

GUARANTY FEDERAL BANCSHARES INC  
Form 10-Q  
August 09, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 10-Q**

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

For the quarterly period ended June 30, 2018

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

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**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.)

**2144 E Republic Rd, Suite F200**  
**Springfield, Missouri** 65804  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

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

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

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

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

<u>Class</u>	<u>Outstanding as of August 1, 2018</u>
Common Stock, Par Value \$0.10 per share	4,451,723 Shares

**GUARANTY  
FEDERAL  
BANCSHARES,  
INC.**

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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**

**GUARANTY FEDERAL BANCSHARES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2018 (UNAUDITED) AND DECEMBER 31, 2017**

	<b>6/30/18</b>	<b>12/31/17</b>
<b>ASSETS</b>		
Cash and due from banks	\$5,275,544	\$4,094,694
Interest-bearing deposits in other financial institutions	25,081,703	33,312,236
Cash and cash equivalents	30,357,247	37,406,930
Available-for-sale securities	89,316,993	81,478,673
Held-to-maturity securities	14,111	16,457
Stock in Federal Home Loan Bank, at cost	4,791,200	4,597,500
Mortgage loans held for sale	1,771,560	1,921,819
Loans receivable, net of allowance for loan losses of June 30, 2018 - \$7,572,510 - December 31, 2017 - \$7,107,418	772,517,090	629,605,009
Accrued interest receivable	2,996,175	2,449,847
Prepaid expenses and other assets	4,825,645	3,846,686
Goodwill	2,615,352	-
Core deposit intangible	3,300,000	-
Foreclosed assets held for sale	1,546,951	282,785
Premises and equipment, net	22,306,826	10,607,094
Bank owned life insurance	19,966,634	19,740,623
Deferred and income taxes receivable	4,193,271	2,506,097
	<b>\$960,519,055</b>	<b>\$794,459,520</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY****LIABILITIES**

Deposits	\$764,771,510	\$607,364,350
Federal Home Loan Bank advances	90,400,000	94,300,000
Note payable to bank	5,000,000	-
Subordinated debentures	21,804,760	15,465,000
Advances from borrowers for taxes and insurance	560,802	180,269
Accrued expenses and other liabilities	2,021,887	1,962,865
Accrued interest payable	711,911	295,543
	<b>885,270,870</b>	<b>719,568,027</b>

**COMMITMENTS AND CONTINGENCIES**

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**STOCKHOLDERS' EQUITY**

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Capital Stock:

Common stock, \$0.10 par value; authorized 10,000,000 shares; issued June 30, 2018 and December 31, 2017 - 6,890,503 and 6,878,503 shares; respectively	689,050	687,850
Additional paid-in capital	51,043,177	50,856,069
Retained earnings, substantially restricted	60,625,026	60,679,308
Accumulated other comprehensive loss	(142,119 )	(206,193 )
	112,215,134	112,017,034
Treasury stock, at cost; June 30, 2018 and December 31, 2017 - 2,443,246 and 2,453,728 shares, respectively	(36,966,949 )	(37,125,541 )
	75,248,185	74,891,493
	\$960,519,055	\$794,459,520

See Notes to Condensed Consolidated Financial Statements

**GUARANTY  
FEDERAL  
BANCSHARES,  
INC.  
CONDENSED  
CONSOLIDATED  
STATEMENTS  
OF INCOME  
THREE MONTHS  
AND SIX  
MONTHS ENDED  
JUNE 30, 2018  
AND 2017  
(UNAUDITED)**

	Three months ended		Six months ended	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
<b>Interest Income</b>				
Loans	\$9,818,707	\$6,743,613	\$17,197,282	\$12,990,123
Investment securities	492,931	454,040	942,300	929,509
Other	67,487	43,855	195,859	93,278
	10,379,125	7,241,508	18,335,441	14,012,910
<b>Interest Expense</b>				
Deposits	1,719,614	746,701	3,142,184	1,368,555
FHLB advances	405,817	449,698	739,344	849,625
Subordinated debentures	277,594	155,910	446,561	307,590
Other	3,833	-	3,833	-
	2,406,858	1,352,309	4,331,922	2,525,770
<b>Net Interest Income</b>	7,972,267	5,889,199	14,003,519	11,487,140
<b>Provision for Loan Losses</b>	500,000	575,000	725,000	1,050,000
<b>Net Interest Income After Provision for Loan Losses</b>	7,472,267	5,314,199	13,278,519	10,437,140
<b>Noninterest Income</b>				
Service charges	552,011	290,926	869,177	558,032
Net gain (loss) on sale of investment securities	(10,388 )	62,274	(7,205 )	62,274
Gain on sale of mortgage loans held for sale	616,928	523,534	996,485	932,148
Gain on sale of Small Business Administration loans	225,379	124,857	396,241	255,345
Net gain (loss) on foreclosed assets	76,481	(29,809 )	120,812	8,264
Other income	493,401	395,278	897,341	780,362
	1,953,812	1,367,060	3,272,851	2,596,425
<b>Noninterest Expense</b>				
Salaries and employee benefits	4,101,741	2,934,648	7,275,165	5,792,419
Occupancy	1,037,665	485,154	1,808,072	971,383
FDIC deposit insurance premiums	116,837	59,377	195,135	112,489
Data processing	464,360	232,436	766,892	461,752
Advertising	134,650	131,250	265,900	262,500
Merger costs	3,192,050	-	3,420,050	-

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Other expense	1,175,334	725,051	1,967,278	1,386,993
	10,222,637	4,567,916	15,698,492	8,987,536
<b>Income (Loss) Before Income Taxes</b>	(796,558 )	2,113,343	852,878	4,046,029
<b>Provision (Credit) for Income Taxes</b>	(453,574 )	520,770	(159,883 )	1,024,215
<b>Net Income (Loss) Available to Common Shareholders</b>	\$(342,984 )	\$1,592,573	\$1,012,761	\$3,021,814
<b>Basic Income (Loss) Per Common Share</b>	\$(0.08 )	\$0.36	\$0.23	\$0.69
<b>Diluted Income (Loss) Per Common Share</b>	\$(0.08 )	\$0.36	\$0.23	\$0.68

See Notes to Condensed Consolidated Financial Statements

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**GUARANTY  
FEDERAL  
BANCSHARES,  
INC.  
CONDENSED  
CONSOLIDATED  
STATEMENTS OF  
COMPREHENSIVE  
INCOME  
THREE MONTHS  
AND SIX MONTHS  
ENDED JUNE 30,  
2018 AND 2017  
(UNAUDITED)**

	Three months ended		Six months ended	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
<b>NET INCOME (LOSS)</b>	\$ (342,984)	\$ 1,592,573	\$ 1,012,761	\$ 3,021,814
<b>OTHER ITEMS OF COMPREHENSIVE INCOME:</b>				
Change in unrealized gain (loss) on investment securities available-for-sale, before income taxes	(391,138)	812,311	(1,689,930)	1,448,165
Change in unrealized gain on interest rate swaps, before income taxes	502,917	227,642	1,768,729	227,642
Less: Reclassification adjustment for realized (gains) losses on investment securities included in net income, before income taxes	10,388	(62,274 )	7,205	(62,274 )
Total other items of comprehensive income	122,167	977,679	86,004	1,613,533
Income tax expense related to other items of comprehensive income	31,151	361,742	21,930	597,008
Other comprehensive income	91,016	615,937	64,074	1,016,525
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ (251,968)</b>	<b>\$ 2,208,510</b>	<b>\$ 1,076,835</b>	<b>\$ 4,038,339</b>

See Notes to Condensed Consolidated Financial Statements

**GUARANTY  
FEDERAL  
BANCSHARES,  
INC.  
CONDENSED  
CONSOLIDATED  
STATEMENT OF  
STOCKHOLDERS'  
EQUITY  
SIX MONTHS  
ENDED JUNE 30,  
2018 (UNAUDITED)**

	Common Stock	Additional Paid- In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
<b>Balance, January 1, 2018</b>	\$ 687,850	\$ 50,856,069	\$ (37,125,541)	\$ 60,679,308	\$ (206,193 )	\$ 74,891,493
Net income	-	-	-	1,012,761	-	1,012,761
Other comprehensive income	-	-	-	-	64,074	64,074
Dividends on common stock (\$0.24 per share)	-	-	-	(1,067,043 )	-	(1,067,043 )
Stock award plans	-	125,878	158,592	-	-	284,470
Stock options exercised	1,200	61,230	-	-	-	62,430
<b>Balance, June 30, 2018</b>	\$ 689,050	\$ 51,043,177	\$ (36,966,949)	\$ 60,625,026	\$ (142,119 )	\$ 75,248,185

See Notes to Condensed Consolidated Financial Statements

