

CKX LANDS, INC.  
Form 10-Q  
May 10, 2013

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 March 31, 2013

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.)

1424 Ryan Street, Suite A  
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.

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Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

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 March 31, 2013

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## Part I – Financial Information

## Item 1. FINANCIAL STATEMENTS

CKX Lands, Inc.  
Balance Sheets  
March 31, 2013 and December 31, 2012  
(Unaudited)

	2013	2012
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 6,566,316	\$ 5,832,167
Certificates of deposit	240,000	741,384
Accounts receivable	240,671	260,989
Prepaid expense and other assets	142,970	68,081
Total current assets	7,189,957	6,902,621
Property and equipment:		
Building and equipment less accumulated depreciation of \$79,176 and \$77,504, respectively	11,256	12,928
Timber less accumulated depletion of \$706,851 and \$700,564, respectively	1,232,001	1,235,790
Land	4,434,081	4,434,081
Total property and equipment, net	5,677,338	5,682,799
Total assets	\$ 12,867,295	\$ 12,585,420
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Trade payables and accrued expenses	\$ 79,208	\$ 40,874
Dividends payable	135,975	--
Income tax payable:		
Current	--	--
Deferred	--	--
Total current liabilities	215,183	40,874
Noncurrent Liabilities:		
Deferred income tax payable	181,818	181,818
Total liabilities	397,001	222,692
Stockholders' Equity:		
Common stock, no par value: 3,000,000 shares authorized; 2,100,000 shares issued	72,256	72,256
Retained earnings	12,773,554	12,665,988
Less cost of treasury stock (157,505 shares)	(375,516 )	(375,516 )
Total stockholders' equity	12,470,294	12,362,728
Total liabilities and stockholders' equity	\$ 12,867,295	\$ 12,585,420

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



CKX Lands, Inc.  
 Statements of Income  
 Quarters Ended March 31, 2013 and 2012  
 (Unaudited)

	Three Months Ended March 31	
	2013	2012
<b>Revenues:</b>		
Oil and gas	\$488,991	\$904,642
Agriculture	32,815	25,533
Timber	13,759	4,935
<b>Total revenues</b>	<b>535,565</b>	<b>935,110</b>
<b>Costs and Expenses:</b>		
Oil and gas production	35,897	65,040
Agriculture	127	807
Timber	12,377	8,169
General and administrative	137,422	101,476
Depreciation and depletion	7,959	2,116
<b>Total cost and expenses</b>	<b>193,782</b>	<b>177,608</b>
<b>Income from operations</b>	<b>341,783</b>	<b>757,502</b>
<b>Other Income / (Expense):</b>		
Interest income	5,433	538
Dividend income	--	--
Gain on sale of land and other assets	--	124,000
Net other income / (expense)	5,433	124,538
<b>Income before income taxes</b>	<b>347,216</b>	<b>882,040</b>
<b>Federal and State Income Taxes:</b>		
Current	103,675	230,299
Deferred	--	39,969
<b>Total income taxes</b>	<b>103,675</b>	<b>270,268</b>
<b>Net Income</b>	<b>\$243,541</b>	<b>\$611,772</b>
<b>Per Common Stock (1,942,495 shares):</b>		
Net Income	\$0.13	\$0.32
Dividends	\$0.07	\$0.07

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

CKX Lands, Inc.  
 Statements of Changes in Stockholders' Equity  
 Quarters Ended March 31, 2013 and 2012  
 (Unaudited)

Quarter Ended March 31, 2013:

	Total	Retained Earnings	Capital Stock Issued	Treasury Stock
December 31, 2012 Balance	\$12,362,728	12,665,988	72,256	375,516
Net income	243,541	243,541		
Dividends	(135,975 )	(135,975 )	--	--
March 31, 2013 Balance	\$12,470,294	\$12,773,554	72,256	375,516

Quarter Ended March 31, 2012:

	Total	Retained Earnings	Capital Stock Issued	Treasury Stock
December 31, 2011 Balance	\$10,661,917	10,965,177	72,256	375,516
Net income	611,772	611,772		
Dividends	(135,974 )	(135,974 )	--	--
March 31, 2012 Balance	\$11,137,715	11,440,975	72,256	375,516

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

CKX Lands, Inc.  
 Statements of Cash Flows  
 Quarters Ended March 31, 2013 and 2012  
 (Unaudited)

	2013	2012
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$243,541	\$611,772
<b>Less non-cash (income) expenses included in net income:</b>		
Depreciation, depletion and amortization	7,960	2,116
Deferred income tax expense		39,969
<b>Less non-operating activities:</b>		
Gain from sale of land and other assets		(124,000 )
<b>Change in operating assets and liabilities:</b>		
(Increase) decrease in current assets	(54,571 )	79,716
Increase (decrease) in current liabilities	38,334	40,014
Net cash provided from operating activities	235,264	649,587
<b>Cash Flows From Investing Activities:</b>		
<b>Certificates of deposit:</b>		
Maturity proceeds	501,384	255,625
Purchases		(261,384 )
<b>Land, timber, equipment, and other assets::</b>		
Sales proceeds	--	159,000
Purchases and improvements	(2,499 )	(4,666 )
Proceeds held in 1031 trust account		(159,003 )
Net cash provided from (used in) investing activities	498,885	(10,428 )
<b>Cash Flows From Financing Activities:</b>		
Dividends paid	--	--
Net cash used in financing activities	--	--
Net increase (decrease) in cash and cash equivalents	734,149	639,159
<b>Cash and cash equivalents:</b>		
Beginning	5,832,167	4,124,908
Ending	\$6,566,316	\$4,764,067
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash payments for:</b>		
Interest	\$--	\$--
Income taxes	\$125,780	\$71,348
<b>Supplemental schedule of non-cash investing and financing activities:</b>		
Net change in recognized and unrecognized unrealized gains (losses) on available-for-sale securities	\$--	\$--

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





CKX Lands, Inc.  
Notes to Financial Statements  
March 31, 2013  
(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited financial statements of CKX Lands, Inc. (“Company”) have been prepared in accordance with United States generally accepted accounting principles for interim financial information. They do not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements. Except as described herein, there has been no material change in the information disclosed in the notes to the financial statements included in our financial statements as of and for the year ended December 31, 2012. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the accompanying financial statements.

Interim results are not necessarily indicative of results for a full year. These financial statements and accompanying notes should be read in conjunction with the Company’s Form 10-K for the year ended December 31, 2012 and Form 10-Q for the quarterly period ended March 31, 2013.

Note 2. Recently Adopted Accounting Pronouncements

In 2012, we adopted Accounting Standards Update (ASU) 2011-05 which requires the presentation of the components of net income and other comprehensive income either in a single continuous statement or in two separate but consecutive statements. This update eliminates the option to present the components of other comprehensive income as part of the statement of shareholders’ equity. The Company had no items of other comprehensive income during these reporting periods.

Note 3. Income taxes:

In accordance with generally accepted accounting principles, the Company has analyzed its filing positions in federal and state income tax returns for the tax years ending December 31, 2009 through 2012 that remain subject to examination. The Company believes that all filing positions are highly certain and that all income tax filing positions and deductions would be sustained upon a taxing jurisdiction’s audit. Therefore, no reserve for uncertain tax positions is required. No interest or penalties have been levied against the Company and none are anticipated.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Revenue

Revenues for the first three months of 2013 decreased by \$399,545 from the revenues for the first three months of 2012. This change is presented by revenue source below:

	2013	2012	Increase / (Decrease)
<b>Oil and Gas Revenues</b>			
Oil Royalties	\$335,092	\$713,175	\$(378,083 )
Gas Royalties	48,989	101,054	(52,065 )
Plant Royalties	49,044	62,411	(13,367 )
Lease rentals	55,866	28,001	27,865
Geophysical	--	--	
Timber Revenue	13,759	4,935	8,824
Agriculture Revenue	32,815		