

CKX Lands Inc  
Form 10-Q  
November 05, 2010

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

FORM 10-Q

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

For the quarterly period ended September 30, 2010

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

Commission File Number 1-31905

CKX Lands, Inc.  
(Exact name of registrant as specified in its charter)

Louisiana  
(State or other jurisdiction of  
incorporation or organization)

72-0144530  
(I.R.S. Employer Identification No.)

700 Pujoe Street, Suite 200  
Lake Charles, LA  
(Address of principal executive  
offices)

70601  
(Zip Code)

(337) 493-2399  
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

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

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

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CKX Lands, Inc.  
Form 10-Q  
For the Quarter ended September 30, 2010

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## Part I – Financial Information

Item 1.

## FINANCIAL STATEMENTS

CKX Lands, Inc.  
Balance Sheets  
September 30, 2010 and December 31, 2009  
(Unaudited)

	2010	2009
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,761,643	\$ 3,977,106
Certificates of deposit	240,000	720,000
Accounts receivable	157,575	162,356
Prepaid expense and other assets	53,886	36,225
Total current assets	4,213,104	4,895,687
Securities available for sale	1,989,698	1,793,866
Certificates of deposit	490,000	240,000
Property and equipment:		
Building and equipment less accumulated depreciation of \$74,994 and \$70,447, respectively	9,062	13,609
Timber less accumulated depletion of \$664,802 and \$575,057, respectively	521,034	350,665
Land	3,192,491	2,851,526
Total property and equipment, net	3,722,587	3,215,800
Total assets	\$ 10,415,389	\$ 10,145,353
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Trade payables and accrued expenses	\$ 64,325	\$ 46,594
Income tax payable:		
Current	1,358	—
Deferred	37,466	15,909
Total current liabilities	103,149	62,503
Noncurrent Liabilities:		
Deferred income tax payable	181,818	181,818
Total liabilities	284,967	244,321
Stockholders' Equity:		
Common stock, no par value: 3,000,000 shares authorized; 2,100,000 shares issued	72,256	72,256
Retained earnings	10,342,415	10,170,940
Accumulated other comprehensive income	91,267	33,352
Less cost of treasury stock (157,505 shares)	(375,516)	(375,516)
Total stockholders' equity	10,130,422	9,901,032
Total liabilities and stockholders' equity	\$ 10,415,389	\$ 10,145,353

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



CKX Lands, Inc.  
 Statements of Income  
 Quarter and Nine Months Ended September 30, 2010 and 2009  
 (Unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Oil and gas	\$ 287,867	\$ 446,288	\$ 1,028,629	\$ 1,183,837
Agriculture	26,408	33,014	69,975	81,986
Timber	18,717	9,468	132,842	27,971
Total revenues	332,992	488,770	1,231,446	1,293,794
<b>Costs and Expenses:</b>				
Oil and gas production	25,807	37,210	81,541	104,703
Agriculture	3,374	1,986	6,323	4,563
Timber	1,542	33,159	14,067	52,636
General and administrative	98,769	102,838	301,318	288,179
Depreciation and depletion	25,047	2,048	94,292	5,926
Total cost and expenses	154,539	177,241	497,540	456,007
Income from operations	178,453	311,529	733,906	837,787
<b>Other Income / (Expense):</b>				
Interest income	9,797	6,629	28,190	15,370
Dividend income	10,403	4,863	35,700	16,565
Change in unrealized losses on securities available-for-sale	—	—	—	(23,920)
Gain/(Loss) on securities available-for-sale	(42,341)	—	(13,814)	—
Gain on sale of land and other assets	—	—	255	40,719
Net other income / (expense)	(22,141)	11,492	50,331	48,734
Income before income taxes	156,312	323,021	784,237	886,521
<b>Federal and state income taxes:</b>				
Current	32,199	97,246	222,747	271,068
Deferred	(2,579)	(763)	(17,909)	(38,592)
Total income taxes	29,620	96,483	204,838	232,476
Net Income	\$ 126,692	\$ 226,538	\$ 579,399	\$ 654,045
<b>Per Common Stock (1,942,495 shares):</b>				
Net Income	\$ 0.07	\$ 0.12	\$ 0.30	\$ 0.34
Dividends	\$ 0.07	\$ 0.07	\$ 0.21	\$ 0.21

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

CKX Lands, Inc.  
 Statements of Changes in Stockholders' Equity  
 Nine Months Ended September 30, 2010 and 2009  
 (Unaudited)

Nine Months Ended September 30, 2010:

	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income	Capital Stock Issued	Treasury Stock
December 31, 2009 Balance		\$ 10,170,940	33,352	72,256	375,516
<b>Comprehensive Income:</b>					
Net income	\$ 579,399	579,399	—	—	—
<b>Other comprehensive income:</b>					
Change in unrealized net holding gains occurring during period, net of taxes of \$38,610	57,915		57,915		
Total comprehensive income	\$ 637,314				
Dividends		(407,924)	—	—	—
September 30, 2010 Balance		\$ 10,342,415	91,267	72,256	375,516

Nine Months Ended September 30, 2009:

	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income	Capital Stock Issued	Treasury Stock
December 31, 2008 Balance		\$ 9,857,876	8,265	72,256	375,516
<b>Comprehensive Income:</b>					
Net income	\$ 654,045	654,045	—	—	—
<b>Other comprehensive income:</b>					
Change in unrealized net holding gains occurring during period, net of taxes of \$279	(1,919)				
Change in recognized unrealized loss on securities available for sale, net of taxes of \$9,568	14,352				
Other Comprehensive income, net of taxes	12,433		12,433	—	—
Total comprehensive income	\$ 666,478				
Dividends		(407,924)	—	—	—
September 30, 2009 Balance		\$ 10,103,997	20,698	72,256	375,516

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





CKX Lands, Inc.  
 Statements of Cash Flows  
 Nine Months Ended September 30, 2010 and 2009  
 (Unaudited)

	2010	2009
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$ 579,399	\$ 654,045
<b>Less non-cash (income) expenses included in net income:</b>		
Depreciation, depletion and amortization	94,292	5,926
Deferred income tax expense	(17,909)	(38,592)
<b>Less non-operating activities:</b>		
Unrealized (gain) loss on securities	—	23,920
(Gain) loss from securities sales	13,814	—
Gain from sale of land and other assets	(255)	(40,719)
<b>Change in operating assets and liabilities:</b>		
(Increase) decrease in current assets	(12,880)	73,093
Increase (decrease) in current liabilities	19,945	16,395
Net cash provided from operating activities	676,406	694,068
<b>Cash Flows From Investing Activities:</b>		
<b>Certificates of Deposit:</b>		
Maturity proceeds	480,000	—
Purchases	(250,000)	—
<b>Securities:</b>		
Sales proceeds	199,053	10,000
Purchases	(312,174)	(1,335,000)
Proceeds from dissolution of partnership	255	
<b>Land, timber, equipment and other assets:</b>		
Sales proceeds	—	29,330
Purchases	(601,079)	(13,182)
Net cash provided from (used in) investing activities	(483,945)	(1,308,852)
<b>Cash Flows From Financing Activities:</b>		
Dividends paid, net of refunds	(407,924)	(407,924)
Net cash used in financing activities	(407,924)	(407,924)
Net increase (decrease) in cash and cash equivalents	(215,463)	(1,022,708)
<b>Cash and cash equivalents:</b>		
Beginning	3,977,106	5,779,491
Ending	\$ 3,761,643	\$ 4,756,783
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash payments for:</b>		
Interest	\$ —	\$ —
Income taxes	\$ 212,500	