CKX LANDS, INC.

FORM 10-K
(Annual Report)

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Address	127 W. BROAD STREET
	LAKE CHARLES, LA, 70601
Telephone	(337) 493-2399
CIK	0000352955
Symbol	CKX
SIC Code	1311 - Crude Petroleum and Natural Gas
Industry	Real Estate Development & Operations
Sector	Financials
Fiscal Year	12/31

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

Form 10-K

☑ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2019

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from ___________to __________

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 Number)
One Lakeside Plaza, 4th Floor **Lake Charles, LA** (Address of principal executive offices)	**70601** (Zip Code)

Registrant's telephone number, including area code: **(337) 493-2399**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock with no par value	**CKX**	**NYSE American**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☑

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑	Smaller reporting company ☑
			Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
YES ☐ NO ☑

The aggregate market value of the voting common equity held by non-affiliates of the registrant as of June 30, 2019 based on the closing price on that date of $9.75 was $13,398,011.

The number of shares of the registrant’s Common Stock outstanding as of March 4, 2020, was 1,942,495.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s definitive Proxy Statement prepared in connection with the 2020 Annual Meeting of Stockholders are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the "Safe Harbor" provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include, without limitation, the information contained under the heading "Outlook for Fiscal Year 2019" in Item 7 of this report, and any statements containing forward-looking terminology including "may," "should," "likely," "will," "believe," "expect," "anticipate," "estimate," "continue," "plan," "intend," "projects," or other similar words. These statements are not a guarantee of future performance and are subject to risks, uncertainties and other factors, some of which are set forth in "Item 1A. Risk Factors." Many risks are beyond our control and difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information may be contained in the Company's future reports periodically filed with the SEC.

The "Company", "we," "us," and "our," refer to CKX Lands, Inc.

PART I

ITEM 1. BUSINESS

Business Description

CKX Lands, Inc., a Louisiana corporation, began operations in 1930 under the name Calcasieu Real Estate & Oil Co., Inc. It was originally organized as a spin-off by a bank operating in southwest Louisiana. The purpose of the spin-off was to form an entity to hold non-producing mineral interests which regulatory authorities required the bank to dispose of. Over the years, as some of the mineral interests began producing, the Company used part of the proceeds to acquire land. In 1990, the Company made its largest acquisition when it was one of four purchasers that bought a fifty percent undivided interest in approximately 35,575 acres in southwest Louisiana.

Today the Company's income is derived from mineral royalties, timber sales and surface payments from its lands. CKX receives income from royalty interests and mineral leases related to oil and gas production, timber sales, and surface rents. Although CKX is active in the management of its land and planting and harvesting its timber, CKX is passive in the production of income from oil and gas activities in that CKX does not explore for oil and gas or operate wells. These oil and gas activities are performed by unrelated third parties.

Oil and gas royalties are paid by the operators who own the wells. Timber income is paid by the highest bidder for the timber. There are several mills that compete for timber. Surface income is received for farming, right of ways or other surface land uses. The prices paid for oil, gas and timber depend on national and international market conditions. Prices paid for surface leases depend on regional and local market conditions.

The source of all raw materials for the Company is the land itself. All oil and gas from our lands will eventually deplete, but we have no access to depletion information. Timber and agricultural crops are renewable resources. The Company's three reportable business segments are oil and gas, timber, and surface. Segment revenue and related business segment financial information are included in the notes to financial statements.

The Company's oil and gas income fluctuates as new oil and gas production is discovered on Company land and then ultimately depletes or becomes commercially uneconomical to produce. The volatility in the daily commodity pricing of a barrel of oil or a thousand cubic feet ("MCF") of gas will also cause fluctuations in the Company's oil and gas income. Oil and gas revenues were 62% of the Company's total revenues in 2019 and 49% in 2018.

CKX has small royalty interests in 29 different producing oil and gas fields. The size of each royalty interest is determined by the Company's net ownership in the acreage unit for the well. CKX's royalty interests range from 0.0045% for the smallest to 7.62% for the largest. As the Company does not own or operate the wells, it does not have access to any reserve information.

Timber income is derived from sales of timber on Company lands. The timber income will fluctuate depending on our ability to secure stumpage agreements in the regional markets, timber stand age, and/or stumpage commodity prices. Timber is a renewable resource that the Company actively manages.

Surface income is earned from various recurring and non-recurring sources. Recurring surface income is earned from lease arrangements for farming, recreational and commercial uses. Non-recurring surface income can include such activities as pipeline right of ways, and temporary worksite rentals.

In managing its lands, the Company relies on and has established relationships with real estate, forestry, environmental and agriculture consultants as well as attorneys with legal expertise in general corporate matters, real estate, and minerals.

The Company actively searches for additional real estate for purchase in Louisiana with a focus on southwest Louisiana. When evaluating unimproved real estate for purchase, the Company will consider numerous characteristics including but not limited to timber fitness, agriculture fitness, future development opportunities and/or mineral potential. When evaluating improved real estate for purchase, the Company will consider characteristics including but not limited to geographic location, quality of existing revenue streams, and/or quality of the improvements. CKX owns a 100% interest in 7,484 acres and undivided interests ranging from 1.660% to 77.778% in 43,4784 acres, resulting in an ownership of approximately 13,972 net acres.

CKX does not perform or cause to be performed oil and gas producing activities inasmuch as: (1) we do not search for crude oil or natural gas in their natural states; (2) we do not acquire property for the purpose of exploration or the removing of oil and gas; and (3) we are not involved in construction, drilling and/or production activities necessary to retrieve oil and gas.

The Company does not spend any money on research and development.

Employees

The Company has one employee, who is part-time. The Company is not subject to union contracts nor does the Company have any medical benefit, pension, profit sharing, option or deferred compensation programs.

Customers

The Company’s customers are those who have mineral leases on Company lands, purchase timber in competitive bids or execute surface leases for farming, hunting, right of ways or other purposes. During 2019, the Company received approximately 41.26% of its total revenues from the following customers:

Customer	Revenue Type	% of Total Revenue
Pintail Oil & Gas LLC	Oil & Gas	13.26%
Texegy Operating Company LLC	Oil & Gas	8.96%
Kaiser-Frances Oil Company	Oil & Gas	6.7%
Riceland Petroleum Company	Oil & Gas	6.67%
C6 Operating LLC	Oil & Gas	5.7%

Loss of cash receipts from any of these customers or revenue streams would have a material adverse effect on the Company.

Environmental and Other Governmental Regulations

The Company does not need government approval of its principal products or services except that the State of Louisiana must permit the size and location of all oil and gas producing units. The operator of the oil and gas units is responsible for this permitting process.

The operators of the wells are responsible for complying with environmental and other governmental regulations. However, should an operator abandon a well located on Company land without following prescribed procedures, the land owners could possibly be held responsible. The Company does not believe this would have a material effect on its financial condition.

ITEM 1A. RISK FACTORS

Significant Risk Factors

In addition to the other information set forth in this report, you should carefully consider the following risks, which could materially affect our business, financial condition, or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or results of operations in future periods.

A significant portion of our revenues is derived from oil and gas activities on our lands. We rely on third parties to conduct that activity.

We rely on third parties to conduct oil and gas exploration and production activity on our lands. If we are not successful in attracting third parties to conduct that activity or if there is any significant interruption in existing activity on our lands, our results of operations, financial condition and cash flows, would be adversely affected. Additionally, our ability to generate future earnings depends on third parties finding new production on our land to replace present production as it is depleted. Oil and gas prices, as well as new technology, will affect the possibility of replacing present production.

Our revenues could be negatively impacted by declines in commodity prices for oil, natural gas, and timber, among others.

We earn a significant portion of our operating income from the sale of commodities produced from our lands: oil and gas, and timber. Fluctuations in the prices for these commodities will directly impact our cash flow, net income and financial condition.

Additionally, because certain of our lands are leased to farmers, declines in the commodity prices for the crops they grow may impact their ability to make lease payments, and therefore could adversely affect our cash flow, results of operations and financial condition.

Our operations and properties could be adversely affected by hurricanes or other adverse weather events, natural disasters, or other significant disruptions.

Our properties are located principally in southwest Louisiana, where major hurricanes and flooding have occurred. Depending on where any hurricane makes landfall or flooding occurs, our properties could be significantly damaged, and income-producing activities on our properties could be disrupted. In addition, the occurrence and frequency of hurricanes and flooding in Louisiana could also negatively impact demand for the use of our real estate assets because of perceptions of hurricane and flooding risks. In addition to hurricanes, the occurrence of other natural disasters and climate conditions in Louisiana, such as tornadoes, fires, unusually heavy or prolonged rain, droughts, and heat waves, could have an adverse effect on our ability to use our properties or realize income from our properties.

We have approximately 10,601 net acres of timberland in various stages of growth or age classes. A typical pine timber stand will be harvested after 30 to 35 years of growth with some thinning occurring during this time. A hardwood stand will be harvested after 45 to 50 years of growth. A natural disaster can have a material adverse effect on timber growth, reducing its value. Natural disasters that could affect our timber lands include a hurricane, tornado, high winds, heavy rains and flooding, and/or fire caused by lightning or other sources.

If any of the events described above occurs, we may experience disruptions to our operations and damage to our properties, which could have an adverse effect on our business, our financial condition, our results of operations, and our cash flows.

Our land holdings are concentrated in southwest Louisiana, and we therefore may suffer economic harm because of adverse conditions in that region.

Our land holdings are located principally in southwest Louisiana. Due to the concentration of our properties in this area, our performance is dependent on local economic conditions. This area has experienced periods of economic decline in the past and may do so in the future.

We rely on third party managers for day-to-day property management of certain of our properties.

We rely on local third-party managers for the day-to-day management of our timberland properties. The cash flows from our timberland properties may be adversely affected if the property manager fails to provide quality services. These third-party managers may fail to manage our properties effectively or in accordance with the terms of our agreement with them. If any of these events occur, we could incur losses or face liabilities from the loss or injury to our property or to persons at our properties. In addition, disputes may arise between us and third-party managers, and we may incur significant expenses to resolve those disputes or terminate the relevant agreement with the third parties and locate and engage competent and cost-effective alternative service providers to manage the relevant properties. Additionally, third party managers may manage and own other properties that may compete with our properties, which may result in conflicts of interest and decisions regarding the operation of our properties that are not in our best interests.

Potential environmental liabilities could result in substantial costs to us or cause our land to lose value.

Under federal, state, and local environmental laws, ordinances and regulations, we may be required to investigate and clean up the effects of releases of hazardous substances or petroleum products on our properties because of current or past ownership or operation of oil and gas activities on our lands. If previously unidentified environmental problems arise, we may have to make substantial payments, which could adversely affect our cash flow. As an owner of properties, we may have to pay for property damage and for investigation and cleanup costs incurred in connection with a contamination. The law typically imposes cleanup responsibility and liability regardless of whether an owner knew of or caused the contamination. Changes in environmental regulations or the discovery of environmental damage on our lands may cause the value of our lands to decline, may impact the development potential of our undeveloped land or could increase operating costs due to the cost of complying with new regulations.

Our overall business is subject to risks associated with the real estate industry.

We are subject to all risks related to investment in real estate, many of which relate to the general lack of liquidity of real estate investments, including, but not limited to:

- changes in general or local economic conditions where our properties are located;
- lack of availability of financing at favorable rates (or at all) that may render the purchase, sale or refinancing of a property more difficult or unattractive;
- changes in real estate and zoning laws; and
- increases in real estate taxes and insurance costs.

Our common stock may not have an active, liquid, and orderly trading market, and our stock price may be volatile.

Our common stock may not have an active, liquid, and orderly trading market due to the relatively low number of shares that are available for trading. Active, liquid, and orderly trading markets usually result in less price volatility and more efficiency in carrying out purchase and sale orders. The trading volume in our common stock may fluctuate and cause price variations to occur.

The market price of our common stock could also vary significantly because of a number of other factors, some of which are beyond our control, including the following:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our results of operations or cash flows;
- publication of research reports about us or the real estate industry;
- changes in market valuations of similar companies;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this annual report;
- the extent of investor interest in our common stock;
- our underlying asset value;
- investor confidence in the stock and bond markets, generally;
- changes in tax laws; and
- general market and economic conditions.

If the per share trading price of our common stock declines significantly, stockholders may be unable to resell their shares at or above the price paid for them. We cannot assure stockholders that the per share trading price of our common stock will not fluctuate or decline significantly in the future.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have an adverse effect on our financial condition, results of operations, cash flows and our ability to pay dividends on, and the per share trading price of, our common stock.

Our disclosure controls and procedures and internal control over financial reporting were not effective in the past.

Our principal executive and financial officer evaluated our internal control over financial reporting as of December 31, 2018, and concluded that as of that date, they were not effective due to material weaknesses. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In addition, as a result of the material weaknesses, our principal executive and financial officer concluded that, as of December 31, 2018, our disclosure controls and procedures were not effective. We remediated our disclosure controls and procedures and internal control over financial reporting throughout 2019, and our management concluded that our disclosure controls and procedures and internal controls over financial reporting were effective as of December 31, 2019. Nevertheless, we have only one part-time employee, who is both our principal executive and financial officer. In the future, our lack of internal staff could lead to new material weaknesses that would render our disclosure controls and procedures and internal controls over financial reporting ineffective. Until any such future material weaknesses are remediated, they could lead to errors in our financial results and other public filings, which could have an adverse effect on our business, our financial condition, our results of operations, and our cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

The Company owns approximately 13,972 net acres all located in Louisiana. The approximate gross and net acres located in each Louisiana parish are presented below.

Parish	Gross Acres	Net Acres	Segment(s)
Calcasieu	16,109	4,820	Oil and gas, timber and surface
Jefferson Davis	9,737	2,326	Oil and gas, timber and surface
Allen	8,148	2,483	Oil and gas, timber and surface
Beauregard	7,357	3,588	Oil and gas, timber and surface
Cameron	1,248	274	Oil and gas, surface
LaFourche	240	40	Oil and gas
Natchitoches	200	200	Timber
Vermilion	180	30	Oil and gas, surface
Rapides	129	129	Timber
St. Landry	80	32	Timber
Sabine	50	50	Timber
Total	43,478	13,972	

Included in the 13,972 net acres presented above, are approximately 7,484 acres owned 100% by the Company. The Louisiana parish location for these 100% owned lands is presented below:

Parish	Acres	Segment(s)
Beauregard	2,754	Oil and gas, timber and surface
Calcasieu	2,384	Oil and gas, timber and surface
Allen	1,121	Oil and gas, timber and surface
Jefferson Davis	684	Timber and surface
Natchitoches	200	Timber and surface
Cameron	162	None
Rapides	129	Timber
Sabine	50	Timber
Total	7,484	

For management purposes, the Company classifies the 13,972 net acres owned by CKX as follows: 10,522 net acres are timber lands, 2,361 net acres are agriculture lands, 895 net acres are marsh lands and 194 net acres are located in metropolitan areas.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. The Company was not involved in any legal proceedings as of December 31, 2019.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock trades on the NYSE American under the trading symbol CKX.

Common Stock

As of March 4, 2020, there were 1,942,495 shares outstanding. There were no sales of unregistered securities of the Company and no purchases of CKX equity securities by the Company during 2019.

Holders

On March 4, 2020, we had 452 stockholders of record.

Dividend Policy

The Company does not currently pay dividends on a regular basis. In determining whether to declare a dividend, the Board of Directors takes into account the Company's prior fiscal year's cash flows from operations and the current economic conditions among other information deemed relevant.

Pursuant to a dividend reversion clause in the Company's Articles of Incorporation, dividends not claimed within one year after a dividend becomes payable will expire and revert in full ownership to the Company and the Company's obligation to pay such dividend will cease. During 2019 and 2018, the Company received no dividend reversions.

ITEM 6. SELECTED FINANCIAL DATA

Disclosure in response to this item is not required of a smaller reporting company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes to those financial statements appearing elsewhere in this Report.

Overview

CKX Lands, Inc. began operations in 1930 under the name Calcasieu Real Estate & Oil Co., Inc. It was originally organized as a spin-off by a bank operating in southwest Louisiana. The purpose of the spin-off was to form an entity to hold non-producing mineral interests which regulatory authorities required the bank to dispose of. Over the years, as some of the mineral interests began producing, the Company used part of the proceeds to acquire land. In 1990, the Company made its largest acquisition when it was one of four purchasers who bought a fifty percent undivided interest in approximately 35,575 acres in southwest Louisiana.

Today the Company's income is derived from mineral royalties, timber sales and surface payments from its lands. CKX receives income from royalty interests and mineral leases related to oil and gas production, timber sales, and surface rents. Although CKX is active in the management of its land and planting and harvesting its timber, CKX is passive in the production of income from oil and gas production in that CKX does not explore for oil and gas or operate wells. These oil and gas activities are performed by unrelated third parties.

CKX leases its property to oil and gas operators and collects income through its land ownership in the form of oil and gas royalties and lease rentals and geophysical revenues. The Company's oil and gas income fluctuates as new oil and gas production is discovered on Company land and then ultimately depletes or becomes commercially uneconomical to produce. The volatility in the daily commodity pricing of a barrel of oil or an MCF of gas will also cause fluctuations in the Company's oil and gas income.

CKX has small royalty interests in 29 different producing oil and gas fields. The size of each royalty interest is determined by the Company's net ownership in the acreage unit for the well. CKX's royalty interests range from 0.0045% for the smallest to 7.62% for the largest. As the Company does not own or operate the wells, it does not have access to any reserve information.

Timber income is derived from sales of timber on Company lands. The timber income will fluctuate depending on our ability to secure stumpage agreements in the regional markets, timber stand age, and/or stumpage commodity prices. Timber is a renewable resource that the Company actively manages.

Surface income is earned from various recurring and non-recurring sources. Recurring surface income is earned from lease arrangements for farming, recreational and commercial uses. Non-recurring surface income can include such activities as pipeline right of ways, and temporary worksite rentals.

In managing its lands, the Company relies on and has established relationships with real estate, forestry, environmental and agriculture consultants as well as attorneys with legal expertise in general corporate matters, real estate, and minerals.

The Company actively searches for additional real estate for purchase in Louisiana with a focus on southwest Louisiana. When evaluating unimproved real estate for purchase, the Company will consider numerous characteristics including but not limited to timber fitness, agriculture fitness, future development opportunities and/or mineral potential. When evaluating improved real estate for purchase, the Company will consider characteristics including but not limited to geographic location, quality of existing revenue streams, and/or quality of the improvements.

Summary of Fiscal Year 2019 Results

During the year ended December 31, 2019, the Company experienced a substantial decline in timber revenue compared to the year ended December 31, 2018. This was primarily due to poor weather that made harvesting extremely difficult. From a historical perspective, the Company's annual timber revenue in the last seven years has ranged from a low of approximately $52,000 in 2015 to a high of $698,000 in 2014. For the 2019 fiscal year, the Company's oil and gas revenue declined 13.3% compared to fiscal year 2018, and surface revenue increased 45.5%. The Company had a much lower gain on the sale of land and a minimal increase in general and administrative expenses for fiscal year 2019 as compared to fiscal year 2018.

Results of Operations - for the years ended December 31, 2019 and 2018

Revenue

Total revenues for 2019 were $811,271, a decrease of approximately 32% when compared with 2018 revenues of $1,194,763. Total revenue consists of oil and gas, timber, and surface revenues. Components of revenues for the year ended December 31, 2019 as compared to 2018, are as follows:

	Years Ended December 31,			
	2019	**2018**	**Change from Prior Year**	**Percent Change from Prior Year**
Revenues:				
Oil and gas	$ 500,426	$ 576,976	$ (76,550)	(13.3)%
Timber sales	72,847	454,177	(381,330)	(84.0)%
Surface revenue	237,998	163,610	74,388	45.5%
Total revenues	$ 811,271	$ 1,194,763	$ (383,492)	(32.1)%

Oil and Gas

Oil and gas revenues were 62% and 49% of total revenues for 2019 and 2018, respectively. A breakdown of oil and gas revenues for the years ended December 31, 2019 as compared to 2018 are as follows:

	Years Ended December 31,			
	2019	**2018**	**Change from Prior Year**	**Percent Change from Prior Year**
Oil	$ 383,578	$ 487,276	$ (103,698)	(21.3)%
Gas	109,164	89,700	19,464	21.7%
Lease and geophysical	7,684	4,487	3,197	71.3%
Total revenues	$ 500,426	$ 581,463	$ (81,037)	(13.9)%

CKX received oil and/or gas revenues from 101 and 95 wells during the years ended December 31, 2019 and 2018, respectively.

The following schedule summarizes barrels and MCF produced and average price per barrel and per MCF for the years ended December 31, 2019 and 2018:

	Years Ended December 31,	
	2019	2018
Net oil produced (Bbl)(2)	6,272	6,956
Average oil sales price (per Bbl)(1,2)	$ 61.16	$ 68.57
Net gas produced (MCF)	32,107	25,776
Average gas sales price (per MCF)(1)	$ 3.40	$ 3.48

(1) Before deduction of production costs and severance taxes
(2) Excludes plant products

Oil revenues decreased for the year ended December 31, 2019, as compared to 2018, by $103,698. Gas revenues increased for the year ended December 31, 2019, as compared to 2018, by $19,464. As indicated from the schedule above, the changes were due to decreases in the average price per barrel and the average price per MCF, decreases in barrels of oil produced and an increase in net gas produced.

The following eight fields produced 92.33% of the Company's oil and gas revenues in 2019. The following table shows the number of barrels of oil (Bbl Oil) and MCF of gas (MCF Gas) produced from these fields.

Field	Bbl Oil (1)	MCF Gas
South Bear Head Creek	1,821	1,757
South Jennings	447	9,298
Coward Gully	682	403
South Lake Charles	600	6,299
Castor Creek	686	25
Gonzales County	557	566
South Elton	159	2738
Pine Prairie	211	1,345

The following eight fields produced 91.29% of the Company's oil and gas revenues in 2018. The following table shows the number of barrels of oil (Bbl Oil) and MCF of gas (MCF Gas) produced from these fields.

Field	Bbl Oil (1)	MCF Gas
South Bear Head Creek	2,172	2,513
South Gordon	220	4,290
Cowards Gully	720	458
South Jennings	429	8,102
Gonzales County	660	500
South Lake Charles	548	5,782
Caster Creek	705	19
South Elton	136	2,993

The Company was a lessor in the following non-producing mineral leases:

Activity	2019	2018
Bonus lease	1	1
Delay lease	2	2
Gross acres	200	200
Net acres	33	33

Lease and geophysical revenues increased for the year ended December 31, 2019, as compared to 2018, by $3,197. These revenues are dependent on oil and gas producers' activities, are not predictable and can vary significantly from year to year.

Timber

Timber revenues were 9% and 38% of total revenues for 2019 and 2018, respectively. Timber revenues decreased for the year ended December 31, 2019, as compared to the year ended December 31, 2018, by $381,330. The decrease in timber revenues was due to wet weather during fiscal 2019 that limited customers' ability to harvest timber.

Surface

Surface revenues were 29% and 13% of total revenues for 2019 and 2018, respectively. Surface revenues increased for the year ended December 31, 2019, as compared to 2018, by $78,875. This is due to the receipt of lease bonuses and delay rentals and an increase in the price per acre charge for leases.

Costs and Expenses

Oil and gas costs decreased slightly for the year ended December 31, 2019 as compared to 2018 by $4,110. These variances are due to the normal variations in year to year costs

Timber costs decreased for the year ended December 31, 2019 as compared to 2018 by $24,496. This is primarily due to the decreased timber revenue occurring during the year ended December 31, 2019.

Surface costs decreased for the year ended December 31, 2019 as compared to 2018 by $22,362. This is primarily due to reduced maintenance expense.

General and administrative expenses increased for the year ended December 31, 2019 as compared to 2018 by $43,719. This is primarily due to increased contract services, accounting, SEC filing and legal fees, offset by a decrease in salaries.

Gain on Sale of Land and Equipment

Gain on sale of land and equipment was $80,876 and $881,654 for the years ended December 31, 2019 and 2018, respectively. For the year ended December 31, 2018, this consisted of a gain on sale of wholly-owned land of $111,174, a 1/6th interest in land of $767,147, and of equipment of $3,333.

Outlook for Fiscal Year 2020

The Company will continue to consider and evaluate commercial, agricultural and, timber lands, and other business opportunities for acquisitions and to evaluate its current holdings for divestiture. The Company will consider purchases outside of southwest Louisiana and will consider developing its properties for commercial or residential purposes.

The Company will continue to actively market its timber. Rain levels were higher in 2019 when compared with 2018, so the harvesting of timber was hampered as compared to 2018. Stumpage prices have also been depressed when compared to recent historical prices. The Company will seek to enter into additional stumpage agreements.

The Company began directly managing its lands in 2017, except for approximately 5,030 acres of timber property in which the Company owns an undivided 1/6 interest, which is managed by Walker Louisiana Properties. The Company believes direct land management and continuing economic activity in southwest Louisiana will be a catalyst for increased surface revenue.

Liquidity and Capital Resources

Sources of Liquidity

The Company's current assets totaled $6,620,448 and current liabilities equaled $217,412 at December 31, 2019.

The Company entered into an unsecured revolving line of credit with Hancock Whitney Bank on June 25, 2018. The line of credit permitted the Company to draw a maximum aggregate amount of $1,000,000. Borrowings under the line of credit bore interest at a rate of 4.25%. The line of credit expired on June 25, 2019 and was not extended. As of December 31, 2019, the Company had no outstanding debt.

In the opinion of management, cash and cash equivalents, and certificates of deposit are adequate for projected operations and possible land acquisitions.

The Company declared and paid a $0.12 per common share dividend during the quarter ended March 31, 2018. During the first quarter of each future calendar year, the Company anticipates determining whether a dividend will be declared. In determining whether a dividend will be declared, the board of directors will take into account the Company's prior fiscal year's cash flows from operations and current economic conditions among other information deemed relevant.

Analysis of Cash Flows

Net cash provided by operating activities decreased by $46,851 to $194,711 for the year ended December 31, 2019, compared to $241,562 for the year ended December 31, 2018. The decrease in cash provided by operating activities was attributable primarily to a decrease in net income partially offset by the decrease on the gain on the sale of land.

Net cash provided by investing activities was $1,224,842 and $199,869 for the year ended December 31, 2019, and 2018, respectively. For the year ended December 31, 2019, this included purchases of certificates of deposit of $2,456,000, purchases of mutual funds of $255,578 and costs of reforesting timber of $26,815, offset by proceeds from maturity of certificates of deposit, and proceeds from the sale of fixed assets of $109,235. For the year ended December 31, 2018, this included purchases of certificates of deposit of $3,145,000, purchases of mutual funds of $244,825 and costs of reforesting timber of $55,438, offset by proceeds from maturity of certificates of deposit of $2,662,890 and from the sales of fixed assets of $982,242.

Net cash used in financing activities was $0 and $233,099 for the year ended December 31, 2019, and 2018, respectively. For the year ended December 31, 2018, this included dividends paid.

Significant Accounting Policies

For a discussion of significant accounting policies, see Note 1 in the notes to our audited financial statements included elsewhere in this Form 10-K.

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities” (SPEs).

ITEM 7A. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Disclosure in response to this item is not required of a smaller reporting company**.**

ITEM 8. FINANCIAL STATEMENTS AND SUPPORTING DATA

The Company’s financial statements, together with the report of the independent registered public accounting firm thereon and the notes thereto, are presented beginning at page F-1. The Company’s balance sheets as of December 31, 2019 and 2018 and the related statements of operations, changes in stockholders’ equity and cash flows for the years then ended have been audited by MaloneBailey, LLP. MaloneBailey, LLP is an independent registered public accounting firm. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to Regulation S-K as promulgated by the Securities and Exchange Commission and are included herein pursuant to Part II, Item 8 of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We conducted an evaluation, under the supervision and with the participation of our management, including our principal executive and financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2019. Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures that are designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive and financial officer, as appropriate, to allow timely decisions regarding required disclosure.

The evaluation of our disclosure controls and procedures included a review of the control objectives and design, our implementation of the controls and the effect of the controls on the information generated for use in this Annual Report on Form 10-K. After conducting this evaluation, our principal executive and financial officer concluded that our disclosure controls and procedures, as defined by Rule 13a-15(e) under the Exchange Act, were effective as of December 31, 2019 to provide reasonable assurance that information required to be disclosed in this Annual Report on Form 10-K was recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and was accumulated and communicated to our management, including our principal executive and financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act). Internal control over financial reporting is the process designed under the principal executive and financial officer's supervision, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States.

There are inherent limitations in the effectiveness of internal control over financial reporting, including the possibility that misstatements may not be prevented or detected. Accordingly, an effective control system, no matter how well designed and operated, can provide only reasonable assurance of achieving the designed control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Under the supervision and with the participation of our management, including our principal executive and financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2019, as required by Exchange Act Rule 13a-15(c). In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the 2013 Internal Control - Integrated Framework. Based on our assessment under the framework in Internal Control - Integrated Framework (2013 framework), management concluded that our internal control over financial reporting was effective as of December 31, 2019.

Changes in Internal Controls over Financial Reporting

During the year ended December 31, 2019, we initiated a process to implement certain controls to alleviate deficiencies which were noted in the Annual Report on Form 10-K for year ended December 31, 2018. Controls which were implemented throughout 2019 included, but were not limited to, proper segregation of duties, adequate review procedures, and engaging third-party service organizations with adequate technical expertise. While controls were implemented throughout 2019, as of September 30, 2019 testing of these controls was not yet completed. As of December 31, 2019, testing was completed indicating that controls had been properly implemented. No other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

Item 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by Item 10 will be included in the Registrant's definitive proxy statement to be filed pursuant to Section 14(a) of the Exchange Act of 1934 and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be included in the Registrant's definitive proxy statement to be filed pursuant to Section 14(a) of the Exchange Act of 1934 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 will be included in the Registrant's definitive proxy statement to be filed pursuant to Section 14(a) of the Exchange Act and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 will be included in the Registrant's definitive proxy statement to be filed pursuant to Section 14(a) of the Exchange Act and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

The information required by Item 14 will be included in the Registrant's definitive proxy statement to be filed pursuant to Section 14(a) of the Exchange Act and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES

(a) Documents filed as part of this report:

(1) Financial Statements. The financial statements filed as part of this report are listed in the Table of Contents to Financial Statements appearing immediately after the signature page of this Form 10-K and are included herein by reference.

(2) Financial Statement Schedules. Financial Statement Schedules are not required.

(3) Exhibits. See (b) below

(b) Exhibits:

3.1	Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to Form 10-K (File No. 001-31905) for year ended December 31, 2018 filed on March 21, 2019).
3.2	Amendment to Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.2 to Form 10-K (File No. 001-31905) for year ended December 31, 2003 filed on March 19, 2004).
3.3	Articles of Amendment to the Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.3 to Form 10-K (File No. 001-31905) for year ended December 31, 2018 filed on March 21, 2019).
3.4	By-Laws of the Registrant (incorporated by reference to Exhibit 3.1 to Form 8-K (File No. 001-31905) filed on August 9, 2019).
4.1*	Description of capital stock.
10.1	Agreement to Purchase and Sell Real Estate of approximately 880 acres in Calcasieu Parish, Louisiana effective May 11, 2016 (incorporated by reference to Exhibit 10.1 to Form 10-Q (File No. 001-31905) for the quarterly period ended June 30, 2016 filed on August 8, 2016).
10.2	Agreement to Purchase and Sell Real Estate of commercial real estate in Sulphur, Louisiana effective July 13, 2017 (incorporated by reference to Exhibit 10.2 to Form 10-Q (File No. 001-31905) for the quarterly period ended June 30, 2017 filed August 3, 2017).
31*	Certification of Lee W. Boyer, President and Treasurer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
32**	Certification of Lee W. Boyer, President and Treasurer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Taxonomy Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation

* Filed herewith
** Furnished herewith

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on March 13, 2020.

CKX LANDS, INC.

By:

/s/ Lee Boyer
Lee Boyer
President and Treasurer
(Principal Executive and Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 13, 2020.

/s/Lee W. Boyer Lee W. Boyer	President, Treasurer and Director (Principal Executive and Financial Officer)
/s/ Mary Leach Werner Mary Leach Werner	Secretary and Director
/s/Max H. Hart Max H. Hart	Director
/s/Eugene T. Minvielle, IV Eugene T. Minvielle, IV	Director
/s/Edward M. Ellington, II Edward M. Ellington, II	Director
/s/ Michael B. White Michael B. White	Director
/s/ Keith Duplechin Keith Duplechin	Director
/s/ Daniel J. Englander Daniel J. Englander	Director
/s/ William Gray Stream William Gray Stream	Director

CKX LANDS, INC.

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
CKX Lands, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of CKX Lands, Inc. (the "Company") as of December 31, 2019 and 2018, and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company's auditor since 2015.
Houston, Texas
March 13, 2020

CKX LANDS, INC.
BALANCE SHEETS

	December 31,	
	2019	2018
ASSETS		
Current assets:		
Cash	$ 3,280,289	$ 1,860,736
Certificates of deposit	2,697,000	3,370,000
Equity investment in mutual funds	500,642	244,825
Accounts receivable	102,786	118,463
Prepaid expense and other assets	39,731	36,989
Total current assets	6,620,448	5,631,013
Long-term certificate of deposit	-	725,000
Property and equipment, net	9,242,082	9,245,988
Total assets	$ 15,862,530	$ 15,602,001
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade payables and accrued expenses	62,253	91,968
Unearned revenue	165,158	113,193
Income tax payable	-	11,654
Total current liabilities	227,411	216,815
Deferred income tax payable	187,664	187,664
Total liabilities	415,075	404,479
Stockholders' equity:		
Common stock, 3,000,000 authorized, no par value, 1,942,495 issued and outstanding as of December 31, 2019 and 2018	59,335	59,335
Retained earnings	15,388,120	15,138,187
Total stockholders' equity	15,447,455	15,197,522
Total liabilities and stockholders' equity	$ 15,862,530	$ 15,602,001

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

CKX LANDS, INC.
STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2019	2018
Revenues:		
Oil and gas	$ 500,426	$ 576,976
Timber sales	72,847	454,177
Surface revenue	199,665	125,277
Surface revenue - related party	38,333	38,333
Total revenue	811,271	1,194,763
Costs, expenses and (gains):		
Oil and gas costs	57,454	63,231
Timber costs	21,144	45,640
Surface costs	1,274	23,636
General and administrative expense	618,919	573,532
Depreciation expense	1,750	2,027
Gain on sale of land	(80,876)	(881,654)
Total costs, expenses and (gains)	619,665	(173,588)
Income from operations	191,606	1,368,351
Interest income	109,582	97,502
Income before income taxes	301,188	1,465,853
Federal and state income tax expense:		
Current	51,255	350,793
Deferred	-	-
Total income taxes	51,255	350,793
Net income	$ 249,933	$ 1,115,060
Dividends paid	-	(233,099)
Net income available to common shareholders	$ 249,933	$ 881,961
Per common stock, basic and diluted		
Net income	$ 0.13	$ 0.57
Dividends	$ -	$ 0.12
Weighted average shares outstanding, basic and diluted	1,942,495	1,942,495

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

CKX LANDS, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Retained	Total
	Shares	Amount	Earnings	Equity
Balances, December 31, 2018	1,942,495	$ 59,335	$ 15,138,187	$ 15,197,522
Net income	-	-	249,933	249,933
Balances, December 31, 2019	1,942,495	$ 59,335	$ 15,388,120	$ 15,447,455

	Common Stock		Retained	Total
	Shares	Amount	Earnings	Equity
Balances, December 31, 2017	1,942,495	$ 59,335	$ 14,256,226	$ 14,315,561
Dividends paid	-	-	(233,099)	(233,099)
Net income	-	-	1,115,060	1,115,060
Balances, December 31, 2018	$ 1,942,495	$ 59,335	$ 15,138,187	$ 15,197,522

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

CKX LANDS, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2019	Years Ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 249,933	$ 1,115,060
Less non-cash expenses included in net income:		
Depreciation expense	1,750	2,027
Depletion expense	611	1,858
Gain on sale of land	(80,876)	(881,654)
Unrealized gain on equity investment in mutual funds	(240)	-
Changes in operating assets and liabilities:		
Increase (decrease) in current assets	12,937	7,968
Increase (decrease) in current liabilities	10,596	(3,697)
Net cash provided by operating activities	194,711	241,562
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	(2,456,000)	(3,145,000)
Proceeds from maturity of certificates of deposit	3,854,000	2,662,890
Purchases of mutual funds	(255,578)	(244,825)
Costs of reforesting timber	(26,815)	(55,438)
Proceeds from the sale of fixed assets	109,235	982,242
Net cash provided by investing activities	1,224,842	199,869
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(233,099)
Net cash used in financing activities	-	(233,099)
NET INCREASE IN CASH AND RESTRICTED CASH	1,419,553	208,332
Cash and restricted cash, beginning of the period	1,860,736	1,652,404
Cash and restricted cash, end of the period	$ 3,280,289	$ 1,860,736
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ 67,107	$ 355,387

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

Note 1: Nature of Business and Significant Accounting Policies

Nature of Business

The Company was incorporated in the State of Louisiana on June 27, 1930. The Company's business is the ownership and management of land. The primary activities consist of leasing its properties for minerals (oil and gas), raising and harvesting timber, and surface use (agriculture, right of ways, hunting).

Significant Accounting Policies

Basis of Presentation and Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Concentration of Credit Risk

The Company maintains its cash balances in six financial institutions. The amount on deposit in each financial institution is insured by the Federal Deposit Insurance Corporation up to $250,000.

Cash Equivalents

Cash equivalents are highly liquid debt instruments with original maturities of three months or less when purchased.

Certificate of Deposits

Certificates of deposit have maturities greater than three months when purchased, in amounts not greater than $250,000. All certificates of deposit are held until maturity and recorded at cost which approximates fair value. Certificates of deposit mature through 2020.

Equity Investment

In January 2016, the FASB issued ASU 2016-01, *"Financial Instruments – Overall (Subtopic 825-10): Recognition of Financial Assets and Financial Liabilities," (ASU 2016-01),* which makes targeted amendments to the guidance for recognition, measurement, presentation and disclosure of financial instruments. The guidance under ASU 2016-01 requires equity investments, other than equity method investments, to be measured at fair value with changes in fair value recognized in net income. As of December 31, 2019, and 2018, the Company classified $500,642 and $244,825, respectively, of mutual funds as equity securities. The Company invests in ultra-short, high quality U.S. dollar money market funds, foreign funds, and obligations issued by the U.S. Government. The Company did not hold any equity investments until the fourth quarter of 2018, accordingly, there are no effects on the Company's investments from the adoption of ASU 2016-01.

Accounts Receivable

The Company's accounts receivable consist of incomes received after quarter-end for royalties produced, timber harvested, and surface revenue earned prior to quarter-end. When there are royalties that have not been received at the time of the preparation of the financial statements for months in the prior quarter, the Company estimates the amount to be received based on the average of the most recent 12 month's royalties that were received from that particular well. For timber and surface revenue not received at the time of preparation of the financial statements for months in the prior quarter, the Company analyzes subsequent receipts for revenues earned in the prior quarter. The Company does not maintain an allowance for doubtful accounts because other than the accrual for earned but not received royalties, timber revenue, and surface revenue, it has no accounts receivable.

Property, Building and Equipment

Property, building, and equipment is stated at cost. Major additions are capitalized. Maintenance and repairs are charged to income as incurred. Depreciation is computed on the straight-line and accelerated methods over the following estimated useful lives of the assets:

Furniture and equipment (years)	5 - 7
Land improvements (years)	15

Impairment of Long-lived Assets

Long-lived assets, such as land, timber and property, buildings, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If events or circumstances arise that require a long-lived asset to be tested for potential impairment, the Company first compares undiscounted cash flows expected to be generated by the asset to its carrying value. If the carrying amount of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment charge is recognized to the extent that the carrying value exceeds the fair value. Fair value maybe determined through various valuation techniques including quoted market prices, third-party independent appraisals and discounted cash flow models. The Company recorded no impairment charges during 2019 and 2018.

Revenue Recognition

Effective January 1, 2018, we adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Under the new standard, we recognize revenues when the following criteria are met: (i) persuasive evidence of a contract with a customer exists, (ii) identifiable performance obligations under the contract exist, (iii) the transaction price is determinable for each performance obligation, (iv) the transaction price is allocated to each performance obligation, and (v) the performance obligations are satisfied. We derive a majority of our revenues from oil and gas royalties, timber sales, and surface leases. Surface leases are not within the scope of ASC 606. See Note 9 for more detailed information about the Company's reportable segments.

<u>Oil and Gas</u>

Oil and gas revenue is generated through customer contracts, where we provide the customer access to a designated tract of land upon which the customer performs exploration, extraction, production and ultimate sale of the oil and gas. The Company receives royalties on all oil and gas produced by the customer. The performance obligation identified in oil and gas related contracts is the oil and gas produced on the designated tract of land. The performance obligation is satisfied at a point in time, which is when the customer produces oil and gas. The transaction price is comprised of fixed fees (royalties) on all oil and gas produced The Company accrues monthly royalty revenues based upon estimates and adjusts to actual as the Company receives payments. Accrued royalty income was $84,880 and $93,594 as of December 31, 2019 and 2018, respectively. There are no capitalized contract costs associated with oil and gas contracts. The accounting for royalty income remains largely unchanged upon implementation of ASC 606.

<u>Timber</u>

Timber revenue is generated through customer contracts executed as a pay-as-cut arrangement, where the customer acquires the right to harvest specified timber on a designated tract for a set period of time at agreed-upon unit prices. The performance obligation identified in timber related contracts is the severing of a single tree.

We satisfy our performance obligation when timber is severed, at which time revenue is recognized. The transaction price for timber sales is determined using contractual rates applied to harvest volumes. The Company may receive a deposit at the time of entering into a stumpage agreement and this deposit is recorded in unearned revenue until earned. The Company held stumpage agreement deposits of $87,300 and $54,300 at December 31, 2019 and 2018, respectively. Accrued timber income was $10,407 and $9,466 at December 31, 2019 and 2018, respectively. The accounting for timber revenue remains largely unchanged upon implementation of ASC 606.

<u>Surface</u>

Surface revenue is earned through annual leases for agricultural and hunting activities and the Company records revenues evenly over the term of these leases. Surface revenues from these sources are recurring on an annual basis. Unearned revenues were $77,857 and $58,893 at December 31, 2019 and 2018, respectively. Accrued surface revenue was $7,499 and $15,403 at December 31, 2019 and 2018, respectively.

Surface revenue is also earned through right of way and related temporary work-space leases, both of which are not unusual in occurrence and are not recurring sources of revenue. Generally, a right of way lease relates to either a utility or pipeline right of way that is a permanent servitude or exists for fixed periods of time greater than thirty years. The Company retains ownership of the land and the servitude is limited to the use of the surface. Revenue is recorded at the time of the agreement's execution date. For income tax purposes, these types of agreements are treated as sales of business assets.

Other sources of surface revenue can be commercial activities leases and sales of surface minerals, such as dirt.

Basic and Diluted Earnings per share

Net earnings per share is provided in accordance with FASB ASC 260-10, "Earnings per Share". Basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income per share gives effect to all dilutive potential common shares outstanding during the period. Dilutive income per share excludes all potential common shares if their effect is anti-dilutive. As of December 31, 2019, and 2018 there were no dilutive shares outstanding.

Dividends

The Company does not currently pay dividends on a regular basis. In determining whether to declare a dividend, the Board of Directors takes into account the Company's prior fiscal year's cash flows from operations and the current economic conditions, among other information deemed relevant. Dividends paid per common stock are based on the weighted average number of common stock shares outstanding during the period.

Pursuant to a dividend reversion clause in the Company's Articles of Incorporation, dividends not claimed within one year after the dividend becomes payable will expire and revert in full ownership to the Company and the Company's obligation to pay such dividend will cease. Any dividend reversions are recorded in equity upon receipt.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, Income Taxes, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities.

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 accordance with generally accepted accounting principles, the Company has analyzed its filing positions in federal and state income tax returns for the tax returns that remain subject to examination. Generally, returns are subject to examination for three years after filing. 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.

Other Taxes

Taxes, other than income taxes, which consisted of property, payroll, franchise and oil and gas production taxes were $151,204 and $159,573, for the years ended December 31, 2019 and 2018, respectively.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic* 606*),* which supersedes the most current revenue recognition guidance, including industry-specific guidance. Subsequently, the FASB issued updates that provide additional implementation guidance. The new guidance requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. The Company adopted this guidance in the first quarter of 2018 applying the modified retrospective approach. The Company has completed its review of all revenue sources in scope for the new standard, and oil, gas and mineral agreements and stumpage agreements are within this scope. In accordance with the new standard, the basis for determining revenue and expenses allocable to oil, gas and mineral agreements (royalty revenue) and stumpage agreements (timber revenue) was not modified. There was no net cumulative effect adjustment for this change as of January 1, 2018.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230),* which provides guidance requiring companies to report net cash provided or used by operating, investing and financing activities and the net effect of those flows on the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents during the period. The statement of cash flows shall report that information in a manner that reconciles beginning and ending totals of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Companies shall also disclose information about the nature of the restrictions on restricted cash and restricted cash equivalents. The Company adopted this guidance in the first quarter of 2018. In accordance with the new standard, no modification to our presentation for restricted cash was made.

In January 2016, the FASB issued ASU 2016-01, *"Financial Instruments – Overall (Subtopic 825-10): Recognition of Financial Assets and Financial Liabilities," (ASU 2016-01),* which makes targeted amendments to the guidance for recognition, measurement, presentation and disclosure of financial instruments. The guidance under ASU 2016-01 requires equity investments, other than equity method investments, to be measured at fair value with changes in fair value recognized in net income. As of December 31, 2018, the Company classified $244,831 of mutual funds as equity securities. The Company invests in ultra-short, high quality U.S. dollar money market, foreign funds, and obligations issued by the US Government.

In February 2016, the FASB issued ASU 2016-02, which amended the accounting treatment for leases. Lessees (for capital and operating leases) and lessors (for sales-type leases, direct financing leases and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. In July 2018, the FASB issued ASU 2018-10 and ASU 2018-11. ASU 2018-10 provides certain areas for improvement in ASU 2016-02 and ASU 2018-11 provides an additional optional transition method by allowing entities to initially apply the new leasing standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The new leasing standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted this standard as of January 1, 2019. The Company reviewed its service agreements and other arrangements and evaluated whether they met the definition of a lease under ASU 2016-02. The Company determined that the adoption of this standard would have no impact on its financial statements.

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Note 2: Certificates of Deposit

The Company has certificates of deposit for investment purposes. Certificates of deposit have maturities greater than three months when purchased, in amounts not greater than $250,000. All certificates of deposit are held until maturity and recorded at cost which approximates fair value. Certificates of deposit mature through August of 2020. Certificates of deposit were $2,697,000 and $4,095,000 as of December 31, 2019 and 2018, respectively. Purchases of certificates of deposit were $2,456,000 and $3,145,000 for the years ended December 31, 2019 and 2018, respectively. Proceeds from the maturity of certificates of deposit were $3,854,000 and $2,662,890 for the years ended December 31, 2019 and 2018, respectively.

Note 3: Fair Value of Financial Instruments

ASC 820 Fair Value Measurements and Disclosures ("ASC 820"), defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable. Valuations may be obtained from, or corroborated by, third-party pricing services.

Level 3: Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it was practical to estimate that value:

Class	Methods and/or Assumptions
Cash and cash equivalents:	Carrying value approximates fair value due to its readily convertible characteristic.
Certificate of Deposit:	Held until maturity and recorded at amortized cost which approximates fair value.
Equity Investment in mutual funds:	Carrying value adjusted to and presented at fair market value.

The estimated fair value of the Company's financial instruments are as follows:

		December 31, 2019		December 31, 2018	
Financial Assets:	**Level**	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Cash and cash equivalents	1	$ 3,280,289	$ 3,280,289	$ 1,860,736	$ 1,860,736
Certificate of deposit - short term	1	2,697,000	2,697,000	3,370,000	3,370,000
Certificate of deposit - long term	1	-	-	725,000	725,000
Equity investment in mutual funds	1	500,410	500,642	244,832	244,825
Total		$ 6,477,699	$ 6,477,931	$ 6,200,568	$ 6,200,561

Note 4: Property and Equipment

Property and equipment consisted of the following:

	December 31, 2019	December 31, 2018
Land	$ 7,023,053	$ 7,051,412
Timber	2,188,594	2,162,390
Building and equipment	108,602	108,602
	9,320,249	9,322,404
Accumulated depreciation	(78,167)	(76,416)
Total	$ 9,242,082	$ 9,245,988

Depreciation, depletion and amortization expense was $2,361 and $3,885 for the years ended December 31, 2019 and 2018, respectively.

Note 5: Land Purchases and Sales

Land Purchases

The Company did not purchase any lands during the years ended December 31, 2019 and 2018.

Land Sales

During the year ended December 31, 2019, the Company sold the following lands:

Quarter	+/- Acres	Louisiana Parish	Ownership	Land	Timber	Mineral Rights %
1st	16.26	Calcasieu	100.00%	$ 112,500	-	0%
2nd	20	Calcasieu	16.67%	$ 5,000	-	0%

During the year ended December 31, 2018, the Company sold the following lands:

Quarter	+/- Acres	Louisiana Parish	Ownership	Land	Timber	Mineral Rights %
1st	17	Calcasieu	100%	$ 128,000	-	0%
1st	20	Calcasieu	16.7%	$ 147,625	-	0%
1st	211	Calcasieu	16.7%	$ 536,572	-	100%

1st	76	Calcasieu	16.7%	$	189,167	-	0%

For the years ended December 31, 2019 and 2018, the gains on sales of land were $80,876 and $881,654, respectively.

Note 6: Dividends

No dividends were declared or paid during 2019. On March 22, 2018, the Company declared a dividend of $0.12 cents per common share payable to shareholders of record as of April 5, 2018. Total dividends of $233,099 were paid on April 12, 2018.

Note 7: Oil and Gas Leases

Results of oil and gas leasing activities for the year ending December 31, 2019 and 2018 are as follows:

	2019	2018
Gross revenues		
Royalty interests	$ 500,426	$ 576,976
Lease fees	22,901	4,487
	523,327	581,463
Production costs	57,454	63,231
Results before income tax expense	465,873	518,232
Estimated income tax expense	135,103	150,287
Results of operations from producing activities excluding corporate overhead	$ 330,770	$ 367,945

There were no major costs, with the exception of severance taxes, incurred in connection the Company's oil and gas leasing activities, which are located entirely within the United States, during the years ended December 31, 2019 and 2018.

Reserve information relating to estimated quantities of the Company's interest in proved reserves of natural gas and crude including condensate and natural gas liquids is not available. Such reserves are located entirely within the United States. A schedule indicating such reserve quantities is, therefore, not presented. All oil and gas royalties come from Company owned properties that were developed and produced by producers, unrelated to Company, under oil and gas mineral lease agreements.

The Company’s royalty and working interests share of oil and gas, exclusive of plant products, produced from leased properties were:

	2019	2018
Net gas produced (MCF)	32,107	25,776
Net oil produced (Bbl)	6,272	6,956

Note 8: Segment Reporting

The Company’s operations are classified into three principal operating segments that are all located in the United States: oil and gas, surface and timber. The Company’s reportable business segments are strategic business units that offer income from different products. They are managed separately due to the unique aspects of each area.

The tables below present financial information for the Company's three operating business segments:

		Years Ended December 31,		
		2019		2018
Revenues:				
Oil and gas	$	500,426	$	576,976
Timber sales		72,847		454,177
Surface revenue		237,998		163,610
Total segment revenues		811,271		1,194,763
Cost and expenses:				
Oil and gas costs		57,454		63,231
Timber costs		21,144		45,640
Surface costs		1,274		23,636
Total segment costs and expenses		79,872		132,507
Income from operations:				
Oil and gas		442,972		513,745
Timber		51,703		408,537
Surface		236,724		139,974
Total segment income from operations		731,399		1,062,256
Other income (expense) before income taxes		(430,211)		403,597
Income before income taxes	$	301,188	$	1,465,853

		Years Ended December 31,		
		2019		2018
Identifiable Assets, net of accumulated depreciation				
Timber	$	2,188,594	$	2,162,390
General corporate assets		13,673,936		13,439,611
Total		15,862,530		15,602,001
Capital expenditures:				
Timber		26,815		45,067
Surface		-		4,900
General corporate assets		-		5,471
Total segment costs and expenses		26,815		55,438
Depreciation and depletion				
Oil and gas		-		-
Timber		611		1,858
General corporate assets		1,751		2,027
Total	$	2,362	$	3,885

There are no intersegment sales reported in the accompanying income statements. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on income or loss from operations before income taxes excluding nonrecurring gains and losses on equity investment. Income before income tax represents net revenues less costs and expenses less other income and expenses of a general corporate nature. Identifiable assets by segment are those assets used solely in the Company's operations within that segment.

Note 9: Concentrations

Revenue from customers representing 5% or more of total revenue for the year ended December 31, 2019 and 2018, respectively were:

	Years Ended December 31,	
Count	2019	2018
1	$ 102,265	$ 254,018
2	69,106	156,854
3	51,683	93,575
4	51,480	93,563
5	43,954	-

Note 10: Income Taxes

The Company files federal and state income tax returns on a calendar year basis. The net deferred tax liability in the accompanying balance sheets includes the following components at December 31, 2019 and 2018:

	2019	2018
Deferred tax assets	-	-
Deferred tax liabilities	(187,664)	(187,664)
	$ (187,664)	$ (187,664)

Reconciliations between the United States Federal statutory income tax provision, using the statutory rate of 21%, and the Company's provision for income taxes at December 31, 2019 and 2018 are as follows:

	2019	2018
Income tax on income before extraordinary item:		
Tax at statutory rates	$ 61,481	$ 307,830
Tax effect of the following:		
Statutory depletion	(15,763)	(18,175)
Section 179 deduction	-	(1,149)
State income tax	3,109	62,137
Other	(2,081)	-
Income tax on income	$ 46,746	$ 350,643

The income tax on income for 2018 is slightly different from the stated income tax expense on the statement of operations due to penalties being grouped with income tax expense.

Deferred income taxes payable results from timing differences in the recognition of revenue and expenses for tax and financial statement purposes. The effect of these timing differences at December 31, 2019 and 2018 is as follows:

	2019	2018
Casualty loss	$ (77,714)	$ (77,714)
Deferred gain	(109,950)	(109,950)
	$ (187,664)	$ (187,664)

The Company files income tax returns for federal and state purposes. Generally, the Company's tax returns remain open for three years for tax examination purposes. Tax positions are recognized when they are more likely than not to be sustained upon examination. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon settlement. The Company is subject to periodic audits by the Internal Revenue Service and other state and local taxing authorities. These audits may challenge certain of the Company's tax positions such as timing and amount of income and deductions and the allocation of taxable income to various tax jurisdictions. The Company evaluates its tax positions and establishes liabilities if significant in accordance with the applicable accounting guidance on uncertainty in income taxes. With few exceptions, the Company is no longer subject to U.S. Federal and state income tax examinations by the tax authorities for calendar years ending before December31, 2016.

Note 11: Related Party Transactions

The Company and Stream Wetlands Services, LLC (“Stream Wetlands”) are parties to an option to lease agreement dated April 17, 2017 (the “OTL”). The OTL provides Stream Wetlands an option, exercisable through February 28, 2020, to lease certain lands from the Company, subject to the negotiation and execution of a mutually acceptable lease form. Stream Wetlands paid the Registrant $38,333 upon execution of the OTL, and an additional $38,333 during the quarters ended March 31, 2018 and 2019. Stream Wetlands may extend the term of the OTL for one more year by paying $38,333 in the first quarter of 2020. Mr. Stream, a director of the Company, is the president of Stream Wetlands.

The Company’s President is a partner in Stockwell, Sievert, Viccellio, Clements, LLP (“Stockwell”). Beginning in August 2018, the Company began renting office space from Stockwell. The Company pays Stockwell $750 per month as rent for office space and associated services, $2,000 per month to reimburse the firm for an administrative assistant and reimburses Stockwell for miscellaneous office supplies and legal expenses. For the year ended December 31, 2019, the Company recorded $33,914 in total of such expense, of which $9,000 was rent expense. For the year ended December 31, 2018, the Company recorded $14,920 in total of such expense of which $2,800 was rent expense.

Note 12: Subsequent Events

On January 8, 2020 the Company entered into an agreement granting Driftwood Pipeline, LLC an option to purchase land in which CKX owns a 1/6th interest. The Company received a $50,000 deposit for its 1/6th share when the option was signed. The option provides Driftwood 3 years to purchase the land for a total purchase price of $1,200,000, less deposits previously paid. If Driftwood exercises it option, CKX will receive an additional $150,000 for its 1/6th interest. If Driftwood does not exercise its option to purchase, CKX will retain the $50,000 deposit.

Exhibit 4.1

DESCRIPTION OF CAPITAL STOCK

In this description, the words “the corporation,” “we,” “us,” and “our” refer to CKX Lands, Inc.

Our common stock is our only authorized class of securities. It is registered under Section 12(b) of the Securities Exchange Act of 1934, as amended. The following description summarizes the most important terms of the common stock. This description is not complete and is qualified by reference to our restated articles of incorporation, as amended (our “articles”) and our amended and restated bylaws (our “bylaws”). Our articles and bylaws are exhibits to our Annual Report on Form 10-K.

Authorized Capital Stock

Our authorized capital stock consists of 3,000,000 shares of common stock with no par value. Shares of our common stock are fully paid and non-assessable once they are issued and paid for.

The holders of outstanding shares of our common stock are entitled to one vote per share on all matters that are required by law to be submitted to shareholders. There are no cumulative voting rights.

Each holder of common stock is entitled to dividends that are declared by our board of directors out of funds legally available for that purpose, in proportion to the number of shares the shareholder owns. Dividends on the common stock are non-cumulative.

Dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares that are not claimed within one year, despite our reasonable efforts to pay or issue them, revert to the corporation.

The holders of our common stock have no preemptive, redemption or conversion rights, nor do they have any preferential right to purchase or subscribe for any authorized but unissued capital stock or any securities convertible into our common stock. There are no sinking fund provisions applicable to the common stock.

If our company is voluntarily or involuntarily liquidated or dissolved, the holders of all shares of our common stock will share ratably in assets available for distribution to common stockholders, but only after all our prior obligations are paid.

Certain Charter, By-Law and Statutory Provisions

Provisions of the Louisiana Business Corporation Act, as amended (the “LBCA”), and our articles and bylaws could make it more difficult to acquire us. These provisions, summarized below, may discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of the board of directors’ ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Special Meetings of Stockholders. Under the LBCA and our bylaws, our secretary must call a special meeting of shareholders upon the demand of shareholders only if shareholders holding at least ten percent of all the votes entitled to be cast demand the special meeting.

Stockholder Action by Written Consent. In general, action on a matter (other than the election of directors) by our shareholders is approved if more votes are cast in favor of the action than votes cast against it at a meeting at which a quorum is present. Directors are elected if they receive a plurality of the votes cast at a meeting at which a quorum is present. Under the LBCA, our shareholders may act by written consent instead of a meeting, but only if the consent is signed by all the shareholders entitled to vote. For public companies, the effect of this is to eliminate shareholder action by written consent, because it would be impracticable to obtain the consent of every shareholder.

Power to Set Size of Board and Fill Vacancies. Our bylaws provide that our board of directors fixes the number of directors on the board of directors, which shall not be not less than five nor more than fifteen. Any vacancies on our board of directors, including vacancies resulting from an increase in the authorized number of directors, may be filled for an unexpired term by a majority of the directors remaining in office, whether or not less than a quorum.

No Cumulative Voting. The LBCA provides that shareholders will not have the right to cumulate votes in the election of directors unless the corporation's articles provide otherwise. Our articles do not provide for cumulative voting.

Advance Notice Requirements for Director Nominations and Shareholder Proposals. Our by-laws provide that our shareholders may nominate candidates for election as directors and may propose matters to be voted on at annual or special meetings of shareholders. However, the shareholder making a nomination or proposal must deliver a timely notice to us and comply with specified notice procedures contained in our bylaws. Generally, the bylaws require that shareholders give notice of nominations or proposals no earlier than 120 days nor later than 90 days before the anniversary of the last annual meeting (or in the case of a special meeting, no earlier than 120 days nor later than 90 days before the date of the special meeting).

Additionally, the bylaws require that candidates nominated by shareholders for election as director disclose their qualifications and make certain representations and agreements, including that (a) they are not and will not become a party to any undisclosed voting commitment, any voting commitment that could interfere with their ability to fulfill their fiduciary duties as a director of CKX Lands, Inc., should they be elected, or any undisclosed agreement pursuant to which they would receive compensation, reimbursement or indemnification in connection with their service as a director of CKX Lands, Inc., and (b) they will comply, should they be elected, with our corporate governance guidelines and conflict of interest, business conduct, confidentiality and stock ownership and trading policies.

Amendment of Bylaws. Our board of directors may amend or repeal our bylaws or adopt new bylaws by a majority vote. However, changes to the bylaws concerning the following matters require the vote of two-thirds of the directors then in office:

- the filling of director vacancies;
- the removal of directors;
- super majority voting requirements; and
- classes of stock including preferences, limitations and relative rights.

Shareholders may amend or repeal by-laws or adopt new by-laws by a majority of the votes cast.

Limitations on Liability, Indemnification of Directors and Officers, and Insurance

Elimination of Liability of Directors and Officers. The LBCA provides that unless a corporation's articles of incorporation limit or reject this protection, no director or officer is liable to the corporation or its shareholders for money damages for any action taken, or failure to take action, as a director or officer, except for:

- a breach of the director's or officer's duty of loyalty to the corporation or its shareholders;
- an intentional infliction of harm on the corporation or its shareholders;
- liability for unlawful distributions; and
- an intentional violation of criminal law.

Under the LBCA, our articles are considered not to limit this protection. Further, our articles provide that the liability of our directors and officers is limited or eliminated to the full extent permitted by the business corporation law of Louisiana as it is amended from time to time.

While the LBCA and our articles provide directors and officers with protection, also known as "exculpation," from awards for monetary damages for breaches of their duty of care, they do not eliminate this duty. Accordingly, our articles and the exculpation provisions of the LBCA will have no effect on the availability of equitable remedies such as an injunction based on a director's breach of his or her duty of care.

Indemnification of Directors, Officers, and Employees. Our articles and bylaws require us to indemnify and advance expenses to our directors and officers to the fullest extent permitted by law (as currently in effect or later amended) for liabilities to any person for any action taken, or any failure to take action, as a director or officer, except in actions brought directly by the corporation.

The LBCA requires us to indemnify directors and officers who are wholly successful in the defense of any proceeding they were a party to because they were our directors or officers. Further, the LBCA permits us to indemnify our directors and officers if they:

- conducted themselves in good faith;
- reasonably believed that their conduct was in the best interests of the corporation, or in the case of conduct not in an official capacity, reasonably believed their conduct was not opposed to the best interests of the corporation; and
- in a criminal proceeding, had no reasonable cause to believe their conduct was unlawful.

In addition, our articles and the LBCA may require us to provide even broader indemnification to our directors and officers, covering all liabilities other than those that the retained by the LBCA's exculpation provisions, which are listed above under "*Elimination of Liability of Directors and Officers*."

The LBCA authorizes us to purchase and maintain insurance to protect our directors and officers against liabilities, whether or not the individual could be protected against those liabilities under the LCBA's exculpation provisions or our articles, and whether or not we would have the power to indemnify or advance expenses to the individual against those liabilities.

The limitation of liability and indemnification provisions in the LBCA, our articles, and our bylaws may discourage shareholders from bringing a lawsuit against our directors and officers for breach of fiduciary duty. These provisions also may reduce the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit us and our shareholders. In addition, we may be required to pay the costs of settlement and damage awards under these indemnification provisions.

Exclusive Forum

Our bylaws provide that unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers or other employees to us or our shareholders;
- any action asserting a claim against us or any director or officer or other employee arising pursuant to any provision of the LBCA or our articles or bylaws; or
- any action asserting a claim against us or any director or officer or other employee governed by the internal affairs doctrine

shall be a state court of proper jurisdiction located within Calcasieu Parish, Louisiana. However, if no such state court has jurisdiction, then a federal district court located in the City of Lake Charles, Louisiana shall be the sole and exclusive forum. If neither such state or federal court has jurisdiction, then any state or federal court of proper jurisdiction located in the State of Louisiana shall be the sole and exclusive forum.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock will be available for future issuance without shareholder approval. The existence of authorized but unissued shares of common stock could render more difficult or discourage an attempt to obtain control of CKX Lands, Inc. by means of a proxy contest, tender offer, merger or otherwise.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Investor Services.

Listing

Our common stock is listed on the NYSE American under the symbol “CKX”.

Exhibit 31

CERTIFICATION OF CHIEF EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Lee W. Boyer, certify that:

1. I have reviewed this annual report on Form 10-K of CKX Lands, Inc. (the "registrant");

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 13, 2020

/s/Lee W. Boyer
Lee W. Boyer
President and Treasurer
(Principal executive and financial officer)

Exhibit 32

Certification Pursuant to 18 U.S.C. Sec. 1350
(Section 906 of the Sarbanes – Oxley Act of 2002)

In connection with the filing by CKX Lands, Inc. (the "Company") of the Annual Report on Form 10-K for the year ending December 31, 2019 (the "Report"), the undersigned hereby certifies, to the best of my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 13, 2020

/s/Lee W. Boyer
Lee W. Boyer
President and Treasurer
(Principal executive and financial officer)