

CKX Lands Inc
Form 10QSB
August 13, 2007
Index to Financial Statements

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 1-31905

CKX LANDS, INC.

(Exact name of small business issuer as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

751 Bayou Pines East, Suite C, Lake Charles, Louisiana 70601

(Address of principal executive offices)

337-310-0547

(Issuer's telephone number)

72-0144530
(IRS Employer

Identification No.)

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

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 1,942,495

Transitional Small Business Disclosure Format (Check one): Yes No

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CKX Lands, Inc.

Form 10-QSB

For the Quarter Ended June 30, 2007

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Exhibits	
<u>Contract to Purchase and Sell approximately 3.495 acres in Cameron Parish, Louisiana effective July 3, 2007.</u>	
<u>Certification of Arthur Hollins, III, President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.</u>	
<u>Certification of Brian R. Jones, Treasurer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.</u>	
<u>Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	

Index to Financial Statements**Part I. Financial Information****Item 1. Financial Statements****CKX Lands, Inc.****Balance Sheet**

	June 30, 2007
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,181,820
Certificate of deposit	1,025,204
Accounts receivables	690,106
Prepaid expense and other	34,468
Total Current Assets	2,931,598
Securities Available for Sale	1,625,074
Property and Equipment:	
Building and equipment less accumulated depreciation of \$92,660	85,205
Timber less accumulated depletion of \$446,834	400,514
Land	3,994,791
Total Property and Equipment, net	4,480,510
Total Assets	\$ 9,037,182
Liabilities and Stockholders Equity	
Current Liabilities:	
Trade payables and accrued expenses	\$ 17,719
Dividends payable	135,975
Deferred income taxes payable:	158,673
Total Current Liabilities	312,367
Noncurrent Liabilities:	
Deferred income tax payable	262,876
Stockholders Equity:	
Common stock, no par value: 3,000,000 shares authorized; 2,100,000 shares issued	72,256
Retained earnings	8,620,860
Accumulated other comprehensive income	144,339
Less cost of treasury stock (157,505 shares)	(375,516)
Total stockholders equity	8,461,939
Total Liabilities and Stockholders Equity	\$ 9,037,182

See accompanying notes

Index to Financial Statements**CKX Lands, Inc.****Statements of Income**

	Quarter Ending June 30, 2007	Quarter Ending June 30, 2006	Six Months Ending June 30, 2007	Six Months Ending June 30, 2006
Revenues:				
Oil and gas	\$ 767,842	\$ 640,348	\$ 1,371,156	\$ 1,218,856
Agriculture	34,564	17,119	101,730	74,258
Timber		48,236	33,634	68,055
Total revenues	802,406	705,703	1,506,520	1,361,169
Costs and Expenses:				
Oil and gas production	61,944	31,431	115,849	62,167
Agriculture	25,027	278	30,667	1,688
Timber	8,571	6,970	9,220	20,556
General and administrative	95,504	79,233	220,728	195,252
Depreciation and depletion	1,678	2,984	9,284	5,968
Total cost and expenses	192,724	120,896	385,748	285,631
Income from operations	609,682	584,807	1,120,772	1,075,538
Other Income / (Expense):				
Interest income	24,774	34,086	49,574	67,371
Dividend income	8,514	18,747	16,983	26,201
Gain / (loss) on sale of securities available for sale	(1,378)	304	(3,446)	7,589
Gain on sale of land	302,008	6,028	302,008	6,028
Net other income / (expense)	333,918	59,165	365,119	107,189
Income before income taxes	943,600	643,972	1,485,891	1,182,727
Federal and state income taxes:				
Current	198,154	198,753	367,597	366,263
Deferred	120,491		120,491	
Total income taxes	318,645	198,753	488,088	366,263
Net Income	\$ 624,955	\$ 445,219	\$ 997,803	\$ 816,464
Per common stock (1,942,495 shares)	\$ 0.32	\$ 0.23	\$ 0.51	\$ 0.42
Dividends per share	\$ 0.07	\$ 0.07	\$ 0.14	\$ 0.24

See accompanying notes

Index to Financial Statements**CKX Lands, Inc.****Statements of Changes in Stockholders' Equity****Six Months Ended June 30, 2007:**

	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income	Capital Stock Issued	Treasury Stock
December 31, 2006 Balance		\$ 7,895,007	\$ 132,193	\$ 72,256	\$ 375,516
Comprehensive income:					
Net income	\$ 997,803	997,803			
Other comprehensive income:					
Unrealized net holdings gains occurring during period net of taxes of \$ 6,075	10,408				
Less: reclassification adjustment for net losses included in net income, net of taxes of \$ 1,159	(1,738)				
Other Comprehensive income, net of taxes	12,146		12,146		
Total comprehensive income	\$ 1,009,949				
Dividends		(271,950)			
June 30, 2007 Balance		\$ 8,620,860	\$ 144,339	\$ 72,256	\$ 375,516

Six Months Ended June 30, 2006:

	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income	Capital Stock Issued	Treasury Stock
December 31, 2005 Balance		\$ 9,042,970	\$ 31,502	\$ 72,256	\$ 375,516
Comprehensive income:					
Net income	\$ 816,464	816,464			
Other comprehensive income:					
Unrealized net holdings gains occurring during period net of taxes of \$ 13,509	25,125		25,125		
Total comprehensive income	\$ 841,589				
Dividends		(466,199)			
June 30, 2006 Balance		\$ 9,393,235	\$ 56,627	\$ 72,256	\$ 375,516

See accompanying notes

Index to Financial Statements**CKX Lands, Inc.****Statements of Cash Flows**

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Cash Flows From Operating Activities:		
Net Income	\$ 997,803	\$ 816,464
Less non-cash (income) expenses included in net income:		
Depreciation, depletion and amortization	9,284	5,968
Deferred income tax expense	120,491	
Less non-operating activities:		
Loss from sale of securities available for sale	3,446	(6,028)
(Gain) from sale of land	(302,008)	(7,589)
Change in operating assets and liabilities:		
(Increase) decrease in current assets	7,698	(3,845)
Increase (decrease) in current liabilities	(13,234)	(92,560)
Net cash provided by operating activities	823,480	712,410
Cash Flows From Investing Activities:		
Proceeds from sale of land		6,028
Purchased of land, property and/or equipment	(6,949)	
Proceeds from certificate of deposits maturities	1,511,713	
Purchase of certificate of deposit	(1,025,204)	
Available for sale securities:		
Purchases	(487,870)	
Sales	1,496,102	