

HEARTLAND, INC.
Form 10QSB
November 19, 2007

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

FORM 10-QSB

**QUARTERLY REPORT
UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR QUARTER ENDED SEPTEMBER 30, 2007

HEARTLAND, INC.

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

Maryland

000-27045

36-4286069

(State or other jurisdiction
of incorporation or organization))

(Commission File Number)

(I.R.S. Employer Identification Number)

124 Brooklyn Street
Cumberland Gap, Tennessee 37724
(Address of principal executive offices) (Zip Code)

P.O. Box 4320
Harrogate, Tennessee 37752
(Mailing Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (423) 869-7255

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Number of shares of the registrant's common stock outstanding as of November 16, 2007 was: 36,237,105

Transitional small business disclosure format (Check one) YES NO

HEARTLAND, INC.

**FORM 10-QSB
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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HEARTLAND, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 2007 (UNAUDITED)

ASSETS

CURRENT ASSETS

Cash	\$ 263,363
Accounts receivable, net of allowance for doubtful accounts of \$197,525	3,876,648
Cost and estimated earnings in excess of billings on uncompleted contracts	211,872
Inventory	1,104,485
Prepaid expenses and other	1,620
Total current assets	5,457,988

PROPERTY, PLANT AND EQUIPMENT, net 894,815

OTHER ASSETS 23,465

Total assets \$ 6,376,268

The accompanying notes are an integral part of the unaudited consolidated financial statements.

HEARTLAND, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEET****SEPTEMBER 30, 2007 (UNAUDITED)****LIABILITIES AND STOCKHOLDERS' EQUITY****CURRENT LIABILITIES**

Accounts payable	\$ 1,931,500
Convertible promissory notes payable	53,450
Current portion of notes payable	41,203
Current portion of notes payable to related parties	88,835
Obligations to related parties	12,008
Accrued payroll and related taxes	528,694
Accrued interest	122,306
Accrued expenses	266,547
Billings in excess of costs and estimated earnings on uncompleted contracts	1,035,995
Total current liabilities	4,080,538

LONG-TERM OBLIGATIONS

Notes payable, less current portion	396,687
Notes payable to related parties, less current portion	421,579
Total long term liabilities	818,266

STOCKHOLDERS' EQUITY

Preferred stock \$0.001 par value 5,000,000 shares Authorized 2,330,000 shares issued and outstanding	2,330
Additional paid-in capital – preferred stock	703,607
Common stock, \$0.001 par value 100,000,000 shares authorized; 36,237,105 shares issued and outstanding	36,237
Additional paid-in capital – common stock	16,058,914
Accumulated deficit	(14,923,785)
Deferred compensation	(399,839)
Total stockholders' equity	1,477,464
Total Liabilities and Stockholders' Equity	\$ 6,376,268

The accompanying notes are an integral part of the unaudited consolidated financial statements

HEARTLAND, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
REVENUE - SALES	\$ 3,168,965	\$ 2,619,088	\$ 9,656,306	\$ 7,671,149
COSTS AND EXPENSES				
Cost of goods sold	2,920,674	2,276,285	8,613,137	6,387,341
Selling, general and administrative expenses	288,173	2,013,543	1,946,307	2,962,819
Depreciation and amortization	15,256	14,425	52,026	41,802
Total costs and expenses	3,224,103	4,304,253	10,611,470	9,391,962
NET OPERATING LOSS	(55,138)	(1,685,165)	(955,164)	(1,720,813)
OTHER INCOME (EXPENSE)				
Other income	6,652	25,248	23,735	90,309
Loss on disposal of property, plant and equipment	--	--	(19,432)	--
Interest expense	(12,587)	(2,864)	(104,583)	(196,834)
Total other income (expense)	(5,935)	22,384	(100,280)	(106,525)
LOSS FROM CONTINUING OPERATIONS				
BEFORE INCOME TAXES	(61,073)	(1,662,781)	(1,055,444)	(1,827,338)
FEDERAL AND STATE INCOME TAX	--	--	--	--
LOSS FROM CONTINUING OPERATIONS	(61,073)	(1,662,781)	(1,055,444)	(1,827,338)
DISCONTINUED OPERATIONS:				
Income (loss) from discontinued operations (net of income tax expenses of \$0)	--	9,363	82,196	(35,019)
Gain on disposal of discontinued operations (net of income tax expenses of \$0)	131,525	--	131,525	4,004,060
Loss from discontinued operations of VIEs (net of income tax expenses of \$0)	--	--	--	(12,692)
Gain on disposal of discontinued operations of VIEs (net of income tax expenses of \$0)	--	--	--	2,894,737
Income from discontinued operations	131,525	9,363	213,721	6,851,086
NET INCOME (LOSS)	\$ 70,452	\$ (1,653,418)	\$ (841,723)	\$ 5,023,748
LESS: Preferred dividends	(14,934)	--	(161,752)	--
Net income (loss) available to common stockholders	\$ 55,518	\$ (1,653,418)	\$ (1,003,475)	\$ 5,023,748

The accompanying notes are an integral part of the unaudited consolidated financial statements

HEARTLAND, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) (CONTINUED)**

	2007	2006	2007	2006
EARNINGS (LOSS) PER COMMON SHARE				
Continuing operations				
Basic and diluted	\$ --	\$ (.06)	\$ (.04)	\$ (.07)
Discontinued operations				
Basis	\$ --	\$ --	\$.01	\$.27
Net income (loss)				
Basic and diluted	\$ --	\$ (.06)	\$ (.03)	\$.20
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic and diluted	36,237,105	25,990,530	34,842,160	25,110,513

The accompanying notes are an integral part of the unaudited consolidated financial statements

HEARTLAND, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Nine months ended September 30,	
	2007	2006
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Continuing operations:		
Loss from continuing operations	\$ (1,055,444)	\$ (1,827,338)
Adjustments to reconcile net loss to cash flows used in operating activities		
Stock issued for services and settlement	614,790	2,091,790
Preferred stock issued for services rendered	30,000	--
Net loss on disposal of property, plant and equipment	19,432	--
Depreciation and amortization	52,026	39,693
Stock -based compensation	21,044	--
Changes in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(973,797)	(466,269)
Costs and estimated earnings in excess of billings on uncompleted contract	341,705	22,351
Inventory	(246,294)	(186,940)
Prepaid expenses and other	(620)	(126,975)
Other assets	(19,316)	16,876
Increase (decrease) in:		
Accounts payable	(61,478)	132,987
Obligations to related parties	12,008	--
Accrued payroll taxes	(229,379)	(241,323)
Accrued interest	(266,472)	63,439
Accrued expenses	97,645	(88,406)
Billings in excess of costs and estimated earnings on uncompleted contract	782,498	155,517
Cash used in continuing operations	(881,652)	(414,598)
Discontinued operations:		
Income from discontinued operations	213,721	6,851,086
Decrease in net assets (liabilities) of entities discontinued	123,779	(519,856)
Gain on rescission of acquisitions	--	(6,335,000)
Cash provided by (used in) discontinued operations	337,500	(3,770)
NET CASH USED IN OPERATING ACTIVITIES	(544,152)	(418,368)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(46,618)	(8,562)
NET CASH USED IN INVESTING ACTIVITIES	(46,618)	(8,562)

The accompanying notes are an integral part of the unaudited consolidated financial statements

HEARTLAND, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)**

	Nine months ended September 30,	
	2007	2006
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(30,082)	(31,712)
Proceeds from notes payable	--	77,643
Payments on notes payable to related parties	(52,494)	--
Proceeds from issuance of convertible promissory notes	--	165,850
Payments on convertible promissory notes payable	(10,000)	--
Proceeds from issuance of common stock	145,000	243,283
Proceeds from issuance of preferred stock	552,500	--
NET CASH PROVIDED BY FINANCING ACTIVITIES	604,924	455,064
INCREASE IN CASH	14,154	28,134
CASH, BEGINNING OF PERIOD	249,209	87,460
CASH, END OF PERIOD	\$ 263,363	\$ 115,594
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 33,554	\$ 196,835
NON CASH INVESTING AND FINANCING ACTIVITIES		
Issuance of common stock for services and settlements	\$ 614,790	\$ 2,091,790
Issuance of preferred stock for services	\$ 30,000	\$ --
Issuance of common stock in payment of convertible promissory notes payable and accrued interest	\$ --	\$ 1,196,844
Issuance of common stock for payment of obligations to related parties	\$ 50,000	\$ --
Preferred stock dividend from imbedded beneficial conversion feature	\$ 123,437	\$ --
Issuance of common stock and options for executive compensation	\$ 420,883	\$ --

The accompanying notes are an integral part of the unaudited consolidated financial statements.

HEARTLAND, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE BASIS OF PRESENTATION

A

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Regulation S-B promulgated by the Securities and Exchange Commission and do not include all of the information and footnotes required by generally accepted accounting principles in the United States for complete financial statements. In the opinion of management, these interim unaudited condensed consolidated financial statements include all adjustments, which include only normal recurring adjustments, necessary in order to make the financial statements not misleading. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company and management's discussion and analysis of financial condition and results of operations included in the Company's Annual Report for the year ended December 31, 2006 as filed with the Securities and Exchange Commission on Form 10-KSB.

NOTE ACCOUNTING POLICIES

B

The accounting policies followed by the Company are set forth in Note B to the Company's audited consolidated financials statements in the Company's Annual Report for the year ended December 31, 2006 as filed with the Securities and Exchange Commission on Form 10-KSB.

Reclassifications

Certain prior period amounts were reclassified to conform to the current period's presentation.

NOTE GOING CONCERN

C

As reflected in the accompanying unaudited condensed consolidated financial statements, the Company has an accumulated deficit of \$14,923,785. The Company's auditors, in their opinion on the Company's annual financial statements for 2006 dated April 16, 2007, included a "going concern" qualification related to substantial doubt about the Company's ability to continue as a going concern.

HEARTLAND, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE STOCKHOLDERS EQUITY

D

Preferred Stock

In June 11, 2004, the Board of Directors approved the authorization of 5,000,000 shares of Series A Convertible Preferred Stock - par value \$0.001. As of September 30, 2007, the Company has 2,330,000 shares of Series A Convertible Preferred Stock issued and outstanding. The preferred stock has a face value of \$0.25 per share and the basis of conversion is one share of the Company's common stock for each share of preferred stock. The preferred stock has liquidation priority rights over all other stockholders. The preferred shares can be converted at any time at the option of the stockholder, but will convert automatically at the end of three years into the Company's common stock.

The preferred shares carry a 10% annual stock dividend for the three years they are outstanding prior to conversion. The Preferred dividend in arrears for the three and nine months ended September 30, 2007 was \$14,935 and \$38,315, respectively.

The preferred shares include a Series A and Series B common stock purchase warrant. The Series A warrant allows the holder to purchase 20% of the number of preferred shares purchased at \$0.75 per share; the Series B warrant allows the holder to purchase 20% of the number of preferred shares purchased at \$1.00 per share. Both series of warrants are exercisable over a three year period. The Company can call in the warrants after 12 months if the price of the common stock in the market is 150% of the warrant price for 10 consecutive days (i.e. \$1.13 for the A warrant and \$1.50 for the B warrant).

During the quarter ended March 31, 2007, the Company sold 610,000 shares of Series A Convertible Preferred Stock ("Series A Preferred") and received proceeds of \$152,500.

During the quarter ended June 30, 2007, the Company sold 1,600,000 shares of Series A Preferred and received proceeds of \$400,000 [40,000 shares of Series A Preferred and proceeds of \$10,000 were reclassified as 40,000 shares of common stock for misclassification during second quarter ended June 30, 2007]. In addition, 120,000 shares of Series A Preferred were issued for services valued at \$30,000.

There were no shares of preferred stock issued during the quarter ended September 30, 2007.

HEARTLAND, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE STOCKHOLDERS EQUITY (Continued)

D

Preferred Stock (Continued)

Included with the Series A Preferred were 466,000 Series A warrants and 466,000 Series B warrants. The Series A and Series B warrants were valued at \$104,732 using the Black-Scholes option-pricing model and such amount is included in Additional Paid in Capital – Preferred Stock. The assumptions used were as follows:

Expected Life	3 years
Expected Volatility	109.80% - 111.84%
Risk Free Interest Rate	2.5%
Expected Dividends	--

At September 30, 2007, there were 466,000 Series A warrants and 466,000 Series B warrants outstanding.

In accordance with EMERGING ISSUES TASK FORCE ISSUE 98-5, ACCOUNTING FOR CONVERTIBLE SECURITIES WITH A BENEFICIAL CONVERSION FEATURES OR CONTINGENTLY ADJUSTABLE CONVERSION RATIOS (“EITF 98-5), the Company recognized an imbedded beneficial conversion feature present in the Series A Convertible Preferred Stock. The Company allocated a portion of the proceeds equal to the intrinsic value of that feature to additional paid in capital. The Company recognized and measured an aggregate of \$123,437 of the proceeds, which is equal to the intrinsic value of the imbedded beneficial conversion feature, to additional paid-in capital and as a dividend to the holders of the Series A Convertible Preferred Stock issued during the nine months ended September 30, 2007.

Common Stock

The Company has authorized 100,000,000 shares of common stock with a par value of \$.001 per share. As of September 30, 2007, the Company had 36,237,105 shares of common stock issued and outstanding.

During the quarter ended March 31, 2007, the Company’s common stock transactions were as follows:

Issued 1,182,000 common shares for services valued at \$411,570, including 650,000 shares valued at \$211,250 issued to members of the Board of Directors.

HEARTLAND, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE STOCKHOLDERS EQUITY (Continued)

D

Common Stock (Continued)

Issued 635,000 common shares for cash of \$115,000, including 210,000 shares issued for cash previously received.

Issued 77,000 shares of common stock for the settlement of amounts owed of \$27,720.

Issued 400,000 common shares for \$20,000 in cash, \$50,000 in loan repayments and \$60,000 of services.

During the quarter ended June 30, 2007, the Company's common stock transactions were as follows:

Issued 600,000 common shares for services valued at \$115,500.

Issued 40,000 common shares for \$10,000 [reclassified see Preferred].

Per Executive Employee Agreement (see Note G):

Issued 1,000,000 common shares valued at \$180,000.

Granted five year employee non-statutory stock options to purchase 1,822,504 shares of common stock at an exercise price of \$.33 per share. The options were valued at \$240,883 using the Black-Scholes option-pricing model and such amount is included in Additional Paid-in Capital. The assumptions used were as follows

Expected Life	5 years
Expected Volatility	111.84%
Risk Free Interest Rate	2.5%
Expected Dividends	--

There were no shares of common stock issued during the quarter ended September 30, 2007.

NOTE INVENTORY

E

Inventory consists of the following at September 30, 2007:

Raw material	\$1,094,971	
Work in process - manufacturing	<u>9,514</u>	
		<u>\$1,104,485</u>

HEARTLAND, INC. AND SUBSIDIARIES**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****NOTE F****DISCONTINUED OPERATIONS**

In November 2007, in connection with the Company's default under the terms of the acquisition note owed to the former owner of Karkela Construction, Inc. and the former owner's intention to foreclose on the related security interest, the Company elected to discontinue efforts with respect to Karkela and forfeit the security interest pledged, the assets of Karkela including 100% of the equity interest of Karkela. As a result, effective July 1, 2007, Karkela's operations, which comprised the construction and property management segment, have been discontinued and Karkela is no longer a subsidiary of the Company. As a result, the steel fabrication business comprises the operations of the company and no segment information is presented.

On June 21, 2006, the Company agreed to accept rescissions of the December 2004 acquisition agreement from Evans Columbus, LLC effective March 31, 2006 and from Monarch Homes, Inc. effective June 1, 2006. Additionally, in the second quarter of 2006, the Company concluded that it was no longer the primary beneficiary of the three entities previously reported as VIE's, Mundus, Wyncrest and PAR. Evans business was manufacturing and Monarch was included in the construction and property management segment.

Cash of \$392,399 is attributable to the discontinued entities as of December 31, 2006. Revenues, pre tax profit (loss) and net assets (liabilities) on the discontinued entities are as follows

Nine months ended**September 30, 2007****Karkela**

Revenue	\$4,388,948
Income before income taxes	\$ 82,196
Net assets (liabilities)	\$ --

Three months ended**September 30, 2007****Karkela**

Revenue	\$ --
Income before income taxes	\$ --
Net assets (liabilities)	\$ --

HEARTLAND, INC. AND SUBSIDIARIES**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****NOTE F****DISCONTINUED OPERATIONS (Continued)****Nine months ended****September 30, 2006**

<u>Wyncrest</u>	<u>Mundus</u>	<u>Karkela</u>	<u>Evans</u>	<u>Monarch</u>	<u>PAR</u>
Revenue		\$6,053,003	\$2,416,738	\$1,844,709	\$
-- \$ --	\$ --				
Income (loss) before income taxes		\$ (35,811)	\$ 792	\$ --	
\$ (12,692) \$ --	\$ --	\$ --			
Net assets (liabilities)		\$ 89,366	\$ --	\$ --	\$
-- \$ --	\$ --				

Three months ended**September 2006**

<u>Wyncrest</u>	<u>Mundus</u>	<u>Karkela</u>	<u>Evans</u>	<u>Monarch</u>	<u>PAR</u>
Revenue		\$2,299,793	\$ --	\$ --	\$
-- \$ --	\$ --				
Loss before income taxes		\$ (11,176)	\$ --	\$ --	\$
-- \$ --	\$ --	\$ --			
Net assets (liabilities)		\$ 89,366	\$ --	\$ --	\$
-- \$ --	\$ --				

NOTE G**EMPLOYEMENT AGREEMENT**

Effective June 27, 2007, the Company entered into an employment agreement with its new chief executive officer. The Agreement has a five year term with an annual base salary of \$120,000. Additional terms include the issuance of 1,000,000 shares of common stock and five year non-statutory stock options to purchase 1,823,504 shares of common stock at an exercise price of \$.33 per share to executive.

The fair value of the common stock (\$180,000) and employee non-statutory and stock option (\$240,833) have been recorded as deferred compensation and will be expensed over the five year term of the agreement. Expense for the three and nine months ended September 30, 2007 was \$21,044.

The options were valued using the Black-Scholes option-pricing model and such amount is included in Additional Paid-in Capital. The assumptions used were as follows:

Expected Life	5 years
Expected Volatility	111.84%
Risk Free Interest Rate	2.5%

Expected Dividends

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HEARTLAND, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE H

LETTER OF INTENT

On September 28, 2007, the Company entered into a letter of intent with Harris Oil Co, Inc. (“Harris”) and DHS Development, LLC (“DHS”) (collectively “the sellers”) to purchase certain assets of the sellers on or before December 31, 2007, unless extended. The purchase price of \$4,100,000 is for the following assets:

- All equipment, supply contracts and other assets of Harris;
- Three convenience store sites of DHS located in Cookeville, TN, Hartsville, TN and Sparta, TN;
 - 30 year supply contracts on remaining DHS locations with a right of first refusal for purchase;
- 10 year purchase option on remaining DHS locations if no bona fide third party offer has been received at an agreed upon appraised value;
- The letter of intent calls for the completion of definitive documentation, completion of due diligence, and the completion of a US GAAP audit of the sellers’ companies prior to December 31, 2007.

NOTE I

SUBSEQUENT EVENTS

In October 2007, the Board of Directors approved the issuance of 250,000 shares of common stock valued at \$60,000 to a relative of an executive for services rendered.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995:

This Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2007 contains "forward-looking" statements within the meaning of the Federal securities laws. These forward-looking statements include, among others, statements concerning the Company's expectations regarding sales trends, gross and net operating margin trends, political and economic matters, the availability of equity capital to fund the Company's capital requirements, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2007 are subject to risks and uncertainties that could cause actual results to differ materially from those results expressed in or implied by the statements contained herein.

The interim condensed consolidated financial statements have been prepared by Heartland, Inc. and in the opinion of management, reflect all material adjustments which are necessary to a fair statement of results for the interim periods presented, including normal recurring adjustments. Certain information and footnote disclosures made in the most recent annual financial statements included in the Company's Form 10-KSB for the year ended December 31, 2006, have been condensed or omitted for the interim statements. It is the Company's opinion that, when the interim statements are read in conjunction with the December 31, 2006 financial statements, the disclosures are adequate to make the information presented not misleading. The results of operations for the three and nine months ended September 30, 2007 are not necessarily indicative of the operating results for the full fiscal year.

(A) THE COMPANY

Heartland, Inc. (the "Company") was incorporated in the State of Maryland on April 6, 1999 as Origin Investment Group, Inc. ("Origin"). On December 27, 2001, the Company went through a reverse merger with International Wireless, Inc. Thereafter on January 2, 2002, the Company changed its name from Origin to International Wireless, Inc. On November 15, 2003, the Company went through a reverse merger with PMI Wireless, Inc. Thereafter in May 2004, the Company changed its name from International Wireless, Inc. to our current name, Heartland, Inc.

The Company was originally formed as a non-diversified closed-end management investment company, as those terms are used in the Investment Company Act of 1940 ("1940 Act"). The Company at that time elected to be regulated as a business development company under the 1940 Act. In December 7, 2001, the Company's shareholders voted on withdrawing the Company from being regulated as a business development company and thereby no longer be subject to the 1940 Act.

Unless the context indicates otherwise, the terms "Company," "Corporate," "Heartland," and "we" refer to Heartland, Inc. and its subsidiaries. Our executive offices are located at 124 Brooklyn Street, Cumberland Gap, Tennessee 37724, telephone number (423) 869-7255. Our Internet address is www.heartlandholdingsinc.com for the corporate information. Additionally, our wholly-owned subsidiary, Mound Technologies, maintains the following web site - www.moundtechnologies.com. The information contained on our web site(s) or connected to our web site is not incorporated by reference into this report and should not be considered part of this report.

Historically, we classified our operations into two reportable segments: steel fabrication and construction. A third segment called "other" consists of corporate functions. In November 2007, in connection with the Company's default under the terms of the acquisition note owed to the former owner of Karkela Construction, Inc. and the former owner's intention to foreclose on the related security interest, the Company elected to discontinue efforts with respect to Karkela and forfeit the security interest pledged including 100% of the equity interest of Karkela. As a result, effective July 1, 2007, Karkela's operations, which comprised the construction and property management segment,

have been discontinued and Karkela is no longer a subsidiary of the Company.

We emphasize quality and innovation in our services, products, manufacturing, and marketing. We strive to provide well-built, dependable products supported by our service network. We have committed funding for engineering and research in order to improve existing products and develop new products. Through these efforts, we seek to be responsive to trends that may affect our target markets now and in the future.

(B) BUSINESS DEVELOPMENT

On December 10, 2003, the Company entered into an Acquisition Agreement to acquire 100% of Mound Technologies, Inc. ("Mound"), a Nevada corporation with its corporate headquarters located in Springboro, Ohio. The acquisition was a stock for stock exchange in which the Company acquired all of the issued and outstanding common stock of Mound in exchange for 1,256,000 newly issued shares of its common stock. As a result of this transaction, Mound became a wholly owned subsidiary of the Company. In May 2004, the Company changed its name from International Wireless, Inc. to our current name, Heartland, Inc.

On December 27, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Monarch Homes, Inc. ("Monarch"), a Minnesota corporation with its corporate headquarters located in Ramsey, MN for \$5,000,000. The acquisition price was made up of:

- * \$100,000 at closing,
 - * a promissory note of \$1,900,000 payable on or before February 15, 2005 which, if not paid by that date, interest shall be due from then to actual payment at 8%, simple interest, compounded annually, and
 - * six hundred sixty-seven thousand (667,000) restricted newly issued shares of the Company's common stock provided at closing.

On June 21, 2006, the Company agreed to accept rescissions of the December, 2004 acquisition agreements from Monarch effective June 1, 2006.

On December 30, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Evans Columbus, LLS (“Evans”), an Ohio corporation with its corporate headquarters located in Blacklick, OH for \$3,005,000. The acquisition price was paid as follows:

- * \$5,000 at closing, and
- * 600,000 restricted newly issued shares of the Company’s common stock provided at closing.

In the event the common stock of the Company was not trading at a minimum of \$5.00 as of December 30, 2005, the Company was required to compensate the original Evans shareholders for the difference in additional stock. The Company has since rescinded this agreement and no longer owns Evans. On June 21, 2006, the Company agreed to accept rescissions of the December, 2004 acquisition agreements from Evans effective March 31, 2006.

On December 31, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Karkela Construction, Inc., a Minnesota corporation with its corporate headquarters located in St. Louis Park, MN for \$3,000,000. The acquisition price consisted of the following:

- * \$100,000 at closing,
- * a short term promissory note payable of \$50,000 on or before January 31, 2005,
- * a promissory note of \$1,305,000 payable on or before March 31, 2005 which, if not paid by that date, interest is due from December 31, 2004 to actual payment at 8%, simple interest, compounded annually and
 - * 500,000 restricted newly issued shares of the Company’s common stock provided at closing.

In the event the common stock of the Company was not trading at a minimum of \$4.00 as of December 31, 2005, the Company was required to compensate the original Karkela shareholders for the difference in additional stock. As a result of the aforementioned, the Company issued the former Karkela shareholders 262,500 shares of common stock on March 20, 2006. In November 2007, in connection with the Company’s default under the terms of the acquisition note owed to the former owner of Karkela Construction, Inc. and the former owner’s intention to foreclose on the related security interest, the Company elected to discontinue efforts with respect to Karkela and forfeit the security interest pledged including 100% of the equity interest of Karkela. As a result, effective July 1, 2007, Karkela’s operations, which comprised the construction and property management segment, have been discontinued and Karkela is no longer a subsidiary of the Company.

On September 28, 2007, the Company entered into a Letter of Intent (the “LOI”) with Harris Oil Co. Inc. (“Harris”) and DHS Development, LLC (“DHS” and collectively with Harris, the “Harris Sellers”) pursuant to which the Harris Sellers agreed to sell and the Company agreed to purchase certain assets of the Sellers on or prior to December 31, 2007 unless extended. The assets to be purchased include the following:

- all equipment, supply contracts and other assets of Harris;
- three convenience store sites of DHS located in Cookeville, TN, Hartsville, TN and Sparta, TN;
- 30 year supply contracts on remaining DHS locations with a right of first refusal for purchase; and
- 10 year purchase option on remaining DHS locations if no bona fid third party offer has been received at an agreed upon appraised value.

The purchase price for the above assets is \$4,100,000. Harris Sellers have agreed to refrain for a period 180 days from the signing of the LOI from soliciting, initiating, encouraging, or accepting any proposal relating to the liquidation, purchase or sale of the Harris Seller’s stock or assets or from participating in any negotiations or discussions relating to these matters. Except for the exclusivity and choice of law provisions, this LOI is non-binding.

The LOI calls for the completion of definitive documentation, completion of due diligence and the completion of a U.S. GAAP audit (to be paid for by the Company) of the assets prior to December 31, 2007. Final closing is subject to approval of the final definitive agreements by the Boards of Directors of the Company. There is no guarantee that the parties will reach a final agreement, that the Company will be able to successfully complete the audit of the assets or that the transaction will close on the terms set forth as agreed in the LOI.

(C) BUSINESS

Our mission is to become a leading diversified company with business interests in well established industries. We plan to successfully grow our revenues by acquiring companies with historically profitable results, strong balance sheets, high profit margins, and solid management teams in place. By providing access to financial markets, expanded marketing opportunities and operating expense efficiencies, we hope to become the facilitator for future growth and higher long-term profits. In the process, we hope to develop new synergies among the acquired companies, which should allow for greater cost effectiveness and efficiencies, thus further enhancing each individual company's strengths. To date, we have completed acquisitions in the steel fabrication, residential and commercial construction, and steel drum manufacturing industries. Additionally, we have identified acquisition opportunities in gasoline distribution, lumber manufacturing, and equipment distribution.

We are headquartered in Cumberland Gap, TN and currently trade on the OTC Bulletin Board under the symbol HTLJ. Including the senior management team, we currently employ 101 people.

Currently, we operate two one subsidiary, Mound Technologies, Inc. of Springboro, OH acquired in December 2003, which is engaged in steel fabrication.

STEEL FABRICATION

Mound Technologies, Inc. ("Mound") was incorporated in the state of Nevada in November of 2002, with its corporate offices located in Springboro, Ohio. This business includes a Steel Fabrication ("Steel Fabrication"), a Property Management Division ("Property Management") and a wholly owned subsidiary, Freedom Products of Ohio ("Freedom").

The Steel Fabrication Division and Property Management Division are both located in Springboro, Ohio. The Steel Fabrication Division is a full service structural and miscellaneous steel fabricator. It also manufactures steel stairs and railings, both industrial and architectural quality. The present capacity of the facility is approximately 6,000 tons per year of structural and miscellaneous steel. This division had been previously known as Mound Steel Corporation, which was started at the same location in 1964.

The Steel Fabrication Division is focused on the fabrication of metal products. This Division produces structural steel, miscellaneous metals, steel stairs, railings, bar joists, metal decks and the erection thereof. This Division produced gross sales of approximately \$7.4 million in 2004. In the steel products segment, steel joists and joist girders, and steel deck are sold to general contractors and fabricators throughout the United States. Substantially all work is to order and no unsold inventories of finished products are maintained. All sales contracts are firm fixed-price contracts and are normally competitively bid against other suppliers. Cold finished steel and steel fasteners are manufactured in standard sizes and inventories are maintained.

This division's customers are typically U.S. based companies that require large structural steel fabrication, with needs such as building additions, new non-residential construction, etc. Customers are typically located within a one-day drive from the Company's facilities. The Company is able to reach 70% of the U.S. population, yielding a significant potential customer base. Marketing of the Division's products is done by advertising in industry directories, word-of-mouth from existing customers, and by the dedicated efforts of in-house sales staff monitoring business developments opportunities within the Company's region. Large clients typically work with the Company on a continual basis for all their fabricated metal needs.

Competition overall in the U.S. steel fabrication industry has been reduced by approximately 50% over the last few years due to economic conditions leading to the lack of sustained work. The number of regional competitors has gone down from ten (10) to three (3) over the past five years. Larger substantial work projects have declined dramatically with the downturn in the economy. Given the geographical operating territory of the Company, foreign competition is not a major factor. In addition to competition, steel pricing represents another significant challenge. The cost of steel, our highest input cost, has seen significant increases in recent years. The Company will manage this challenge by stockpiling the most common steel component products and incorporating price increases in job pricing as deemed appropriate.

Competition and Other Factors

We are subject to a wide variety of federal, state, and international environmental laws, rules, and regulations. These laws, rules, and regulations may affect the way we conduct our operations, and failure to comply with these regulations could lead to fines and other penalties.

Competition within the steel industry, both in the United States and globally, is intense and expected to remain so. Mound competes with large U.S. competitors such as United States Steel Corporation, Nucor Corporation, AK Steel Holding Corporation, Ispat Inland Inc. and IPSCO Inc along with a number of local suppliers. The steel market in the United States is also served by a number of non-U.S. sources and U.S. supply is subject to changes in worldwide demand and currency fluctuations, among other factors.

More than 35 U.S. companies in the steel industry have declared bankruptcy since 1997 and have either ceased production or more often continued to operate after being acquired or reorganized. In addition, many non-U.S. steel producers are owned and subsidized by their governments and their decisions with respect to production and sales may be influenced by political and economic policy considerations rather than by prevailing market conditions. The steel industry is highly cyclical in nature and subject to significant fluctuations in demand as a result of macroeconomic changes in global economies, including those resulting from currency volatility. The global steel industry is also generally characterized by overcapacity, which can result in downward pressure on steel prices and gross margins.

Mound competes with other flat-rolled steel producers (both integrated steel mills and mini-mills) and producers of plastics, aluminum, ceramics, carbon fiber, concrete, glass, plastic and wood that can be used in lieu of flat-rolled steels in manufactured products. Mini-mills generally offer a narrower range of products than integrated steel mills but can have some cost advantages as a result of their different production processes.

Price, quality, delivery and service are the primary competitive factors in all markets that Mound serves and vary in relative importance according to the product category and specific customer.

In some areas of our business, we are primarily an assembler, while in others we serve as a fully integrated manufacturer. We have strategically identified specific core manufacturing competencies for vertical integration and have chosen outside vendors to provide other products and services. We design component parts in cooperation with our vendors, contract with them for the development of tooling, and then enter into agreements with these vendors to

purchase component parts manufactured using the tooling. Operations are also designed to be flexible enough to accommodate product design changes required to respond to market demand.

Raw Materials

Mound's business depends on continued access to reliable supplies of various raw materials. Mound believes there will be adequate sources of its principal raw materials to meet its near term needs, although probably at higher prices than in the past.

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UNFAIR TRADE PRACTICES AND TRADE REMEDIES

Under international agreement and U.S. law, remedies are available to domestic industries where imports are “dumped” or “subsidized” and such imports cause material injury to a domestic industry. Dumping involves selling for export a product at a price lower than the same or similar product is sold in the home market of the exporter or where the export prices are lower than a value that typically must be at or above the full cost of production. Subsidies from governments (including, among other things, grants and loans at artificially low interest rates) under certain circumstances are similarly actionable. The remedy available is an antidumping duty order or suspension agreement where injurious dumping is found and a countervailing duty order or suspension agreement where injurious subsidization is found. When dumping or subsidies continue after the issuance of an order, a duty equal to the amount of dumping or subsidization is imposed on the importer of the product. Such orders and suspension agreements do not prevent the importation of product, but rather require either that the product be priced at an un-dumped level or without the benefit of subsidies or that the importer pay the difference between such undumped or unsubsidized price and the actual price to the U.S. government as a duty.

SECTION 201 TARIFFS

On March 20, 2002, in response to an investigation initiated by the office of the President of the United States under Section 201 of the Trade Act of 1974, the President of the United States imposed a remedy to address the serious injury to the domestic steel industry that was found. The remedy was an additional tariff on specific products up to 30% (as low as 9%) in the first year and subject to reductions each year. The remedy provided was potentially for three years and a day, subject to an interim review after 18 months as to continued need. On December 4, 2003 by Proclamation 7741, the President of the United States terminated the import relief provided under this law pursuant to Section 204(b) (1) (A) of the Trade Act of 1974 on the basis that “the effectiveness of the action taken under Section 203 has been impaired by changed economic circumstances” based upon a report from the U.S. International Trade Commission and the advice from the Secretary of Commerce and the Secretary of Labor. Thus, no relief under this law was provided to domestic producers during 2004.

ENVIRONMENTAL MATTERS

Mound’s operations are subject to a broad range of laws and regulations relating to the protection of human health and the environment. Mound expects to expend in the future, substantial amounts to achieve or maintain ongoing compliance with U.S. federal, state, and local laws and regulations, including the Resource Conservation and Recovery Act (RCRA), the Clean Air Act, and the Clean Water Act. These environmental expenditures are not projected to have a material adverse effect on Mound’s financial position or on Mound’s competitive position with respect to other similarly situated U.S. steelmakers subject to the same environmental requirements.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2006.

Revenues for the nine months ended September 30, 2007 were \$9,656,306 compared to \$7,671,149 for the same periods in 2006. Total operating expenses were \$10,611,470 for the nine months ended September 30, 2007 compared to \$9,391,962 for the same period in 2006. The increases in revenue were primarily a result of increased building activity and the increase in operating expenses was primarily the result of increases in cost of goods sold, which was offset by a decrease in selling, general and administrative expenses, which decreased to \$1,946,307 for the nine months ended September 30, 2007 from \$2,962,819 for the same period in 2006. As a result, the loss from continued operations was \$1,055,444 for the nine months ended September 30, 2007, compared to \$1,827,338 for the same period in 2006.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2006.

Revenues for the three months ended September 30, 2007 were \$3,168,965 compared to \$2,619,088 for the same periods in 2006. Total operating expenses were \$3,224,103 for the three months ended September 30, 2007 compared to \$4,304,253 for the same period in 2006. The increases in revenue were primarily a result of increased building activity. The decrease in operating expenses was primarily the result of a decrease in selling, general and administrative expenses, which decreased to \$3,224,103 for the three months ended September 30, 2007 from \$4,304,253 for the same period in 2006. The decrease in selling, general and administrative expenses was offset by a slight increase in costs of good sold. As a result, the loss from continued operations was \$61,073 for the three months ended September 30, 2007, compared to \$1,662,781 for the same period in 2006.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$881,652 for the nine months ended September 30, 2007. This was primarily related to the increases in payment of operating expenses.

Total liabilities at September 30, 2007 was \$4,898,804 and total shareholders' equity was \$1,477,464.

Our businesses are seasonally working capital intensive and require funding for purchases of raw materials used in production, replacement parts inventory, capital expenditures, expansion and upgrading of existing facilities, as well as for financing receivables from customers. Additionally, our auditors, in their opinion on our financial statements for the year ended December 31, 2006 issued a "going concern" qualification to their report dated April 21, 2007. We believe that cash generated from operations, together with our bank credit lines, and cash on hand, will provide us with a majority of our liquidity to meet our operating requirements. We believe that the combination of funds available through future anticipated financing arrangements, as discussed below, coupled with forecasted cash flows, will be sufficient to provide the necessary capital resources for our anticipated working capital, capital expenditures, and debt repayments for at least the next twelve months.

We are seeking to raise additional capital from private investors and institutional money managers in the next few months, but there can be no assurance that we will be successful in doing so. If we are not successful in raising any of this additional capital, our current cash resources may not sufficient to fund our current operations.

We may experience problems, delays, expenses, and difficulties sometimes encountered by an enterprise in our stage of development, many of which are beyond our control. For potential acquisitions, these include, but are not limited to, unanticipated problems relating to the identifying partner(s), obtaining financing, culminating the identified partner due to a number of possibilities (prices, dates, terms, etc). Due to limited experience in operating the combined entities for the Company, we may experience production and marketing problems, incur additional costs and expenses

that may exceed current estimates, and competition.

Our businesses are seasonally working capital intensive and require funding for purchases of raw materials used in production, replacement parts inventory, capital expenditures, expansion and upgrading of existing facilities, as well as for financing receivables from customers. During the nine months ended September 30, 2007, the Company has not engaged in:

- Material off-balance sheet activities, including the use of structured finance or special purpose entities;
 - Trading activities in non-exchange traded contracts; or
 - Transactions with persons or entities that benefit from their non-independent relationship with the Company.

Inflation

We are subject to the effects of inflation and changing prices. As previously mentioned, we experienced rising prices for steel and other commodities during fiscal 2006 and for the first nine months of 2007 that had a negative impact on our gross margins and net earnings. In the remainder of fiscal 2007, we expect average prices of steel and other commodities to be higher than the average prices paid in fiscal 2006 and for the first nine months of 2007. We will attempt to mitigate the impact of these anticipated increases in steel and other commodity prices and other inflationary pressures by actively pursuing internal cost reduction efforts and introducing price increases.

Critical Accounting Policies and Estimates

In preparing our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, we must make decisions that impact the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of the relevant circumstances, historical experience, and actuarial valuations. Actual amounts could differ from those estimated at the time the consolidated financial statements are prepared.

Our significant accounting policies are described in Note B to the Company's audited consolidated financial statements in the Company's Annual Report for the year ended December 31, 2006 as filed with the Securities and Exchange Commission on Form 10-KSB. Some of those significant accounting policies require us to make difficult subjective or complex judgments or estimates. An accounting estimate is considered to be critical if it meets both of the following criteria: (i) the estimate requires assumptions about matters that are highly uncertain at the time the accounting estimate is made, and (ii) different estimates that reasonably could have been used, or changes in the estimate that are reasonably likely to occur from period to period, would have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Accounts Receivable Valuation. We value accounts receivable, net of an allowance for doubtful accounts. Each quarter, we estimate our ability to collect outstanding receivables that provides a basis for an allowance estimate for doubtful accounts. In doing so, we evaluate the age of our receivables, past collection history, current financial conditions of key customers, and economic conditions. Based on this evaluation, we establish a reserve for specific accounts receivable that we believe are uncollectible, as well as an estimate of uncollectible receivables not specifically known. A deterioration in the financial condition of any key customer or a significant slow down in the economy could have a material negative impact on our ability to collect a portion or all of the accounts and notes receivable.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on us.

ITEM 3. CONTROLS AND PROCEDURES.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15a-15(e) of the Exchange Act) as of the end of the period covered by this report as follows:

The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive/financial officer, to allow timely decisions regarding required disclosure.

As a result of comments raised by the Division of Corporate Finance of the Securities and Exchange Commission (the "Commission") in March 2006 with respect to our financial statements for the years ended December 31, 2004 and 2005, we determined that our disclosure controls were not effective as of the end of the period covered by this report as a result of (1) limited resources and manpower in the preparation and review of the financial statements in a timely manner and (2) inadequacy of the financial review process as it pertains to various account analyses.

We are re-evaluating these various factors and are continuing to implement additional procedures to alleviate these weaknesses. In connection therewith, the Company engaged Mr. Mitchell L. Cox as its Chief Financial Officer.

Changes in Disclosure Controls and Procedures

Except as described above, there was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of our business, we and/or our subsidiaries are named as defendants in suits filed in various state and federal courts. We believe that none of the litigation matters in which we, or any of our subsidiaries, are involved would have a material adverse effect on our consolidated financial condition or operations.

There is no past, pending or, to our knowledge, threatened litigation or administrative action which has or is expected by our management to have a material effect upon our business, financial condition or operations, including any litigation or action involving our officers, directors, or other key personnel.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

On September 18, 2007, Jerry Gruenbaum resigned as the Chief Financial Officer and Secretary of the Company. Mr. Gruenbaum will continue to serve as a director of the Company. In order to fill the vacancies resulting from the resignation of Mr. Gruenbaum, the Board of Directors of the Company appointed Thomas Miller as the Secretary of the Company and Mitchell L. Cox as the Chief Financial Officer of the Company. Mr. Cox will serve as Chief Financial Officer on a part time basis and will be paid \$1,500 per month.

On September 28, 2007, the Company entered into a Letter of Intent (the "LOI") with Harris Oil Co. Inc. ("Harris") and DHS Development, LLC ("DHS" and collectively with Harris, the "Harris Sellers") pursuant to which the Harris Sellers agreed to sell and the Company agreed to purchase certain assets of the Harris Sellers on or prior to December 31, 2007 unless extended. The assets to be purchased include the following:

- all equipment, supply contracts and other assets of Harris;
- three convenience store sites of DHS located in Cookeville, TN, Hartsville, TN and Sparta, TN;

- 30 year supply contracts on remaining DHS locations with a right of first refusal for purchase; and
- 10 year purchase option on remaining DHS locations if no bona fid third party offer has been received at an agreed upon appraised value.

The purchase price for the above assets is \$4,100,000. Harris Sellers have agreed to refrain for a period 180 days from the signing of the LOI from soliciting, initiating, encouraging, or accepting any proposal relating to the liquidation, purchase or sale of the Seller's stock or assets or from participating in any negotiations or discussions relating to these matters. Except for the exclusivity and choice of law provisions, this LOI is non-binding.

The LOI calls for the completion of definitive documentation, completion of due diligence and the completion of a U.S. GAAP audit (to be paid for by the Company) of the assets prior to December 31, 2007. Final closing is subject to approval of the final definitive agreements by the Boards of Directors of the Company. There is no guarantee that the parties will reach a final agreement, that the Company will be able to successfully complete the audit of the assets or that the transaction will close on the terms set forth as agreed in the LOI.

In November 2007, in connection with the Company's default under the terms of the acquisition note owed to the former owner of Karkela Construction, Inc. and the former owner's intention to foreclose on the related security interest, the Company elected to discontinue efforts with respect to Karkela and forfeit the security interest pledged including 100% of the equity interest of Karkela. As a result, effective July 1, 2007, Karkela's operations, which comprised the construction and property management segment, have been discontinued and Karkela is no longer a subsidiary of the Company.

ITEM 6. EXHIBITS

Exhibit 31.1	Certification of Terry Lee, Chief Executive Officer& Chairman of the Board
Exhibit 31.2	Certification of Mitchell L. Cox, Chief Financial Officer
Exhibit 32.1	Certification of Terry Lee, Chief Executive Officer& Chairman of the Board
Exhibit 32.2	Certification of Mitchell L. Cox, Chief Financial Officer

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HEARTLAND, INC.
(Registrant)

Date: November 16, 2007

By: /s/ TERRY LEE
Terry Lee
Chief Executive Officer and
Chairman of the Board
(Duly Authorized Officer)

Date: November 16, 2007

By: /s/ Mitchell L. Cox
Mitchell L. Cox
Chief Financial Officer
(Principal Financial
and Accounting Officer)