

GUARANTY FEDERAL BANCSHARES INC
Form 10-Q
May 14, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarter ended March 31, 2008

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 0-23325

Guaranty Federal Bancshares, Inc.
(Exact name of registrant as specified in its charter)

Delaware

43-1792717

(State or other jurisdiction of incorporation or
organization)

(IRS Employer Identification No.)

1341 West Battlefield
Springfield, Missouri

65807

(Address of principal executive offices)

(Zip Code)

Telephone Number: (417) 520-4333

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

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Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

| Class | Outstanding as of May 9, 2008 |
|--|-------------------------------|
| Common Stock, Par Value \$0.10 per share | 2,706,052 Shares |

GUARANTY FEDERAL BANCSHARES, INC.

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PART I

Item 1. Financial Statements

GUARANTY FEDERAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
MARCH 31, 2008 (UNAUDITED) AND DECEMBER 31, 2007

| ASSETS | 3/31/08 | 12/31/07 |
|---|----------------|-------------|
| Cash | \$ 8,475,724 | 11,135,960 |
| Interest-bearing deposits in other financial institutions | 4,177,439 | 910,242 |
| Cash and cash equivalents | 12,653,163 | 12,046,202 |
| Available-for-sale securities | 63,241,297 | 14,729,938 |
| Held-to-maturity securities | 630,918 | 654,775 |
| Stock in Federal Home Loan Bank, at cost | 5,061,061 | 4,014,700 |
| Mortgage loans held for sale | 938,825 | 2,141,998 |
| Loans receivable, net of allowance for loan losses of March 31, 2008 - \$5,446,669 - December 31, 2007 - \$5,962,923 | 530,933,732 | 514,100,035 |
| Accrued interest receivable: | | |
| Loans | 2,167,643 | 3,218,845 |
| Investments | 291,104 | 104,603 |
| Prepaid expenses and other assets | 2,617,698 | 2,841,411 |
| Foreclosed assets held for sale | 988,107 | 727,422 |
| Premises and equipment | 9,602,133 | 9,442,350 |
| Income taxes receivable | 816,682 | - |
| Deferred income taxes | 1,495,663 | 1,755,701 |
| | \$ 631,438,026 | 565,777,980 |

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

| | | |
|---|----------------|-------------|
| Deposits | \$ 431,104,544 | 418,191,284 |
| Federal Home Loan Bank advances | 97,936,000 | 76,086,000 |
| Securities sold under agreements to repurchase | 39,750,000 | 9,849,295 |
| Subordinated debentures | 15,465,000 | 15,465,000 |
| Notes payable | 1,435,190 | 718,190 |
| Advances from borrowers for taxes and insurance | 312,229 | 157,811 |
| Accrued expenses and other liabilities | 409,709 | 299,005 |
| Accrued interest payable | 1,790,102 | 1,793,663 |
| Dividend payable | 469,109 | 469,373 |
| Income taxes payable | - | 61,699 |
| | 588,671,883 | 523,091,320 |

COMMITMENTS AND CONTINGENCIES

- -

STOCKHOLDERS' EQUITY

Common Stock:

| | | |
|--|------------|------------|
| \$0.10 par value; authorized 10,000,000 shares; issued March 31, 2008 - 6,748,835 shares December 31, 2007 - 6,736,485 shares | 674,884 | 673,649 |
| Additional paid-in capital | 57,853,192 | 57,571,929 |

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| | | |
|---|----------------|--------------|
| Unearned ESOP shares | (1,059,930) | (1,116,930) |
| Retained earnings, substantially restricted | 45,554,790 | 45,402,449 |
| Accumulated other comprehensive income | | |
| Unrealized appreciation on available-for-sale securities, net of income taxes | 602,325 | 503,767 |
| | 103,625,261 | 103,034,864 |
| Treasury stock, at cost; March 31, 2008 - 4,036,680 shares; | | |
| December 31, 2007 - 4,017,166 shares | (60,859,118) | (60,348,204) |
| | 42,766,143 | 42,686,660 |
| | \$ 631,438,026 | 565,777,980 |

See Notes to Condensed Consolidated Financial Statements

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GUARANTY FEDERAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2008 AND 2007 (UNAUDITED)

| | 3/31/2008 | 3/31/2007 |
|--|-------------------|------------------|
| INTEREST INCOME | | |
| Loans | \$ 8,602,216 | 9,387,562 |
| Investment securities | 575,165 | 97,241 |
| Other | 53,652 | 81,185 |
| | 9,231,033 | 9,565,988 |
| INTEREST EXPENSE | | |
| Deposits | 3,986,532 | 3,505,416 |
| Federal Home Loan Bank advances | 733,289 | 1,175,193 |
| Other | 481,245 | 265,878 |
| | 5,201,066 | 4,946,487 |
| NET INTEREST INCOME | 4,029,967 | 4,619,501 |
| PROVISION FOR LOAN LOSSES | 820,000 | 210,000 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 3,209,967 | 4,409,501 |
| NONINTEREST INCOME | | |
| Service charges | 459,400 | 552,482 |
| Other fees | 6,398 | 16,836 |
| Gain on sale of investment securities | - | 192,616 |
| Gain on sale of loans | 231,077 | 292,697 |
| Loss on foreclosed assets | (13,202) | (2,295) |
| Other income | 198,178 | 168,977 |
| | 881,851 | 1,221,313 |
| NONINTEREST EXPENSE | | |
| Salaries and employee benefits | 1,891,462 | 1,742,884 |
| Occupancy | 387,588 | 411,753 |
| SAIF deposit insurance premiums | 62,499 | 9,665 |
| Data processing | 89,816 | 97,703 |
| Advertising | 99,999 | 99,999 |
| Other expense | 570,044 | 512,544 |
| | 3,101,408 | 2,874,548 |
| INCOME BEFORE INCOME TAXES | 990,410 | 2,756,266 |
| PROVISION FOR INCOME TAXES | 373,552 | 1,002,726 |
| NET INCOME | \$ 616,858 | 1,753,540 |
| BASIC EARNINGS PER SHARE | \$ 0.24 | 0.63 |
| DILUTED EARNINGS PER SHARE | \$ 0.23 | 0.62 |

See Notes to Condensed Consolidated Financial Statements

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GUARANTY FEDERAL BANCSHARES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2008 (UNAUDITED)

| | Common Stock | Additional Paid-In Capital | Unearned ESOP Shares | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income | Total |
|---|-----------------|----------------------------------|----------------------------|-------------------|----------------------|---|------------|
| Balance, January 1, 2008 | \$ 673,649 | 57,571,929 | (1,116,930) | (60,348,204) | 45,402,449 | 503,767 | 42,686,660 |
| Comprehensive income | | | | | | | |
| Net income | - | - | - | - | 616,858 | - | 616,858 |
| Change in unrealized appreciation on available-for-sale securities, net of income taxes | - | - | - | - | - | 98,558 | 98,558 |
| Total comprehensive income | | | | | | | 715,416 |
| Dividends (\$0.18 per share) | - | - | - | - | (464,517) | - | (464,517) |
| Stock award plans | - | 24,304 | - | - | - | - | 24,304 |
| Stock options exercised | 1,235 | 163,887 | - | - | - | - | 165,122 |
| Release of ESOP shares | - | 93,072 | 57,000 | - | - | - | 150,072 |
| Treasury stock purchased | - | - | - | (510,914) | - | - | (510,914) |
| Balance, March 31, 2008 | \$ 674,884 | 57,853,192 | (1,059,930) | (60,859,118) | 45,554,790 | 602,325 | 42,766,143 |

See Notes to Condensed Consolidated Financial Statements

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GUARANTY FEDERAL BANCSHARES, INC.
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
 THREE MONTHS ENDED MARCH 31, 2007 (UNAUDITED)

| | Common Stock | Additional Paid-In Capital | Unearned ESOP Shares | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income | Total |
|-----------------------------|-----------------|----------------------------------|----------------------------|-------------------|----------------------|---|-------|
| Balance, January 1, 2007 | \$ 665,353 | 55,730,352 | (1,344,930) | | | | |