AMERICAN RESOURCES & DEVELOPMENT CO
Form 10QSB
January 23, 2008

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

FORM 10-QSB

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

For Quarter Ended: September 30, 2007; or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _________ to __________

Commission File Number: 0-52561

American Resources and Development Company
(Exact name of Registrant as specified in its charter)

UTAH	**87-0401400**
(State or other Jurisdiction of of Incorporation or Organization)	(IRS Employer Identification No.)
5891 Sagewood, Murray, UT	**84107**
(Address of principal executive offices)	(Zip Code)

(801) 230-1030
(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that a registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes o No x

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

As of December 27, 2007, there were 467,039,666 shares of the issuer's Common Stock, $0.001 par value, issued and outstanding.

Transitional Small Business Disclosure Format Yes o No x

AMERICAN RESOURCES and DEVELOPMENT COMPANY AND SUBSIDIARIES
Report on Form 10-QSB

AMERICAN RESOURCES AND DEVELOPMENT COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

		September 30, 2007 (Unaudited)		March 31, 2007
ASSETS				
CURRENT ASSETS				
Cash	$	40,102	$	1,865,852
Investments		2,564,976		-
Notes receivable		-		1,025,591
Notes receivable - related parties		959,752		200,000
Total Current Assets		3,564,830		3,091,443
TOTAL ASSETS	$	3,564,830	$	3,091,443
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$	10,672	$	2,913
Notes payable		-		-
Total Current Liabilities		10,672		2,913
LONG-TERM LIABILITIES				
Notes payable		1,587,574		1,526,514
Total Long Term Liabilities		1,587,574		1,526,514
TOTAL LIABILITIES		1,598,246		1,529,427
STOCKHOLDERS' EQUITY (DEFICIT)				
Common stock; $0.01 par value; 500,000,000 shares authorized; 467,039,666 shares issued and outstanding		467,040		467,040
Additional paid-in capital		11,553,822		11,553,822
Accumulated deficit		(10,054,278)		(10,458,846)
Total Stockholders' Equity (Deficit)		1,966,584		1,562,016
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$	3,564,830	$	3,091,443

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

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AMERICAN RESOURCES AND DEVELOPMENT COMPANY AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended September 30, 2007	2006	For the Six Months Ended September 30, 2007	2006
REVENUES	$ 733,739	$ 22,441	$ 590,066	$ 76,304
COST OF SALES	-	-	-	-
GROSS PROFIT	733,739	22,441	590,066	76,304
EXPENSES				
General and administrative	144,854	59,880	153,220	157,636
Total Expenses	144,854	59,880	153,220	157,636
OPERATING LOSS	588,885	(37,439)	436,846	(81,332)
OTHER INCOME (EXPENSES)				
Interest expense	(61,060)	(20,867)	(87,774)	(44,456)
Loss on disposal of fixed assets		(27,563)		(27,563)
Interest income	55,496	36,044	55,496	74,751
.			.	
Total Other Income (Expense)	(5,564)	(12,386)	(32,278)	2,732
NET INCOME (LOSS)	$ 583,321	$ (49,825)	$ 404,568	$ (78,600)
BASIC LOSS PER SHARE	$ 0.00	$ (0.00)	$ 0.00	$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	466,770,406	466,770,406	466,770,406	466,770,406

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

AMERICAN RESOURCES AND DEVELOPMENT COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited)

	For the Six Months Ended September 30, 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 404,568	$ (78,600)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation	-	1,894
Loss on disposal of fixed assets	-	28,533
Gain on investments	(839,976)	
Changes in operating assets and liabilities		
Increase in accounts receivable	-	(20,407)
Increase in other assets	-	16,482
Increase in notes payable	61,060	-
Increase (decrease) in accounts payable and accrued expenses	7,759	(55,178)
Net Cash Used by Operating Activities	(366,589)	(107,276)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for investments	(1,725,000)	-
Increase in fixed assets	-	(8,658)
Decrease in land	-	265,239
Net Cash Provided by Investing Activities	(1,725,000)	256,581
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes receivable	1,025,591	238,870
Increase in short-term debt	-	30,221
Increase in long-term debt - related party	-	12,500
Change in notes receivable - related parties	(759,752)	104,582
Net Cash Provided by Financing Activities	265,839	386,173
NET DECREASE IN CASH	(1,825,750)	535,478
CASH AT BEGINNING OF PERIOD	1,865,852	607,869
CASH AT END OF PERIOD	$ 40,102	$ 1,143,347

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

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AMERICAN RESOURCES AND DEVELOPMENT COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended September 30, 2007	2006
CASH PAID FOR:		
Interest	$ -	$ -
Income Taxes	$ -	$ -
SUPPLIMENTAL SCHEDULE OF NON-CASH AND INVESTING ACTIVITIES		
Acquisition of notes receivable and assumption of long-term debt payable to related parties	$ -	$ -

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

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AMERICAN RESOURCES AND DEVELOPMENT COMPANY AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its March 31, 2007 Annual Report on Form 10-KSB of the Company. Operating results for the six months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending March 31, 2008.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The accompanying consolidated financial statements include those of American Resources and Development Company (the Company) and its wholly-owned subsidiary, Springfield Finance and Mortgage Company, LLC (SFMC). In addition, the consolidated financial statements include those of Sprinfield Investment, Inc. (SFIC) and Springfield Construction, LLC (SFCC). Both SFIC and SFCC, although not majority owned by the Company, have been determined to be “Variable Interest Entities” pursuant to FIN 46 and have therefore been consolidated in these financial statements. All inter-company items and transactions have been eliminated in consolidation.

The Company was formed on March 21, 1983 and until 2007 was in the business of providing debt financing to other entities involved in the development of residential real estate through its SFMC subsidiary. The Company obtained the capital for the financing of real estate development from outside sources as well as certain majority shareholders. Since March 2007 the Company has changed its primary strategic focus to that of making temporary investments in the S & P Futures Options market. The Company acquired 100% of the members’ interest in SFMC through the issuance of 12,500,000 shares of its restricted common stock, and was accounted for under FASB Statement # 141, “Business Combinations.”

b. Accounting Method

The Company’s consolidated financial statements are prepared using the accrual method of accounting. The Company has elected a March 31 year-end.

AMERICAN RESOURCES AND DEVELOPMENT COMPANY AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Recognition of Revenues

Revenues (interest and fee income, and profit sharing) are recorded using agreed-upon market interest rates and accrued on a per-diem basis from the date of disbursement, regardless of when the interest is paid. Origination fees are included in interest income and accreted over the life of the related receivable. Profit sharing revenues are recorded on the date payment is received.

d. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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.
e. Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. In addition, the Company occasionally maintains cash investments with institutions that are not federally insured.

f. Cash and Cash Equivalents

The Company considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

g. Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. There were no advertising charges during the periods presented in these financial statements.

h. Property and Equipment

Property, equipment, and capital leases are recorded at cost and are depreciated over the estimated useful life of the related assets, generally three to seven years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

AMERICAN RESOURCES AND DEVELOPMENT COMPANY AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Basic Income (Loss) per Share

Basic income (loss) per share is computed based on the weighted average number of common shares outstanding during the period. As of June 30, 2007, there were no common stock equivalents outstanding. Therefore, the basic and fully diluted income (loss) per share is the same for the periods presented herein.

NOTE 3 - COMMON STOCK

During fiscal 2005 the Company issued 12,500,000 shares of its restricted common stock in exchange for the purchase of 100% of the members' units and net assets of SFMC. The value of the exchange ($8,923) was deemed by management to be equal to the net book value of the assets and liabilities of SFMC since the only assets acquired were cash and notes receivable with values substantially equal to their face values, and the only liabilities were notes payable and accrued interest bearing terms deemed equal to traditional terms used in arms-length transactions. As of September 30, 2007, the Company had 466,770,406 shares of common stock issued and outstanding.

NOTE 4 - NOTES PAYABLE

At September 30, 2007 the Company had a note payable in the amount of $1,526,514 due to an unrelated third party entity. This note accrues interest in the amount of 7.50% per annum, and is due on demand.

NOTE 5 - SIGNIFICANT EVENTS

During the period ended September 30, 2007, the Company invested a note receivable in the amount of $500,000 with Cheney Financial, an independent third party, at a rate of 8.25% per annum. On January 11, 2007, the Company rolled-over this note, with a new principal balance of $508,258. The new note was due on July 15, 2007, and continued to accrue interest at 8.25 % per annum. On February 7, 2007, a second note was invested with Cheney in the amount of $502,313. This note was due on September 15, 2007, and also accrued interest at 8.25% per annum. As of September 30, 2007, both of these notes had been collected in full.

During the period ended September 30, 2007 the Company invested in two notes receivable to related parties. These notes accrue interest at a rate of 8.0% per annum, and are due on demand. The notes have no specific payment terms. At September 30, 2007, the aggregate outstanding balance on the notes was $959,752.

In April 2007, the Company opened account number 396-44607 with Infinity Brokerage Services, 111 W Jackson Blvd., Suite 2010, Chicago, IL 60604; and engaged the services of MSI Trading, 836 Wingate Pl, Rockton IL 61072; to assist in trading Option contracts in the S & P 500 Futures Options market. On May 31, 2007, in order to receive better executions and commissions on trades the account at Infinity was transferred to Brewer Futures Group, LLC, 200 S. Michigan Avenue, 21stFloor, Chicago, IL 60604.

During the six months ended September 30, 2007, the Company recorded a investment income of $590,066 from its $1,725,000 investment.

In April 2007, the Company invested $1,725,000 with Brewer Futures Group, in order to take advantage of a "short strangle" investment strategy, whereby the investor utilizes option contracts in order to make investment decisions based on the trading range of the S&P 500. During the six months ended September 30, 2007, the Company recorded investment income of $590,066 pursuant to this investment strategy.

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

CAUTIONARY FORWARD - LOOKING STATEMENT

Statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations, and in future filings by the Company with the Securities and Exchange Commission, in the Company's press releases and in oral statements made with the approval of an authorized executive officer which are not historical or current facts are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

A. Management's Plan of Operation

American Resources & Development Company ("ARDCO" or "the Company"), formerly known as Leasing Technology, Incorporated, was incorporated in Utah on March 21, 1983. On February 20, 1997 it name was changed to American Resources and Development Company. When used throughout this document, unless the context suggests otherwise, the "Company" refers to ARDCO and/or its subsidiaries.

By March 31, 2007, the real estate market in which had previously constituted the Company's primary business focus, had slowed considerably. Hence, the Company elected to terminate its business of providing financing for real estate development; and became focused on investing in the 'Futures Option market'. On April 18, 2007 the Company opened account number 396-44607 with Infinity Brokerage Services; and engaged the services of MSI Trading; to assist in trading Option contracts in the S & P 500 Futures market. On May 31, 2007, the account at Infinity was transferred to Brewer Futures Group, LLC.

The Company utilizes a 'short strangle' trading strategy; and, relies on the experienced investment advisors at MSI Trading to make all trading decisions and the brokers at Brewer Investment Group to execute orders and monitor margins on the account. These personal have a combined total of over 60 years of trading experience. Brewer is paid the industry standard commissions and fees; and MSI Trading is paid five (5%) percent of the net monthly income.

On April 18th, 2007 the Company opened account number 396-44607 with Infinity; and on May 31st, 2007, in order to receive better executions and commissions on trades, the Company transferred its account from Infinity to Brewer Futures Group, account number D13 89 N8535. All of the Company's trading in the futures market is presently being conducted thru its account at Brewer with funds being held at Peregrine Financial Group, the holding Futures Commission Merchant (FCM), where the company is able to rely on the experience and expertise of several trading specialists as well as on the experience and expertise of the Investment Advisors at MSI Trading. The Brokers at Brewer and PFG (FCM) are all registered with the NFA and CFTC regulatory bodies of the Futures industry.

By utilizing the strategy of trading 'Short Strangle Options' the company is able to take advantage of trading the RANGE, rather than the DIRECTON of the market. Profits are earned (or lost) by receiving the time decay from the premium (credit) received from selling Option Contracts that have 30 to 60 day expiration. Option positions are generally closed out and new ones reset after the third Friday of each month. Thus, there are approximately 12 trading periods each year; and, the monthly liquidity allows traders to properly analyze and evaluate the recent trading range of the market before positioning new trades for the succeeding month. From a cash management perspective this also provides excellent liquidity.

The Company’s goal is to take advantage of the markets trading RANGE rather than its DIRECTION. We sell Out-of-the-Money Call and Put Option contracts on the S&P 500 Futures (the underlying) market and receive a credit on each trade. We then take advantage of the time decay of these Out-Of-The-Money options as the market stays between our two selected Strike Price levels. This strategy is called a Short Strangle. Profits (and or losses) are earned from the credit (premium) received and the time decay of the option contracts. Positions are generally closed out and new positions entered after the third Friday of each month, thus there are approximately 12 trading periods each year. The 30 day liquidity period allows us to properly analyze and evaluate the recent trading range of the market; and, to keep pace with the ever changing value of the S&P 500 Futures price. The re-positioning of trades for each succeeding month is a critical component in controlling risk. From a cash management perspective this concept provides excellent liquidity. Call Option Strike Prices are usually sold 100 points ABOVE the value of the underlying while Put Option Strike Prices are usually sold 125 - 200 points BELOW the underlying.

There are no limitations on the percentage of Company assets which the Company may invest in any one investment, or type of investment. Any Company policy regarding such investments may be changed without a vote of the Company’s shareholders. It is the Company’s policy to make investments primarily for income, though assets also may be acquired for possible capital gain.

RESULTS OF OPERATIONS

For the three months ended September 30, 2007 compared to the three months ended September 30, 2006.

During the three months ended September 30, 2007, the Company earned revenues totaling $733,739, compared to revenues of $22,441 during the same period in 2006. This increase is attributed to the Company’s moving away from the real estate industry and focusing primarily on its investment operations.

Operating expenses for the three months ended September 30, 2007 totaled $144,854, a 141% increase from the comparable period of 2006. This increase resulted primarily from a sharp increase in general and administrative in the current period, particularly relating to auditing and accounting fees.

The Company earned net income of $583,321 during the three month period ended September 30, 2007, compared to a loss of $49,825 in the comparable period of 2006. This increased net income resulted primarily from the Company's investment income, partially offset by its lack of real estate revenues during the period. Basic net income per share was $0.00 for the three month period ended September 30, 2007, representing no material change from the comparable period of 2006.

For the six months ended September 30, 2007 compared to the six months ended September 30, 2006.

During the six months ended September 30, 2007, the Company earned revenues totaling $590,066, compared to revenues of $76,304 during the same period in 2006. This increase is attributed to the Company's moving away from the real estate industry and focusing primarily on its investment operations.

Operating expenses for the six months ended September 30, 2007 totaled $153,220, a 3% decrease from the comparable period of 2006. This decrease resulted primarily from a significant decrease in general payroll and overhead expenses, partially offset by a significant sharp increase in auditing and accounting fees.

The Company earned net income of $404,568 during the six month period ended September 30, 2007, compared to a loss of $78,600 in the comparable period of 2006. This increased net income resulted primarily from the Company's investment income, partially offset by its lack of real estate revenues during the period. Basic net income per share was $0.00 for the six month period ended September 30, 2007, representing no material change from the comparable period of 2006.

As of September 30, 2007, the Company had an accumulated deficit of $10,637,599 compared to $10,054,278 as of March 31, 2007.

Liquidity and Capital Resources

As of September 30, 2007, the Company had working capital of $3,554,158 compared to working capital of $3,088,530 at March 31, 2007. The change in working capital resulted primarily from the Company's investment income.

During the six months ended September 30, 2007 the Company experienced negative cash flow of $366,589 from operating activities, and had negative cash flows from investing activities of $1,725,000, and positive cash flows from investing activities of $265,839. The Company's cash requirements are currently so small that the Company can keep nearly all of its liquid assets invested in the market at all times. When the Company's cash needs become significant, the Company will simply liquidate a portion of its working investments. Management does not anticipate the necessity of any external financing within the next 12 months.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and that information is accumulated and communicated to the Company management, including the principal executive and principal financial officer (whom the Company refers to in this periodic report as the Certifying Officer), as appropriate to allow timely decisions regarding required disclosure. Company management evaluated, with the participation of the Certifying Officer, the effectiveness of the Company disclosure controls and procedures as of September 30, 2007, pursuant to Rule 13a-15(b) under the Securities Exchange Act. Based upon that evaluation, the Certifying Officer concluded that, as of September 30, 2007, the Company disclosure controls and procedures were effective.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

None

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

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

None

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS

The following exhibits are filed as a part of this report:

Exhibit Number*	Title of Document	Location
Item 31	**Rule 13a-14(a)/15d-14(a) Certifications**	
31.01	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Rule 13a-14	Attached
Item 32	**Section 1350 Certifications**	
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer and Chief Financial Officer)	Attached

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All exhibits are numbered with the number preceding the decimal indicating the applicable SEC reference number in Item 601 and the number following the decimal indicating the sequence of the particular document.

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.

American Resources and Development Company,
a Utah corporation

Dated: December 27, 2007

/s/ Tom Stamos

By: Tom Stamos
Its: President

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