

HEARTLAND, INC.
Form 10QSB
August 22, 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 QUARTER ENDED JUNE 30, 2005

HEARTLAND, INC.

(Exact name of small business registrant 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) (Zip Code)

763.557.2900

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(Registrant's telephone no., including area code)

(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 Securities 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

Number of shares of the registrant's common stock outstanding as of August 22, 2005 was: 21,380,801

Traditional Small Business Disclosure Format: Yes No

1

HEARTLAND, INC.

FORM 10-QSB

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION	3
ITEM 1. FINANCIAL STATEMENTS	3
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION	9
ITEM 3. CONTROLS AND PROCEDURES	20
PART II. OTHER INFORMATION	20
ITEM 1.- LEGAL PROCEEDINGS	20
ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS	21

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ITEM 3.- DEFAULTS UPON SENIOR SECURITIES	21
ITEM 4.- SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	21
ITEM 5 OTHER INFORMATION	21
ITEM 6.- EXHIBITS AND REPORTS ON FORM 8-K	22
SIGNATURES	22

2

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HEARTLAND, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30,2005 (Unaudited)	December 31, 2004
Current Assets:		
Cash	\$ 650,357	\$ 578,354
Accounts receivable, net of allowance for doubtful accounts of \$414,746 and \$684,829 respectively	3,830,334	3,450,970
Costs in excess of billings on uncompleted contracts	508,148	187,621
Inventories	6,363,223	4,932,629
Prepaid expenses and other	130,511	117,255
Total Current Assets	11,482,573	9,266,829
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$834,976 and \$723,761, respectively	1,788,029	1,876,685
Other Assets:		
Advances to related party	251,122	281,122
Goodwill	1,748,637	1,748,637
Other	64,763	13,787

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Total Other Assets		2,064,522		2,043,546
Total Assets	\$	15,335,124	\$	13,187,060

See accompanying notes to consolidated financial statements.

3

HEARTLAND, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

	June 30, 2005 (Unaudited)	December 31, 2004
Current Liabilities:		
Bank lines of credit	\$ 910,988	\$ 810,989
Note payable - land purchase	2,616,681	1,965,698
Short-term loan from individual	100,000	-
Convertible promissory notes	1,680,700	1,026,550
Current portion of long-term notes payable	44,175	45,133
Current portion of capitalized lease obligation	115,423	115,423
Acquisition notes payable to related parties	3,250,000	3,300,000
Due to related parties	542,117	670,907
Accounts payable	3,629,262	2,864,312
Payroll taxes payable	630,413	693,630
Other accrued liabilities	1,095,809	484,955
Billings in excess of costs on uncompleted contracts	225,483	153,379
Customer deposits	96,700	21,068
Deferred income taxes	371,877	371,877
Total Current Liabilities	15,309,628	12,523,921
Long-term Debt:		
Notes Payable, less current portion	519,777	541,313
Capitalized lease obligation, less current portion	212,100	269,100
Notes payable - individual	150,000	150,000
	881,877	960,413
Deferred income taxes	36,126	36,126

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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,

20,976,071 and 18,244,801 issued and outstanding, respectively

Additional paid-in-capital

Accumulated deficit

Total Shareholders' Equity (Deficit)

20,976

7,089,514

(8,002,997)

(892,507)

18,244

5,656,911

(6,008,555)