CKX Lands Inc
Form 10-Q/A
May 13, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Mark One)

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

For the quarterly period ended March 31, 2008

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

Commission file number 1-31905

CKX LANDS, INC.

(Exact name of registrant as specified in its charter)

Louisiana	**72-0144530**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
751 Bayou Pines East, Suite C, Lake Charles, Louisiana	**70601**
(Address of principal executive offices)	**(Zip Code)**

(337) 310-0547

(Registrant s telephone number)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 x 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 ¨	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company x

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

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**

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CKX Lands, Inc.

Form 10-Q

For the Quarter Ended March 31, 2008

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Part I. Financial Information

Item 1. Financial Statements

CKX Lands, Inc.

Balance Sheet

March 31, 2008 and December 31, 2007

	2008	2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,220,856	1,624,970
1031 trust account Restricted		3,198,153
Certificate of deposit	1,052,270	1,052,270
Accounts receivable	360,672	333,921
Prepaid expense and other assets	40,688	14,469
Total Current Assets	6,674,486	6,223,783
Securities Available for Sale	744,952	2,030,309
Property and Equipment:		
Building and equipment		
less accumulated depreciation of $68,549 and $67,349, respectively	9,338	9,362
Timber		
less accumulated depletion of $457,277 and $454,529, respectively	392,264	400,102
Land	2,362,008	2,361,998
Total Property and Equipment, net	2,763,610	2,771,462
Total Assets	$ 10,183,048	11,025,554
Liabilities and Stockholders Equity		
Current Liabilities:		
Trade payables and accrued expenses	$ 64,621	51,469
Dividends payable	135,975	912,973
Income tax payable:		
Current	243,808	590,384
Deferred	22,414	96,292
Total Current Liabilities	466,818	1,651,118
Noncurrent Liabilities:		
Deferred income tax payable	181,818	181,818
Stockholders Equity:		
Common stock, no par value: 3,000,000 shares authorized;		
2,100,000 shares issued	72,256	72,256

Retained earnings	9,760,088	9,404,044
Accumulated other comprehensive income	77,584	91,834
Less cost of treasury stock (157,505 shares)	(375,516)	(375,516)
Total stockholders equity	9,534,412	9,192,618
Total Liabilities and Stockholders Equity	$ 10,183,048	11,025,554

See accompanying notes

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CKX Lands, Inc.

Statements of Income

Three Months ending March 31, 2008 and 2007

	2008	2007
Revenues:		
Oil and gas	$ 794,040	603,314
Agriculture	32,587	67,166
Timber	638	33,634
Total revenues	827,265	704,114
Costs and Expenses:		
Oil and gas production	66,665	53,905
Agriculture	695	5,640
Timber	10,160	649
General and administrative	143,039	125,224
Depreciation and depletion	1,416	7,606
Total cost and expenses	221,975	193,024
Income from operations	605,290	511,090
Other Income / (Expense):		
Interest income	61,175	24,800
Dividend income	8,884	8,469
Unrealized loss on securities available for sale	(80,988)	
Gain / (loss) on sale of securities available for sale		(2,068)
Gain on sale of assets	1,154	
Net other income / (expense)	(9,775)	31,201
Income before income taxes	595,515	542,291
Federal and state income taxes:		
Current	167,875	169,443
Deferred	(64.379)	
Total income taxes	103,496	169,443
Net Income	$ 492,019	372,848
Per Common Stock (1,942,495 shares):		
Net Income	$ 0.25	$ 0.19
Dividends	$ 0.07	$ 0.07

See accompanying notes

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CKX Lands, Inc.

Statements of Cash Flows

Three Months ending March 31, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities:		
Net income	$ 492,019	372,848
Less non-cash (income) expenses included in net income:		
Depreciation, depletion and amortization	1,416	7,606
Deferred income tax expense	(64,379)	
Less non-operating activities:		
Unrealized loss of securities available for sale	80,988	2,068
(Gain) from sale of land	(1,154)	
Change in operating assets and liabilities:		
(Increase) decrease in current assets	(52,969)	(11,889)
Increase (decrease) in current liabilities	(333,425)	156,554
Net cash provided from operating activities	122,496	527,187
Cash Flows From Investing Activities:		
Proceeds from certificate of deposits maturities		511,713
Purchase of certificate of deposit		
Available for sale securities:		
Proceeds	1,180,619	1,492,657
Purchases		(487,870)
Proceeds released from 1031 trust account	3,198,153	
Proceeds from the sale of equipment and timber	7,590	
Net cash provided from investing activities	4,386,362	1,516,500
Cash Flows From Financing Activities		
Dividends paid	(912,972)	(2,214.897)
Net cash used in financing activities	(912,972)	(2,214,897)
Net increase in cash and cash equivalents	3,595,886	(171,210)
Cash and cash equivalents:		
Beginning	1,624,970	1,084,993
Ending	$ 5,220,856	913,783

See accompanying notes

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CKX Lands, Inc.

Notes to Financial Statements

March 31, 2008

(Unaudited)

Note 1. Basis of Presentation

In the opinion of management, the accompanying balance sheet and related interim statements of income, and cash flows include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in accordance with generally accepted accounting principles of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-Q should be read in conjunction with Management s Discussion and Analysis and financial statements and notes thereto included in the CKX Lands, Inc. Form 10-K for the fiscal year ended December 31, 2007.

Note 2. Nature of Business and Significant Accounting Policies

Nature of business:

The Company s business is the ownership and management of land. The primary activities consist of leasing its properties for minerals (oil and gas) and raising timber and agriculture.

Significant accounting polices:

Cash and equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Pervasiveness of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment securities:

The Company complies with the provisions of Financial Accounting Standards Board Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Under the provisions of this statement, management must make a determination at the time of acquisition whether certain investments in debt and equity securities are to be held as investments to maturity, held as available for sale, or held for trading. Management, under a policy adopted by the board of directors of the Company, made a determination that all debt and equity securities owned at that date and subject to the provisions of the statement would be classified as held available-for-sale.

Under the accounting policies provided for investments classified as held available-for-sale, all such debt securities and equity securities that have readily determinable fair value shall be measured at fair value in the balance sheet. Unrealized holding gains and losses for available-for-sale securities shall be excluded from earnings and reported as a net amount (net of income taxes) as a separate component of retained earnings until realized. Realized gains and losses on available-for-sale

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securities are included in income. The cost of securities sold is based on the specific identification method. Interest on debt securities is recognized in income as earned, and dividends on marketable equity securities are recognized in income when declared.

Declines in the fair value of available-for-sale securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Property and equipment:

Property and equipment is stated at cost. Major additions are capitalized; maintenance and repairs are charged to income currently. Depreciation is computed on the straight-line and accelerated methods over the estimated useful lives of the assets.

Timber:

When timber land is purchased with standing timber, the cost is divided between land and timber based on timber cruises contracted by the Company. The costs of reforestation are capitalized. The timber asset is amortized when the timber is sold based on the percentage of the timber sold from a particular tract applied to the amount capitalized for timber for that tract.

Oil and gas:

Oil and gas income is booked when the Company is notified by the well s operators as to the Company s share of the sales proceeds together with the withheld severance taxes. The Company has no capitalized costs relating to oil and gas producing activities and no costs for property acquisition, exploration and development activities.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurements (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities. The standard expands required disclosures about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company adopted SFAS 157 which did not have an impact on our financial statements.

Note 3. Net Income and Dividends per common stock:

Net Income and Dividends per common stock are based on the weighted average number of common stock shares outstanding during the period.

Note 4. Income taxes:

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

In July 2006, the FASB issued FIN 48 Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies that a tax position must be more likely than not of being sustained before being recognized in the financial statements. As required, we adopted the provisions of FIN 48 as of January 1, 2007. The adoption of FIN 48 did not have a material impact on our financial statements.

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Note 5. Contingencies:

There are no material contingencies known to management. The Company does not participate in off balance sheet arrangements.

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Item 2. Management s Discussion and Analysis or Plan of Operations

Results of Operations

Revenue

Revenue for the first three months of 2008 was $827,265, an increase of $123,151 or 17.5% over the first three months of 2007. Oil and gas income exceed 2007 by $190,726. As illustrated in the schedule below, barrels and MCF produced and average price per barrel and MCF were higher in 2008.

	2008	2007
Oil Income	$ 488,673	$ 283,384
Barrels produced	5,068	4,765
Average price per barrel	$ 96.43	$ 59.47
Gas income	$ 275,448	$ 251,441
MCF produced	33,388	31,914
Average price per MCF	$ 8.25	$ 7.88

The increase in both oil and gas production was due to new fields and new wells within existing fields offsetting depletion in older fields. The increase in average price per barrel and MCF is directly related to current energy market price increases.

Total oil and gas cash receipts from the top 5 production companies for the three months ended March 31, 2008 are as follows:

Production Company	Oil	Barrels	Gas	MCF
Swift Energy	$ 100,463	1,020	$ 27,917	3,481
Cox & Perkins	114,058	1,221	13,261	1,444
Mayne & Mertz	68,704	720	55,163	6,384
Riceland Petroleum	43,658	480	52,987	5,999
Gulfmark Energy	44,700	470		
	$ 371,583	3,911	$ 149,328	17,308

Costs and Expenses

Total costs and expenses increased by $28,951 or 15% during the three months ended March 31, 2008 over the same period in 2007. Oil and gas production costs increased by $12,760, this increase are directly related to the increase in oil and gas revenues. General and administrative expenses increased by $17,815 due to the annual exchange fees and additional employee compensation related to the current executive transition.

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Financial Condition

Current assets plus securities available for sale totaled $7,419,438 and total liabilities equaled $648,636 at March 31, 2008. Management believes existing cash and short-term investments together with funds generated from operations should be sufficient to meet operating requirements and provide funds for strategic acquisitions.

The Company declared the normal seven cents per common share during the quarter ended March 31, 2008. It is anticipated that the Company will be able to continue paying a seven cents per common share per quarter. From time to time, the Company may elect to pay an extra dividend. In determining if an extra dividend will be declared, the Board of Directors will take into consideration the Company s current liquidity and capital resources and the availability of suitable timberland that has mineral potential.

Issues and Uncertainties

This Quarterly Report contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of issues and uncertainties such as those listed below, which, among others, should be considered in evaluating the Company s financial outlook.

Revenues from oil and gas provide most of the Company s income. All of these revenues come from wells operated by other companies from property belonging to CKX Lands, Inc. Consequently, these revenues fluctuate due to changes in oil and gas prices and changes in the operations of the other companies.

Item 3. Quantitative and Qualitative Disclosure About Market Risk Not Applicable

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designated to ensure that information required to be disclosed in the Company s Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to the Company s management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Part II. Other Information

Item 1-3. Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders
The Annual Meeting of Stockholders was held on April 17, 2008.

The following proposals were adopted by the margins indicated:

1. To elect a Board of Directors to hold office until their successors are elected and qualified.

	Number of Shares	
	For	**Withheld**
Joseph K. Cooper	1,375,566	650
Arthur Hollins, III	1,375,566	650
Brian R. Jones	1,375,566	650
Charles D. Viccellio	1,375,566	650
Henry E. Blake	1,375,316	900
Laura A. Leach	1,375,316	900
B. James Reaves, III	1,375,566	650
Mary W. Savoy	1,375,566	650
William Gray Stream	1,375,316	900
Mary Leach Werner	1,375,566	650

2. To approve McElroy, Quirk and Burch APC as auditors for the 2008 fiscal year.

For	1,374,922
Against	0
Abstained	1,294

Item 5. Not Applicable

Item 6. Exhibits

3.1 Restated/Articles of Incorporation of the Registrant are incorporated by reference to Exhibit (3)-1 to Form 10 filed April 29, 1981.

3.2 Amendment to Articles of Incorporation of the Registrant is incorporated by reference to Exhibit (3.2) to Form 10-K for year ended December 31, 2003.

3.3 By-Laws of the Registrant are incorporated by reference to Exhibit (3.3) to Form 10-K for year ended December 31, 2003.

10 Contract to Purchase and Sell approximately 3,495 acres in Cameron Parish, Louisiana effective July 3, 2007 is incorporated by reference to Exhibit (10) to Form 10-QSB filed August 13, 2007.

31.1	Certification of Joseph K. Cooper, President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
31.2	Certification of Brian R. Jones, Treasurer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
32	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.

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Signature

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.

	CKX Lands, Inc.
Date: May 8, 2008	/s/ Joseph K. Cooper Joseph K. Cooper President and Chief Executive Officer
Date: May 8, 2008	/s/ Brian R. Jones Brian R. Jones Treasurer and Chief Financial Officer