

HEARTLAND, INC.
Form 10QSB
November 14, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT

UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2005

HEARTLAND, INC.

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

Maryland

000-27045

36-4286069

(State or other jurisdiction

(Commission File Number)

(I.R.S. Employer Identification Number)

of incorporation or organization))

3300 Fernbrook Lane North, Suite 180

Plymouth, MN 55447

(Address of principal executive offices)

763.557.2900

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(Issuer's telephone number)

(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**

Number of shares of the registrant's common stock outstanding as of November 9, 2005 was: 22,655,971

Traditional Small Business Disclosure Format: Yes **No**

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HEARTLAND, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2005 (Unaudited)	December 31, 2004
Current Assets:		
Cash	\$ 514,610	\$ 578,354
Accounts receivable, net of allowance for doubtful accounts of \$514,746 and \$684,829 respectively	4,441,950	3,450,970
Costs in excess of billings on uncompleted contracts	282,770	187,621
Inventories	6,018,452	4,932,629
Prepaid expenses and other	66,620	117,255
Total Current Assets	11,324,402	9,266,829
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$887,599 and \$723,761, respectively	1,762,380	1,876,685

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Other Assets:			
Advances to related party	238,122		281,122
Goodwill	1,748,637		1,748,637
Other	118,652		13,787
Total Other Assets	2,105,411		2,043,546
Total Assets	\$ 15,192,193	\$	13,187,060

See accompanying notes to consolidated financial statements.

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HEARTLAND, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIENCY)

	September 30, 2005 (Unaudited)	December 31, 2004
Current Liabilities:		
Bank lines of credit	\$ 1,062,509	\$ 810,989
Note payable land purchase	2,319,484	1,965,698
Convertible promissory notes	1,650,700	1,026,550
Current portion of long-term notes payable	45,405	45,133
Current portion of capitalized lease obligation	120,273	115,423
Acquisition notes payable to related parties	3,250,000	3,300,000
Due to related parties	467,818	670,907
Accounts payable	3,474,644	2,864,312
Payroll taxes payable	620,189	693,630
Other accrued liabilities	949,205	484,955
Billings in excess of costs on uncompleted contracts	99,252	153,379
Customer deposits	120,311	21,068
Deferred income taxes	207,559	371,877
Total Current Liabilities	14,387,349	12,523,921
Long-term Debt:		
Notes Payable, less current portion	505,904	541,313
Capitalized lease obligation, less current portion	178,279	269,100

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Notes payable individual	150,000	150,000
	834,183	960,413
Deferred income taxes	36,126	36,126
Shareholders Equity (Deficiency):		
Preferred stock \$0.001 par value, 5,000,000 shares authorized,		
none issued and outstanding		
Common stock \$0.001 par value, 100,000,000 shares authorized,		
22,366,004 and 18,244,801 issued and outstanding, respectively	22,366	18,244
Additional paid-in-capital	7,669,090	5,656,911
Accumulated deficit	(7,756,921)	(6,008,555)
Total Shareholders Equity (Deficiency)	(65,465)	(333,400)