

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

HMG COURTLAND PROPERTIES INC  
Form 10QSB  
May 14, 2003

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

FORM 10-QSB

(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, 2003  
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  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

1870 S. Bayshore Drive, Coconut Grove, Florida 33133

-----  
(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 x 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.

1,089,135 Common shares were outstanding as of April 30, 2003.

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

HMG/COURTLAND PROPERTIES, INC.

Index

PART I. Financial Information

Item 1. Financial Statements

Condensed Consolidated Balance Sheets as of  
March 31, 2003 (Unaudited) and December 31, 2002.....

Condensed Consolidated Statements of Operations for the  
Three Months Ended March 31, 2003 and 2002 (Unaudited).....

Condensed Consolidated Statements of Cash Flows for the  
Three Months Ended March 31, 2003 and 2002 (Unaudited).....

Notes to Condensed Consolidated Financial Statements (Unaudited).....

Item 2. Management's Discussion and Analysis of Financial  
Condition and Results of Operations.....

Item 3. Controls and Procedures.....

PART II. Other Information

Item 1. Legal Proceedings . . . . .

Item 6. Exhibits and Reports on Form 8-K.....

Signatures.....

Cautionary Statement. This Form 10-QSB 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-QSB 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.

# Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2003 (UNAUDITED)
-----	
ASSETS	
Investment properties, net of accumulated depreciation:	
Commercial and industrial	\$2,705,577
Hotel and club facility	4,508,215
Yacht slips	343,527
Land held for development	1,854,318
	-----
Total investment properties, net	9,411,637
Cash and cash equivalents	2,434,385
Investments in marketable securities	3,157,789
Other investments	5,572,928
Investment in affiliate	2,906,645
Cash restricted pending delivery of securities	32,290
Loans, notes and other receivables	1,057,977
Notes and advances due from related parties	1,018,476
Deferred taxes	794,000
Other assets	211,261
	-----
TOTAL ASSETS	\$26,597,388
	=====
LIABILITIES	
Mortgages and notes payable	8,594,346
Accounts payable and accrued expenses	356,149
Sales of securities pending delivery	110,139
Other liabilities	6,266
	-----
TOTAL LIABILITIES	\$9,066,900
Minority interests	275,918
	-----
COMMITMENTS AND CONTINGENCIES	
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; 1,315,635 shares issued and outstanding	1,315,635
Additional paid-in capital	26,571,972
Undistributed gains from sales of properties, net of losses	38,879,924
Undistributed losses from operations	(47,565,097)
	-----
	19,202,434
Less: Treasury stock, at cost (226,500 shares)	(1,659,114)
Notes receivable from exercise of stock options	(288,750)

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

TOTAL STOCKHOLDERS' EQUITY

-----  
17,254,570

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

-----  
\$26,597,388  
=====

See notes to the condensed consolidated financial statements

(1)

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

REVENUES	Three mont 2003 ----
Real estate rentals and related revenue	\$411,823
Marina revenues	123,569
Net loss from investments in marketable securities	(24,645)
Net gain from other investments	68,629
Interest, dividend and other income	62,933
Total revenues	----- 642,309
EXPENSES	
Operating expenses:	
Rental and other properties	147,410
Marina expenses	94,544
Depreciation and amortization	146,935
Adviser's base fee	225,000
General and administrative	73,130
Professional fees and expenses	45,096
Directors' fees and expenses	11,800
Total operating expenses	----- 743,915
Interest expense	126,977
Minority partners' interests in operating gain (loss) of consolidated entities	50
Total expenses	----- 870,942 -----
Loss before sales of properties and income taxes	(228,633)
Gain on sales of properties, net	39,144
Loss before income taxes	----- (189,489)
Provision for (benefit from) income taxes	7,000

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

	-----
Net loss	(\$196,489)
	=====
Net Loss Per Common Share:	
Basic and diluted	(\$0.18)
	=====
Weighted average common shares outstanding, basic and diluted	1,089,135

See notes to the condensed consolidated financial statements

(2)

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss  
 Adjustments to reconcile net loss to net cash (used in) provided by operating activities:  
 Depreciation and amortization  
 Net gain from other investments  
 Gain on sales of properties, net  
 Net loss from marketable securities  
 Minority partners' interest in operating gains (losses)  
 Deferred income taxes  
 Changes in assets and liabilities:  
     Decrease in other assets and other receivables  
     Net proceeds from sales and redemptions of securities  
     (Increase) decrease in restricted cash  
     Increased investments in marketable securities  
     Increase in accounts payable and accrued expenses  
     Decrease in current income taxes payable  
     Decrease in other liabilities

Total adjustments

Net cash (used in) provided by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES:

Net proceeds from disposals of properties  
 Decrease (increase) in notes and advances from related parties  
 Increase in mortgage loans and notes receivables  
 Decrease in mortgage loans and notes receivables  
 Distributions from other investments  
 Contributions to other investments

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

Net cash provided by (used in) investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of mortgages and notes payables

Net cash used in financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for interest

Cash paid during the period for income taxes

See notes to the condensed consolidated financial statements

(3)

HMG/COURTLAND PROPERTIES, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements prepared in accordance with instructions for Form 10QSB, include all adjustments (consisting only of normal recurring accruals) which are necessary for a fair presentation of the results for the periods presented. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the Company's Annual Report for the year ended December 31, 2002. The balance sheet as of December 31, 2002 was derived from audited financial statements as of that date. The results of operations for the three months ended March 31, 2003 are not necessarily indicative of the results to be expected for the full year.

2. RECENT ACCOUNTING PRONOUNCEMENTS.

In June 2002, the FASB issued Statement 146, Accounting for Costs Associated with Exit or Disposal Activities. This Statement requires the recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred versus the date the Company commits to an exit plan. In addition, this Statement states the liability should be initially measured at

## Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

fair value. The Statement is effective for exit or disposal activities that are initiated after December 31, 2002. The primary effect to the Company's financial statements would be in the timing of accounting recognition of potential future exit activities. The adoption of this pronouncement did not have a material effect on the Company's financial statements.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation--Transition and Disclosure. This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement also amends the disclosure requirements of SFAS No. 123 to require more prominent and frequent disclosures in the financials statements about the effects of stock-based compensation. The transitional guidance and annual disclosure provisions of this Statement is effective for the December 31, 2002 financial statements. The interim reporting disclosures requirements are effective for the Company's March 31, 2003 10-QSB. Because the Company continues to account for employee stock-based compensation under APB opinion No. 25, the transitional guidance of SFAS No. 148 has no effect on the financial statements at this time. There was no pro forma effect for stock based compensation during the three months ended March 31, 2003 and 2002.

(4)

HMG/COURTLAND PROPERTIES, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)  
(Unaudited)

In November 2002, the FASB issued Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57, and 107 and a rescission of FASB Interpretation No. 34. This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees issued. The Interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken. The initial recognition and measurement provisions of the Interpretation are applicable to guarantees issued or modified after December 31, 2002 and did not have a material effect on the Company's financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to variable interest

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

entities ("VIE's") created after January 31, 2003, and to VIE's in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to VIE's in which an enterprise holds a variable interest that it acquired before February 1, 2003. FIN 46 applies to public enterprises as of the beginning of the applicable interim or annual period. We have identified no VIE's, accordingly, the adoption of FIN 46 is not expected to have a material impact on the Company's consolidated financial position, liquidity, or results of operations.

3. GAIN ON SALES OF PROPERTIES

For the three months ended March 31, 2003 Grove Isle Yacht Club Associates (GIYCA) sold one yacht slip located in Miami, Florida resulting in a net gain to the Company of approximately \$39,000. In connection with this sale the Company received a \$22,500 promissory note with interest and principal due on August 31, 2003. This note bears interest at 9% per annum.

(5)

HMG/COURTLAND PROPERTIES, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)  
(Unaudited)

4. 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 at the balance sheet date. Consistent with the Company's overall current investment objectives and activities its entire marketable securities portfolio is classified as trading.

Net loss from investments in marketable securities for the three months ended March 31, 2003 and 2002 is summarized below:

	Three Months Ended March 31,	
Description	2003	2002



## Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

Net realized loss from sales of securities	(\$36,000)	(\$59,000)
Unrealized net gain (loss) in trading securities	41,000	(136,000)
Net change in sales of securities pending delivery	(30,000)	(2,000)
	-----	
Total net loss from investments in marketable securities	(\$25,000)	(\$197,000)
	=====	

For the three months ended March 31, 2003 net realized loss from sales of marketable securities of approximately \$36,000 consisted of approximately \$49,000 of gross losses net of \$13,000 of gross gains. For the three months ended March 31, 2002 net realized loss from sales of marketable securities of approximately \$59,000 consisted of approximately \$221,000 of gross losses net of \$162,000 of gross gains.

Net change in sales of securities pending delivery represents the changes in the market value of those securities and the delivery of securities to realize gain or loss from these transactions.

(6)

HMG/COURTLAND PROPERTIES, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)  
(Unaudited)

Investment gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company's net earnings. However, the amount of investment gains or losses on marketable securities for any given period has no predictive value and variations in amount from period to period have no practical analytical value.

5. OTHER INVESTMENTS  
-----

As of March 31, 2003, the Company has committed to invest approximately \$11.3 million in other investments primarily in private capital funds, of which approximately \$9.8 million has been funded. The carrying value of other investments (which reflects distributions and valuation adjustments) is approximately \$5.6 million. During the three months ended March 31, 2003 the Company has made follow-on contributions to two existing investments of approximately \$90,000 and has received approximately \$271,000 in distributions from other investments. The distributions in 2003 primarily consisted of one return of capital distribution in the amount of \$206,000 from an investment in a partnership which recapitalized one of its operating businesses and distributed the proceeds to its partners.

## Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

Net loss from other investments for the three months ended March 31, 2003 and 2002, is summarized below:

	2003	2002
Real estate development and operation	\$59,000	\$11,000
Income from investment in 49% owned affiliate (T.G.I.F. Texas, Inc.)	13,000	23,000
Others, net	(3,000)	(3,000)
Total net gain from other investments	\$69,000	\$31,000

### 6. NOTES AND ADVANCES DUE FROM AND TRANSACTIONS WITH RELATED PARTIES

In March 2003, the Company received a cash payment of \$500,000 from the Adviser which brought the balance due from the Adviser as of March 31, 2003 to approximately \$259,000.

(7)

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

#### RESULTS OF OPERATIONS

The Company reported a net loss of approximately \$196,000 (or \$.18 per share) for the three months ended March 31, 2003. This is as compared with a net loss of approximately \$178,000 (or \$.16 per share) for the three months ended March 31, 2002. Total revenues for the three months ended March 31, 2003 as compared with the same period in 2002, increased by approximately \$196,000 or 44%. Total expenses for the three months ended March 31, 2003, as compared with the same periods in 2002, increased by approximately \$63,000 or 9%. Gain on sales of properties for the three months ended March 31, 2003 was approximately \$39,000 as compared with gains of approximately \$8,000 for the three months ended March 31, 2002.

#### REVENUES

Rentals and related revenues for the three months ended March 31, 2003 as compared with the same comparable period in 2002 remained relatively consistent.

Net loss from investments in marketable securities for the three months ended March 31, 2003 was approximately \$25,000 as compared with a net loss of approximately \$197,000 for the same comparable three month period in 2002. See discussion in Note 4 to Condensed Consolidated Financial Statements (unaudited).

Net gain from other investments for the three months ended March 31, 2003 was approximately \$69,000 as compared with a net gain of approximately \$31,000 for

## Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

the same three month comparable period in 2002. See discussion in Note 5 to Condensed Consolidated Financial Statements (unaudited).

Interest and dividend income for the three months ended March 31, 2003 was approximately \$63,000 as compared with approximately \$79,000 for the same three month comparable period in 2002. This decrease of approximately \$16,000 (or 20%) was primarily due to fewer investments in the portfolio that yielded interest and dividends combined with lower market interest rates.

### EXPENSES

Rental and other properties expenses for the three months ended March 31, 2003 remained consistent with that for the three months ended March 31, 2002.

Marina expenses for the three months ended March 31, 2003 increased by approximately \$4,000 or 5% as compared with the same comparable three month period in 2002 primarily as a result of increased repairs and maintenance and increased payroll costs.

Adviser's base fee increased by \$60,000 (or 36%) for the three months ended March 31, 2003 as compared with the same period in 2002. As previously disclosed, this was as a result of a shareholder-approved contractual increase in the Adviser's base fee. This amendment increased the annual Adviser base fee from \$660,000 to \$900,000 effective January 1, 2003.

(8)

### Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Director's fees and expenses decreased by approximately \$7,000 (or 37%) for the three months ended March 31, 2003 as compared with the same period in 2002 primarily as a result of a reduction of meeting expenses.

Interest expense decrease by approximately \$10,000 (or 7%) for the three months ended March 31, 2003 as compared with the same period in 2003 primarily as a result of decreased variable interest rates and overall reduction in outstanding debt.

(9)

Management's Discussion and Analysis of Financial  
Condition and Results of Operations  
(continued)

EFFECT OF INFLATION:  
-----

Inflation affects the costs of operating and maintaining the Company's investments. In addition, rentals under certain leases are based in part on the lessee's sales and tend to increase with inflation, and certain leases provide for periodic adjustments according to changes in predetermined price indices.

LIQUIDITY, CAPITAL EXPENDITURE REQUIREMENTS AND CAPITAL RESOURCES  
-----

The Company's material commitments in 2003 primarily consist of maturities of debt obligations of approximately \$3.9 million and commitments to fund private capital investments of approximately \$1.6 million due upon demand. The funds necessary to meet these obligations are expected to be available from the proceeds of sales of properties or investments, refinancing, distributions from investments and available cash. The majority of maturing debt obligations for 2003 is a note payable to the Company's 49% owned affiliate, T.G.I.F. Texas, Inc. ("TGIF") of approximately \$3.6 million. This amount is due on demand. It is expected that this obligation when due to TGIF would be paid with funds available from distributions from its investment in TGIF and from available cash.

MATERIAL COMPONENTS OF CASH FLOWS  
-----

For the three months ended March 31, 2003, net cash used in operating activities was approximately \$131,000. Included in this amount are net proceeds from sales and redemptions of marketable securities of approximately \$736,000 less increased investments in of marketable securities of approximately \$158,000 and decreased other liabilities (margin payables) of approximately \$674,000.

For the three months ended March 31, 2003, net cash provided by investing activities was approximately \$730,000. This was comprised primarily of repayments of notes and advances due from related parties of approximately \$396,000 and distributions from other investments of approximately \$271,000.

## Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

For the three months ended March 31, 2003, net cash used in financing activities was approximately \$28,000 consisting repayments of mortgages and notes payable.

(10)

Management's Discussion and Analysis of Financial  
Condition and Results of Operations  
(continued)

### RECENT ACCOUNTING PRONOUNCEMENTS.

-----  
In June 2002, the FASB issued Statement 146, Accounting for Costs Associated with Exit or Disposal Activities. This Statement requires the recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred versus the date the Company commits to an exit plan. In addition, this Statement states the liability should be initially measured at fair value. The Statement is effective for exit or disposal activities that are initiated after December 31, 2002. The primary effect to the Company's financial statements would be in the timing of accounting recognition of potential future exit activities. The adoption of this pronouncement did not have a material effect on the Company's financial statements.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation--Transition and Disclosure. This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement also amends the disclosure requirements of SFAS No. 123 to require more prominent and frequent disclosures in the financials statements about the effects of stock-based compensation. The transitional guidance and annual disclosure provisions of this Statement is effective for the December 31, 2002 financial statements. The interim reporting disclosures requirements are effective for the Company's March 31, 2003 10-QSB. Because the Company continues to account for employee stock-based compensation under APB opinion No. 25, the transitional guidance of SFAS No. 148 has no effect on the financial statements at this time. There was no pro forma effect for stock based compensation during the three months ended March 31, 2003 and 2002.

(11)

HMG/COURTLAND PROPERTIES, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)  
(Unaudited)

In November 2002, the FASB issued Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57, and 107 and a rescission of FASB Interpretation No. 34. This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees issued. The Interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken. The initial recognition and measurement provisions of the Interpretation are applicable to guarantees issued or modified after December 31, 2002 and did have a material effect on the Company's financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to variable interest entities ("VIE's") created after January 31, 2003, and to VIE's in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to VIE's in which an enterprise holds a variable interest that it acquired before February 1, 2003. FIN 46 applies to public enterprises as of the beginning of the applicable interim or annual period. We have identified no VIE's, accordingly, the adoption of FIN 46 is not expected to have a material impact on the Company's consolidated financial position, liquidity, or results of operations.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

The Company's Principal Executive Officer and Principal Financial Officer have reviewed the Company's disclosure controls and procedures within 90 days prior to the filing of this report. Based upon this review, these officers believe that the Company's disclosure controls and procedures are effective in ensuring that material information related to the Company is made known to them by others within the Company.

## Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

(b) There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls during the quarter covered by this report or from the end of the reporting period to the date of this Form 10-QSB.

(12)

### PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings

No items to report.

#### Item 6. Exhibits and Reports on Form 8-K

(a) Certifications pursuant to 18 USC Section 1350-Sarbanes-Oxley Act of 2002. Filed herewith.

(b) There were no reports on Form 8-K filed for the quarter ended March 31, 2003.

(13)

SIGNATURES

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HMG/COURTLAND PROPERTIES, INC.

Dated: May 14, 2003

/s/Lawrence Rothstein  
President, Treasurer and Secretary  
Principal Financial Officer

Dated: May 14, 2003

/s/Carlos Camarotti  
Vice President - Finance and Controller  
Principal Accounting Officer

(14)

Exhibits:

-----

CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Maurice Wiener, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of HMG/Courtland Properties, Inc.
2. Based on my knowledge, this quarterly report 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 quarterly



## Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

---

/s/ Maurice Wiener, Principal Executive Officer

CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lawrence Rothstein, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of HMG/Courtland Properties, Inc.

2. Based on my knowledge, this quarterly report 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

## Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

---

/s/ Lawrence Rothstein, Principal Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of HMG/Courtland Properties, Inc. (the "Company") on Form 10-QSB for the period ending March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Maurice Wiener, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

2002, that:

(1) The Report fully complies with the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods indicated in the Report.

---

/s/ Maurice Wiener, Principal Executive Officer  
HMG/Courtland Properties, Inc.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of HMG/Courtland Properties, Inc. (the "Company") on Form 10-QSB for the period ending March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence Rothstein, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods indicated in the Report.

---

/s/ Lawrence Rothstein, Principal Financial Officer  
HMG/Courtland Properties, Inc.