

GUARANTY FEDERAL BANCSHARES INC
Form 10-Q
August 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 June 30, 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
(Address of principal executive offices)

65807
(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 August 6, 2008
Common Stock, Par Value \$0.10 per share	2,700,233 Shares

GUARANTY FEDERAL BANCSHARES, INC.

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PART I

Item 1. Financial Statements

GUARANTY FEDERAL BANCSHARES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 2008 (UNAUDITED) AND DECEMBER 31, 2007

ASSETS	6/30/08	12/31/07
Cash	\$ 11,257,242	\$ 11,135,960
Interest-bearing deposits in other financial institutions	6,971,158	910,242
Cash and cash equivalents	18,228,400	12,046,202
Available-for-sale securities	63,696,244	14,729,938
Held-to-maturity securities	609,765	654,775
Stock in Federal Home Loan Bank, at cost	6,170,800	4,014,700
Mortgage loans held for sale	772,598	2,141,998
Loans receivable, net of allowance for loan losses of June 30, 2008 - \$10,799,133 - December 31, 2007 - \$5,962,923	553,094,245	514,100,035
Accrued interest receivable:		
Loans	2,587,737	3,218,845
Investments	355,422	104,603
Prepaid expenses and other assets	2,902,552	2,841,411
Foreclosed assets held for sale	2,577,761	727,422
Premises and equipment	10,823,618	9,442,350
Income taxes receivable	499,527	-
Deferred income taxes	4,885,446	1,755,701
	\$ 667,204,115	\$ 565,777,980
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits	\$ 446,725,947	\$ 418,191,284
Federal Home Loan Bank advances	123,436,000	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	441,221	157,811
Accrued expenses and other liabilities	537,864	299,005
Accrued interest payable	1,939,993	1,793,663
Dividend payable	467,989	469,373
Income taxes payable	-	61,699
	630,199,204	523,091,320
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common Stock: \$0.10 par value; authorized 10,000,000 shares; issued June 30, 2008 - 6,777,800 shares; December 31, 2007 - 6,736,485 shares	677,780	673,649
Additional paid-in capital	58,342,449	57,571,929
Unearned ESOP shares	(1,002,930)	(1,116,930)

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Retained earnings, substantially restricted	42,592,014	45,402,449
Accumulated other comprehensive income (loss)	(1,791,048)	503,767
	98,818,265	103,034,864
Treasury stock, at cost; June 30, 2008 - 4,077,567 shares; December 31, 2007 - 4,017,166 shares	(61,813,354)	(60,348,204)
	37,004,911	42,686,660
	\$ 667,204,115	\$ 565,777,980

See Notes to Condensed Consolidated Financial Statements

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GUARANTY FEDERAL BANCSHARES, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (UNAUDITED)

	Three months ended		Six months ended	
	6/30/2008	6/30/2007	6/30/2008	6/30/2007
INTEREST INCOME				
Loans	\$ 8,045,298	\$ 8,946,939	\$ 16,647,514	\$ 18,334,501
Investment securities	829,023	91,781	1,404,188	189,022
Other	50,883	98,039	104,535	179,224
	8,925,204	9,136,759	18,156,237	18,702,747
INTEREST EXPENSE				
Deposits	3,520,038	3,951,753	7,506,570	7,457,169
Federal Home Loan Bank advances	762,156	814,145	1,495,445	1,989,338
Other	529,516	262,498	1,010,761	528,376
	4,811,710	5,028,396	10,012,776	9,974,883
NET INTEREST INCOME	4,113,494	4,108,363	8,143,461	8,727,864
PROVISION FOR LOAN LOSSES	5,684,079	210,000	6,504,079	420,000
NET INTEREST INCOME (LOSS) AFTER PROVISION FOR LOAN LOSSES	(1,570,585)	3,898,363	1,639,382	8,307,864
NONINTEREST INCOME				
Service charges	502,578	564,594	961,978	1,117,076
Other fees	7,811	36,245	14,209	53,081
Gain (loss) on investment securities	(97,788)	193,355	(97,788)	385,971
Gain on sale of loans	257,428	331,171	488,505	623,868
Income (loss) on foreclosed assets	(32,625)	1,685	(45,827)	(610)
Other income	183,006	174,187	381,184	343,164
	820,410	1,301,237	1,702,261	2,522,550
NONINTEREST EXPENSE				
Salaries and employee benefits	1,920,095	1,812,208	3,811,557	3,555,092
Occupancy	407,105	406,454	794,693	818,207
FDIC deposit insurance premiums	62,499	10,582	124,998	20,247
Data processing	92,517	104,566	182,333	202,269
Other expense	730,884	661,978	1,400,927	1,274,521
	3,213,100	2,995,788	6,314,508	5,870,336
INCOME (LOSS) BEFORE INCOME TAXES	(3,963,275)	2,203,812	(2,972,865)	4,960,078
PROVISION (CREDIT) FOR INCOME TAXES	(1,466,995)	787,588	(1,093,443)	1,790,314
NET INCOME (LOSS)	\$ (2,496,280)	\$ 1,416,224	\$ (1,879,422)	\$ 3,169,764
BASIC EARNINGS (LOSS) PER SHARE	\$ (0.96)	\$ 0.51	\$ (0.72)	\$ 1.15
DILUTED EARNINGS (LOSS) PER SHARE	\$ (0.96)	\$ 0.50	\$ (0.72)	\$ 1.12

See Notes to Condensed Consolidated Financial Statements

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GUARANTY FEDERAL BANCSHARES, INC.
 CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
 SIX MONTHS ENDED JUNE 30, 2008 (UNAUDITED)

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	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 loss							
Net loss	-	-	-	-	(1,879,422)	-	(1,879,422)
Change in unrealized appreciation on available- for-sale securities and change in fair value of interest rate swaps, net of income taxes	-	-	-	-	-	(2,294,815)	(2,294,815)
Total comprehensive loss							