

GUARANTY FEDERAL BANCSHARES INC
Form 10-Q
November 14, 2006

**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 quarterly period ended September 30, 2006

OR

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

For the transition period from _____ to _____

Commission 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 or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-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 November 14, 2006
Common Stock, Par Value \$0.10 per share	2,916,560 Shares

GUARANTY FEDERAL BANCSHARES, INC.

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

GUARANTY FEDERAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
SEPTEMBER 30, 2006 (UNAUDITED) AND DECEMBER 31, 2005

ASSETS	9/30/06	12/31/05
Cash	\$ 15,070,804	17,990,774
Interest-bearing deposits in other financial institutions	4,995,260	2,515,704
Cash and cash equivalents	20,066,064	20,506,478
Available-for-sale securities	9,331,152	6,757,147
Held-to-maturity securities	791,123	944,724
Stock in Federal Home Loan Bank, at cost	6,322,700	4,978,800
Mortgage loans held for sale	2,489,050	2,092,279
Loans receivable, net of allowance for loan losses of September 30, 2006 - \$5,618,872 - December 31, 2005 - \$5,399,654	465,209,114	433,435,429
Accrued interest receivable:		
Loans	2,495,998	2,040,872
Investments	104,265	48,255
Prepaid expenses and other assets	1,320,999	2,604,425
Foreclosed assets held for sale	502,126	26,775
Premises and equipment	8,019,953	7,452,798
Refundable income taxes	475,469	-
Deferred income taxes	851,194	112,686
	\$ 517,979,207	481,000,668

LIABILITIES AND STOCKHOLDERS'
EQUITY

LIABILITIES

Deposits	\$ 322,223,850	320,058,951
Federal Home Loan Bank advances	124,000,000	100,000,000
Securities sold under agreements to repurchase	8,923,196	1,594,258
Subordinated debentures	15,465,000	15,465,000
Advances from borrowers for taxes and insurance	815,733	212,320
Accrued expenses and other liabilities	509,536	288,587
Accrued interest payable	1,097,018	508,164
Dividend payable	469,062	459,074
Income taxes payable	-	322,165
	473,503,395	438,908,519

COMMITMENTS AND CONTINGENCIES**STOCKHOLDERS' EQUITY**

Common Stock:

\$0.10 par value; authorized 10,000,000 shares;

issued September 30, 2006 - 6,645,225 shares;

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December 31, 2005 - 6,571,348 shares	664,523	657,135
Additional paid-in capital	55,473,760	53,778,686
Unearned ESOP shares	(1,401,930)	(1,572,930)
Retained earnings, substantially restricted	39,912,147	36,533,338
Accumulated other comprehensive income		
Unrealized appreciation on available-for-sale securities, net of income taxes	1,611,096	1,971,925
	96,259,596	91,368,154
Treasury stock, at cost; September 30, 2006 - 3,726,267 shares;		
December 31, 2005 - 3,639,301 shares	(51,783,784)	(49,276,005)
	44,475,812	42,092,149
	\$ 517,979,207	481,000,668

See Notes to Condensed Consolidated Financial Statements

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GUARANTY FEDERAL BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005 (UNAUDITED)

	Three months ended		Nine months ended	
	9/30/2006	9/30/2005	9/30/2006	9/30/2005
INTEREST INCOME				
Loans	\$	8,870,204		