tax credit carrybacks and carryforwards are not considered to be significant. See Note 10, Income Taxes.

The Company's make judgments regarding the interpretation of tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions as well as by the IRS. In management's opinion, adequate provisions for income taxes have been made for all open tax years. The potential outcomes of examinations are regularly assessed in determining the adequacy of the provision for income taxes and income tax liabilities. The Company believes that adequate provisions have been made for reasonably possible outcomes related to uncertain tax matters.

The Company follows the provisions of ASC Topic 740-10, "Accounting for Uncertainty in Income Taxes" which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with ASC Topic 740 and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This topic also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Based on the Company's evaluation, it has concluded that there are no significant uncertain tax positions requiring recognition in its consolidated financial statements. The Company's evaluation was performed for the tax years ended December 31, 2022 and 2021. The Company's federal income tax returns since 2019 are subject to examination by the IRS, generally for a period of three years after the returns were filed.

Note 1—Summary of Significant Accounting Policies (continued)

Value of Financial Instruments. The Company records its financial assets and liabilities at their net realizable value, which approximates their fair value, which is defined under the applicable accounting standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measure date. The Company uses valuation techniques to measure fair value, maximizing the use of observable outputs and minimizing the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.

- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 – Inputs include management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Estimated net realizable value of financial instruments including other receivables, notes and advances due from related parties (if any), accounts payable and accrued expenses and mortgages and notes payable approximate their fair values at December 31, 2022 and 2021, due to their relatively short terms or variable interest rates.

Cash equivalents, U.S. T-bills, and marketable equity securities are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of transparency. Marketable debt securities are classified within Level 2.

The valuation of other investments on a non-recurring basis requires significant judgment by the Company's management due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. Such investments are valued initially based upon the transaction price. Valuations are reviewed periodically utilizing available market data and additional factors to determine if the carrying value of these investments should be adjusted. In determining valuation adjustments, emphasis is placed on market participants' assumptions and market-based information over entity-specific information and is classified as a Level 3 investment.

Cash and Cash Equivalents. The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Marketable Securities. The entire marketable securities portfolio (equity and debt) is stated at market value as of December 31, 2022 and 2021.

Note 1—Summary of Significant Accounting Policies (continued)

Notes and Other Receivables. Management periodically performs a review of amounts due on its notes and other receivable balances to determine if they are impaired based on factors affecting the collectability of those balances. Management's estimates of collectability of these receivables requires management to exercise significant judgment about the timing, frequency, and severity of collection losses, if any, and the underlying value of collateral, which may affect recoverability of such receivables.

Concentration of Credit Risk. Financial instruments that potentially subject the Company to concentration of credit risk are cash and cash equivalent deposits in excess of federally insured limits, marketable securities, other receivables, and notes and mortgages receivable. From time to time the Company may have bank deposits in excess of federally insured limits (presently $250,000). The Company evaluates these excess deposits and transfers amounts to brokerage accounts and other banks to mitigate this exposure. As of December 31, 2022 and 2021, the Company's had approximately $166,000 and $2.13 million, respectively, of deposits in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash.

New Accounting Pronouncements.
There are no new accounting pronouncements that are applicable to or relevant to the Company under the liquidation basis of accounting.

Note 2—Subsequent Events

The Company has evaluated subsequent events through February 22, 2024 in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.

On January 13, 2023, the Company distributed $10,168,480 or $10.00 per share. This was the first liquidating distribution. On January 19, 2024, the Company made a second liquidating distribution of $10,168,480 or $10.00 per share.

Note 3—Going concern financial statements as of December 13, 2021 (Unreviewed)

The consolidated balance sheet and consolidated income statement below were prepared by management and are for the period from October 1, 2021 to December 13, 2021 and were prepared on the going concern basis of accounting, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and were prepared by management in accordance with U.S. GAAP. Prior to October 1, 2021, the Company filed with the SEC quarterly form 10-Q's and annual form 10-K's.

Consolidated Balance Sheet

		As of December 13, 2021 (Going concern basis)
Assets		
Cash and cash equivalents	$	5,424,158
Office building and other commercial property, net		1,412,757
Investments in marketable securities		2,744,606
Other investments		4,605,321
Investment in affiliate		1,153,968
Loans, notes, and other receivables		1,331,026
Investment in residential real estate partnership		3,351,896
Other assets		20,142
Total Assets	$	20,043,874
Liabilities		
Accounts payable, accrued expenses, and other liabilities	$	172,531
Amounts due to Advisor for incentive fee		45,487
Note payable to affiliate		400,000
Deferred income taxes payable		195,623
Total Liabilities		813,641
Stockholders' Equity		
Common stock, $1 par value, 1,050,000 shares authorized, 1,016,848 shares issued and outstanding		1,016,848
Additional paid in capital		23,919,818
Accumulated deficit		(5,958,051)
Total Stockholders' Equity		18,978,615
Non-controlling interest		251,618
Total Equity		19,230,233
Total Liabilities and Stockholders' Equity	$	20,043,874

Note 3—Going concern financial statements as of December 13, 2021 (Unreviewed) (continued)

Consolidated Income Statement

	For the period from October 1, 2021 through December 13, 2021 (Going concern basis)
Revenues	
Real estate and related revenues	$ 19,949
Expenses	
Rental and other properties	14,689
Advisor's base fee	165,000
General and administrative	17,324
Professional fees and expenses	97,205
Directors' fees and expenses	38,330
Depreciation	2,566
Interest expense	2,183
Total Expenses	337,297
Loss Before Other Income	(317,348)
Net realized and unrealized losses from marketable securities	(19,983)
Equity income from operations of residential real estate partnership	81,000
Income from other investments	296,222
Interest, dividend and other income	39,665
Total Other Income	396,904
Net Income	79,556
Gain from non-controlling interest	(2,083)
Net Income Attributable to the Company	$ 77,473

Note 4—Initial Net Assets in Liquidation

The following is a reconciliation of total stockholders' equity under the going concern basis of accounting as of December 13, 2021 to net assets in liquidation under the liquidation basis of accounting as of December 14, 2021:

Total Stockholders' Equity as of December 13, 2021	$ 18,978,615
Increase due to estimated net realizable value of investment in residential real estate partnership	17,213,792
Increase due to estimated net realizable value of office building and other commercial property	2,337,993
Increase due to estimated net realizable value of other investments	469,056
Future operating interest and rental income	878,903
Decrease due to estimated net realizable value of marketable securities	(147,121)
Liability for estimated fees during liquidation due to Advisor regular and incentive fees	(4,427,570)
Liability for federal and state income taxes	(3,204,377)
Liability for operating expenses in liquidation	(1,435,943)
Liability for commitments due for other investments	(1,106,125)
Adjustments to reflect change to the liquidation basis of accounting	10,578,608
Estimated value of net assets in liquidation as of December 14, 2021	$ 29,557,223

Note 5—Office Building and Investment in Commercial Real Estate Partnership

Office building – Coconut Grove, Florida
In 2023, the Company's obtained an independent appraisal of the office building located in Coconut Grove, Florida which valued the property at $3.8 million. The Company expects to receive proceeds from the expected sale in 2024 of approximately $2.9 million. This is net of sales commissions, closing costs, and any discount for the timing of the sale.

Investment in real estate partnership owning commercial property – Montpelier, Vermont
As discussed in Note 1, as of the end of 2022, the Company owns a 27.82% interest in a limited liability company that owns a commercial property being leased to a third party. As of December 31, 2022 and 2021, the estimated net realizable value of this investment is approximately $900,000.

Note 6—Investments in Marketable Securities

Investments in marketable securities consist primarily of large capital corporate equity and debt securities in varying industries or issued by government agencies with readily determinable fair values. These securities are stated at market value, as determined by the most recent traded price of each security.

As of December 31, 2022 and 2021, the fair value of the Company's marketable securities was as follows:

Description	**2022**	**2021**
REIT's	$ 187,968	$ 1,052,598
Mutual Funds & ETFs	225,672	372,659
Other Equity Securities	434,031	750,072
Total Equity Securities	847,671	2,175,329
Corporate Debt Securities	360,324	577,056
Total Marketable Securities	$ 1,207,995	$ 2,752,385

Note 7—Other Investments

The Company's other investments consist primarily of nominal equity interests in various privately held entities, including limited partnerships whose purpose is to invest venture capital funds in growth-oriented enterprises. The Company does not have significant influence over any investee and the Company's investment typically represents less than 5% of the investee's ownership.

As of December 31, 2022 and 2021, the Company's portfolio of other investments consisted of 37 and 40, respectively, individual investments primarily in limited partnerships with varying investment objectives and focus. Management has categorized these investments by investment focus: technology and communications, diversified businesses, and real estate related and related.

As of December 31, 2022, and 2021, other investments had an aggregate estimated net realizable value (after a 35% discount for liquidity) of $3.16 million and $3.97 million, respectively. As of December 31, 2022 and 2021, the Company has committed to funding an additional $1.0 million and $1.1 million, respectively, as required by agreements with current investees. During the years ended December 31, 2022 and 2021, the Company made cash contributions in these investments of approximately $175,000 and $638,000, respectively, and received cash distributions of $2,093,000 and $2,903,000, respectively.

The Company's other investments at estimated net realizable value are summarized below.

	As of December 31,	
Investment Focus	**2022**	**2021**
Real estate and related	$ 1,098,000	$ 1,800,000
Diversified businesses	785,000	886,000
Technology and communications	1,280,000	1,280,000
Total	$ 3,163,000	$ 3,966,000

Note 8—Investment in Affiliate

Investment in affiliate consists of CII's 49% equity interest in T.G. I.F. Texas, Inc. ("TGIF"). TGIF is a corporation which holds promissory notes receivable from its shareholders, including CII and the estate of Maurice Wiener, the former Chairman of both the Company and TGIF. On February 7, 2022 the note payable by CII to TGIF for $400,000 was repaid in full including accrued interest. No other amounts are due from the Company to TGIF. The Company believes that upon the orderly dissolution of TGIF it will realize the carrying value of this investment of approximately $1.2 million.

Note 9—Notes and Other Receivables

Description	As of December 31 2022	2021
Promissory note and accrued interest collateralized by 2nd mortgage on land held for development in Lauderhill, Florida (a)	$ 514,000	$ 503,000
Promissory note and accrued interest due from unrelated real estate consultant collateralized by interest in property located in Montpelier, Vermont (b)	264,000	266,000
Promissory note and accrued interest due from real estate entity owning property in Miami Beach, Florida (c)	201,000	-
Other promissory note and other receivables	53,000	59,000
Total loans, notes, and other receivables	$ 1,032,000	$ 828,000

(a) In December 2018, the Company loaned $500,000 to an entity controlled by a local real estate developer. The loan is collateralized by a second mortgage on raw land held for development located in Lauderhill, Florida. The promissory note bears interest at 8.5% per annum and calls for interest only payments due on a quarterly basis beginning March 4, 2019. The original maturity date of June 4, 2020 was extended until January 13, 2023 when the loan was repaid in full including accrued interest.

(b) In November 2020, the Company entered into a loan agreement with an unrelated real estate consultant ("borrower"). The Company and the borrower are parties to an amended and restated pre-development agreement which provided for the development of the Company's property in Montpelier, Vermont (the "Property"), and for the formation of a new development company and transfer of its property to the new development company. The borrower received a 10% membership interest in the new development Company. The total principal amount advanced bears interest at 4% per annum fixed. Interest only payments are due each quarter for the first five years of the loan. Throughout the remaining term interest plus amortization of one percent per year until the earlier of the sale of the Property or December 31, 2030 (the "Maturity Date"). The loan is secured by the borrower's membership interest in the new development company through a pledge agreement. As of December 31, 2022, approximately $264,000 has been advanced under this loan agreement and is outstanding. The Company expects upon disposal of its interest in the Property that the other minority interest holders, including the borrower, will also dispose of their interest and the outstanding principal and interest of the note receivable will be repaid.

(c) In October 2022, the Company entered into a loan agreement with R Palace Surfside, LLC ("Surfside", an entity controlled by a local real estate developer well known to the Company). Surfside is in the process of buying out all owners of a condominium building located in Miami Beach, Florida. Surfside has a buyer ready to purchase the property once all of the original owners have been bought out. The loan bears interest at 10% per annum. The loan matured on October 22, 2023 and all outstanding principal and interest was repaid in January 2024.

Note 10—Income Taxes

On March 2, 2022, the Company notified the IRS that pursuant to IRC Section 856(g)(2), it revoked its election under IRC Section 856(c)(1) to be a REIT. The effective date of the revocation was January 1, 2022. The Company filed its final tax return as a REIT in October 2022 for the year ended December 31, 2021 and reported a taxable loss of approximately $323,000 and had a net operating loss carryforward to 2022 of approximately $3.43 million. Also, in October 2022, CII, the taxable REIT subsidiary, filed its final unconsolidated return for the year ended December 31, 2021 and reported zero taxable income after utilization of net operating loss carry over from prior years and special deductions. CII's net operating loss carry forward to 2022 was approximately $1.3 million. The combined net operating loss carryforward of approximately $4.73 million was fully utilized in HMG's consolidated tax return for 2022. After the utilization of the net carry forward losses the total federal and state tax due for the year ended December 31, 2022 was approximately $2.35 million and $482,000, respectively. These amounts were paid in 2022.

The Company had estimated that upon liquidation of all remaining assets, it will owe approximately $449,000 and $118,000 in federal and state income taxes, respectively. These estimates of tax due are primarily based upon the expected gain on the sale of the Company's office building located in Coconut Grove, Florida, estimated gain on the disposal of the Company's interest in T.G.I.F. Texas, Inc., and estimated gain on the disposal of other investments and marketable securities, less estimated expense in excess of operating interest and rental income for 2023, 2024, and 2025.

Note 11—Amounts due to Advisor

For the years ended December 31, 2022 and 2021, the Company had an agreement (the "Agreement") with HMGA, Inc. (the "Advisor") for its services as investment advisor and administrator of the Company's affairs. All officers of the Company who are officers of the Advisor are compensated solely by the Advisor for their services. The Advisor is majority owned by the estate of Mr. Wiener, the Company's former Chairman, CEO and President. Upon his death on November 8, 2023, Mr. Alan Finkelstein was appointed the Chairman of the Board, President and Chief Executive Officer of HMGA; and Carlos Camarotti is its Vice President – Finance and Assistant Secretary. Under the terms of the Agreement, the Advisor serves as the Company's investment advisor and, under the supervision of the directors of the Company, administers the day-to-day operations of the Company. The Agreement is renewable annually upon the approval of a majority of the directors of the Company who are not affiliated with the Advisor and a majority of the Company's shareholders. The contract may be terminated at any time upon 120 days written notice by the Advisor or upon 60 days written notice by a majority of the unaffiliated directors of the Company or the holders of a majority of the Company's outstanding shares.

For the years ended December 31, 2022 and 2021, the Company and its subsidiaries incurred Advisor fees of approximately $2,448,000 and $777,000, respectively. This consisted of $660,000 in regular compensation for 2022 and 2021, and approximately $1,788,000 and $117,000 in incentive fee compensation for 2022 and 2021, respectively. The regular Advisor fee is paid monthly, and the incentive fees are paid in the year subsequent to when earned.

In December 2023, the Company entered into a Liquidation Advisory Agreement ("LAA", effective January 1, 2024) with the Advisor which calls for annual fees of $660,000, payable monthly at $55,000 per month through the end of the liquidation period. There is no incentive fee due to the advisor beginning and effective January 1, 2023. All other terms and conditions of the LAA are essentially the same as in the original Advisory Agreement described above.

Note 12—Operating Income and Expenses in Liquidation

Estimated future interest income includes amounts anticipated to be earned related to both the Company's cash and cash equivalents and the Company's offices rental income. This amount is an estimate and can fluctuate as a result of changes in interest rates, changes in its assumptions with respect to timing and realization of non-marketable other investments and timing and amount of future liquidating distributions, as well as other factors. As of December 31, 2022 and 2021, the Company has estimated future operating interest and rental income to be received through final liquidation to be approximately $484,000 and $879,000, respectively

Estimated future operating expenses includes amounts anticipated to be spent on operating costs in future periods, including amounts related to consulting expenses, legal fees, audit and tax compliance expenses, insurance costs, maintenance of office building, as well as costs related to the realization of non-marketable other investments. This amount is an estimate and can fluctuate as a result of changes in the Company's assumptions with respect to the level of effort to complete the dissolution process and the level of effort related to the realization of non-marketable other investments, as well as other factors. As of December 31, 2022 and 2021, the Company has estimated future operating expenses to be paid through final liquidation to be approximately $1,119,000 and $1,436,000, respectively.