Lincoln Park Bancorp
Form 10QSB
May 15, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 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 File Number 000-51078

LINCOLN PARK BANCORP

(Exact name of registrant as specified in its charter)

FEDERAL	61-1479859
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
31 Boonton Turnpike, Lincoln Park, New Jersey	07035
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (973) 694-0330

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

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 1,851,500 shares of common stock, par value $.01 per share as of May 12, 2006.

Transitional Small Business Disclosure Format. Yes [ ] No [X]

LINCOLN PARK BANCORP AND SUBSIDIARY

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LINCOLN PARK BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

ASSETS	March 31, 2006	December 31, 2005
Cash and amounts due from depository institutions	$ 1,308,792	$ 1,627,946
Interest-bearing deposits in other banks	1,083,412	688,232
Total cash and cash equivalents	2,392,204	2,316,178
Term deposits	581,869	580,629
Securities available for sale	2,530,620	3,002,336
Securities held to maturity	19,153,271	18,817,087
Loans receivable, net of allowance for loan losses of 2006 $162,000; and 2005 $156,000; respectively	67,343,310	66,383,298
Premises and equipment	901,018	883,848
Federal Home Loan Bank of New York stock, at cost	1,298,400	1,264,500
Interest receivable	490,999	448,172
Other assets	55,005	262,209

Total assets	$ 94,746,696	$ 93,958,257
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	$ 54,556,353	$ 54,366,814
Advances from Federal Home Loan Bank of New York	26,287,432	25,533,730
Advance payments by borrowers for taxes and insurance	385,465	364,785
Other liabilities	255,508	305,390
Total liabilities	81,484,758	80,570,719
Stockholders' equity		
Preferred stock; no par value; 1,000,000 shares authorized; none issued or outstanding	--	--
Common stock; $.01 par value; 5,000,000 shares authorized; 1,851,500 issued and outstanding	18,515	18,515
Additional paid in capital	7,794,680	7,776,418
Retained earnings - substantially restricted	6,027,349	5,982,726
Unearned ESOP shares	(361,380)	(366,220)
Unearned Restricted Stock	(180,901)	--
Accumulated other comprehensive income - unrealized (loss) gain on securities available for sale	(36,325)	(23,901)
Total Stockholders' equity	13,261,938	13,387,538
Total liabilities and stockholders' equity	$ 94,746,696	$ 93,958,257

See notes to consolidated financial statements.

LINCOLN PARK BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,	
	2006	2005
Interest income:		
Loans	$ 907,223	$ 764,973
Securities	264,673	257,311
Other interest-earning assets	10,369	11,381
Total interest income	1,182,265	1,033,665
Interest expense:		

Deposits	309,221	232,847
Advances and other borrowed money	249,938	135,157
Total interest expense	559,159	368,004
Net interest income	623,106	665,661
Provision for loan losses	3,500	27,000
Net interest income after provision for loan losses	619,606	638,661
Non-interest income:		
Fees and service charges	18,599	14,997
(Loss) gains on calls of securities held to maturity	--	(7,239)
Gains on sale of available for sale securities	9,612	--
Miscellaneous	5,059	8,036
Total non-interest income	33,270	15,794
Non-interest expenses:		
Salaries and employee benefits	204,846	194,370
Net occupancy expense of premises	30,010	35,535
Equipment	60,404	51,982
Advertising	9,733	12,257
Federal insurance premium	1,830	2,085
Miscellaneous	207,049	162,439
Total non-interest expenses	513,872	458,668
Income before income taxes	139,004	195,787
Income taxes	52,739	76,027
Net income	$ 86,265	$ 119,760
Net income per common share:		
Basic	$ 0.05	$ 0.07
Weighted average number of common shares and common stock equivalents outstanding:		
Basic	1,819,490	N/A
Net income per common share:		
Diluted	$ 0.05	N/A
Weighted average number of common shares and common stock equivalents outstanding:		
Diluted	1,824,558	1,817,787

See notes to consolidated financial statements.

LINCOLN PARK BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31, 2006	2005
Net income	$ 86,265	$ 119,760
Other comprehensive (loss) income, net of income taxes:		
Gross unrealized holding (loss) gain on securities available for sale	(20,651)	(28,274)
Deferred income taxes	8,227	11,302
Other comprehensive (loss) income	(12,424)	(16,972)
Comprehensive income	$ 73,841	$ 102,788

See notes to consolidated financial statements.

LINCOLN PARK BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months March 3 2006	
Cash flows from operating activities:		
Net income	$ 86,265	$
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of premises and equipment	16,647	
Amortization and accretion, net	9,116	
Loss (gain) on calls of term deposits and securities held to maturity	--	
Gain on sale of securities AFS	(9,612)	
Provision (recovery of) for loan losses	3,500	
(Increase) in interest receivable	(42,827)	
Decrease in other assets	207,204	
Increase in accrued interest payable	11,886	
(Decrease) Increase in other liabilities	(46,063)	
ESOP shares committed to be released	4,080	
Restricted Stock Earned	18,262	

Net cash provided by operating activities	258,458
Cash flows from investing activities:	
Purchases of term deposits	--
Proceeds from maturities and calls of term deposits	--
Purchase of securities available for sale	(71,836)
Proceeds from maturities and calls of securities available for sale	500,000
Principal repayments on securities available for sale	8,125
Proceeds from sale of securities available for sale	24,298
Purchases of securities held to maturity	(1,000,000)
Proceeds from maturities and calls of securities held to maturity	600,000
Principal repayments on securities held to maturity	63,747
Net (increase) in loans receivable	(973,709)
Additions to premises and equipment	(33,817)
Purchase of Federal Home Loan Bank of New York stock	(135,000)
Redemption of Federal Home Loan Bank of New York stock	101,100
Net cash (used in) investing activities	(917,092)
Cash flows from financing activities:	
Net increase (decrease) in deposits	182,061
Proceeds from advances from Federal Home Loan Bank of New York	23,425,000
Repayments of advances from Federal Home Loan Bank of New York	(22,671,298)
Net increase in payments by borrowers for taxes and insurance	20,680
Net change in Paid in Capital	--
Dividends Paid	(40,882)
Purchase of Stock	(180,901)
Net cash (used in) provided by financing activities	734,660
Net (decrease) increase in cash and cash equivalents	76,026
Cash and cash equivalents - beginning	2,316,178
Cash and cash equivalents - ending	$ 2,392,204
Supplemental information:	
Cash paid during the period for:	
Interest on deposits and borrowings	$ 547,274
Income taxes	$ 107,297

See notes to consolidated financial statements.

LINCOLN PARK BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Lincoln Park Bancorp (the "Company") and its wholly owned subsidiary, Lincoln Park Savings Bank (the "Bank"). The Company's business is conducted principally through the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

2. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements were prepared in accordance with instructions for Form 10-QSB and regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements have been included. The results of operations for the three months ended March 31, 2006, are not necessarily indicative of the results which may be expected for the entire fiscal year.

3. NET INCOME PER COMMON SHARE

Basic net income per common share was computed by dividing net income by the weighted average number of shares of common stock outstanding, adjusted for unearned shares of the ESOP. Diluted net income per common share was computed by adjusting the weighted average number of shares of common stock outstanding to include the effect of outstanding stock options and compensation grants, if dilutive, using the treasury stock method.

4. CRITICAL ACCOUNTING POLICIES

We consider accounting policies involving significant judgments and assumptions by management that have, or could have, a material impact on the carrying value of certain assets or on income to be critical accounting policies. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowance for loan losses. Determining the amount of the allowance for loan losses necessarily involves a high degree of judgment. Management reviews the level of the allowance on a quarterly basis, at a minimum, and establishes the provision for loan losses based on the composition of the loan portfolio, delinquency levels, loss experience, economic conditions, and other factors related to the collectibility of the loan portfolio. Since there has been no material shift in loan portfolio, the level of the allowance for loan losses has changed primarily due to changes in the size of the loan portfolio and the level of nonperforming loans. We have allocated the allowance among categories of loan types as well as classification status at each period-end date. Assumptions and allocation percentages based on loan types and classification status have been consistently applied. Management regularly evaluates various risk factors related to the loan portfolio, such as type of loan, underlying collateral and payment status, and the corresponding allowance allocation percentages.

4. CRITICAL ACCOUNTING POLICIES (Cont'd)

Although we believe that we use the best information available to establish the allowance for loan losses, future additions to the allowance may be necessary based on estimates that are susceptible to change as a result of changes in economic conditions and other factors. In addition, the regulatory authorities, as an integral part of their examinations process, periodically review our allowance for loan losses. Such agencies may require us to recognize adjustments to the allowance based on its judgments about information available to it at the time of their examinations.

5. STOCK COMPENSATION PLANS

The Company has two stock-related compensation plans, including stock option and restricted stock plans, which are described in Note 13 to the Company's Consolidated Financial Statements included in its Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005. Through December 31, 2005, the Company accounted for its stock option and employee stock ownership plans using the intrinsic value method set forth in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB No. 25") and related interpretations for these plans. Under APB No. 25, generally, when the exercise price of the Company's stock options equaled the market price of the underlying stock on the date of the grant, no compensation expense was recognized. The Company adopted SFAS No. 123R, using the modified-prospective transition method, beginning on January 1, 2006 and, therefore, began to expense the fair value of all options over their remaining vesting periods to the extent the options were not fully vested as of the adoption date and began to expense the fair value of all share-based compensation granted subsequent to December 31, 2005, over its requisite service periods.

SFAS No. 123R also requires the benefits of realized tax deductions in excess of previously recognized tax benefits on compensation expense to be reported as a financing cash flow (There were no realized tax benefits for the three months ended March 31, 2006) rather than an operating cash flow, as previously required. In accordance with Staff Accounting Bulletin ("SAB") No. 107, the Company classified share-based compensation within salaries and employee benefits and other expenses to correspond with the same line item as the cash compensation paid to employees and non-employee directors.

Employee options vest over a seven-year service period and non-employee director options vest over a five-year service period. Compensation expense recognized for all option grants is recognized over the awards' respective requisite service periods. The fair values relating to all of the calendar 2005 option grants were estimated using the Black-Scholes option pricing model. Expected volatilities are based on historical volatility of our stock and other factors, such as implied market volatility. We used historical exercise data based on the age at grant of the option holder to estimate the options' expected term, which represents the period of time that the options granted are expected to be outstanding. We anticipated the future option holding periods to be similar to the historical option holding periods. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. We recognize compensation expense for the fair values of these awards, which have graded vesting, on a straight-line basis over the requisite service period of the awards. We did not grant any options during the quarters ended March 31, 2006 and 2005.

5. STOCK COMPENSATION PLANS (Cont'd)

Restricted shares granted to outside directors and employees vest in five annual installments and seven annual installments, respectively. The fair value of restricted shares under the Company's restricted stock plans is determined by the product of the number of shares granted and the grant date market price of the Company's common stock. The fair value of restricted shares is expensed on a straight-line basis over the requisite service period of five years for the outside directors and seven years for the employees.

During the three months ended March 31, 2006, the Company recorded $18,000 of share-based compensation expense, which was comprised of stock option expense of $10,000 and restricted stock expense of $8,000. The Company estimates it will record share-based compensation expense of approximately $72,000 in fiscal 2006.

The following table illustrates the impact of share-based compensation on reported amounts:

(in thousands, except per share data)	Three months ended March 31, 2006 As Reported	 Impact of Share-Based Compensation Expense
Net operating income before taxes	$ 139,004	$ 18,262
Net income	86,265	18,262
Earnings per share:		
Basic	$ 0.05	$ 0.01
Diluted	$ 0.05	$ 0.01

LINCOLN PARK BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. STOCK COMPENSATION PLANS (Cont'd)

A summary of the Company's stock option activity and related information for its option plans for the three months ended March 31, 2006, was as follows:

	Options	Weighted Average Exercise Price	Average Remaining Contractual Term	Weighted Aggregate Intrinsic Value (000's)

Outstanding at December 31, 2005	66,520	$ 8.90		
Granted	--	--		
Exercised	--	--		
Forfeited	--	--		
Outstanding at March 31, 2006	66,520	$ 8.90	5.7 years	$ 53,000
Exercisable at March 31, 2006	--	$ --	5.7 years	$ --

A summary of the status of the Company's nonvested options as of March 31, 2006 and changes during the three months ended March 31, 2006, is presented below:

	Options	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2005	66,520	$ 8.90
Granted	--	--
Vested	--	--
Forfeited	--	--
Nonvested at March 31, 2006	66,520	$ 8.90

LINCOLN PARK BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. STOCK COMPENSATION PLANS (Cont'd)

Expected future compensation expense relating to the 66,520 nonvested options outstanding as of March 31, 2006 is $214,000 over a weighted-average period of 5.7 years.

A summary of the status of the Company's restricted shares as of March 31, 2006 and changes during the three months ended March 31, 2006, is presented below:

	Restricted Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2005	18,705	$ 8.90
Granted	--	--
Vested	--	--
Forfeited	--	--

Nonvested at March 31, 2006	18,705	$	8.90

Expected future compensation expense relating to the 18,705 restricted shares at March 31, 2006 is $158,000 over a weighted-average period of 5.3 years.

For purposes of pro forma disclosures, the estimated fair value of the stock options, restricted shares, and shares under the employee stock ownership plan were amortized to expense over their assumed vesting periods.

LINCOLN PARK BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ITEM 2.

Forward-Looking Statement

This Form 10-QSB may include certain forward-looking statements based on current management expectations. The actual results of the Company could differ materially from those management expectations. Factors that could cause future results to vary from current management expectations include, but are not limited to, general economic conditions, legislative and regulatory changes, monetary and fiscal policies of the federal government, changes in tax policies, rates and regulations of federal, state and local tax authorities, changes in interest rates, deposit flows, the cost of funds, demand for loan products, demand for financial services, competition, changes in the quality or composition of loan and investment portfolios of the Bank, changes in accounting principles, policies or guidelines, and other economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and prices.

Comparison of Financial Condition at March 31, 2006 and December 31, 2005

Our total assets increased by $788,000, or 0.8%, to $94.7 million at March 31, 2006, from $94.0 million at December 31, 2005. During the three months ended March 31, 2006, the level of cash and cash equivalents increased by $76,000, or 3.3%, to $2.4 million at March 31, 2006 from $2.3 million at December 31, 2005. Term deposits remained relatively unchanged at $582,000 at March 31, 2006 when compared with $581,000 at December 31, 2005.

Securities available for sale decreased by $472,000 or 15.7% to $2.5 million at March 31, 2006 when compared with $3.0 million at December 31, 2005. The decrease in securities available for sale during the 2006 period resulted primarily from maturities and repayments of $532,000. Securities held to maturity increased by $336,000 or 1.8% to $19.2 million at March 31, 2006 when compared with $18.8 million at December 31, 2005. During the three months ended March 31, 2006, purchases of securities held to maturity amounted to $1.0 million which was sufficient to offset maturities and repayments of $664,000. The increase in securities held to maturity was funded by the decrease in securities available for sale.

Loans receivable amounted to $67.3 million and $66.4 million at March 31, 2006 and December 31, 2005, respectively, representing an increase of $960,000 or 1.4%. Our increase in loans resulted primarily from increased one-to four family mortgage loan and consumer loan originations. The loans receivable was funded by increases in deposits and borrowings.

Federal Home Loan Bank of New York ("FHLB") stock increased by $34,000, or 2.7% to $1,298,000 at March 31, 2006 when compared to $1,264,000 at December 31, 2005, primarily due to an increase in borrowings.

Other assets decreased by $207,000 or 79.0% to $55,000 at March 31, 2006 from $262,000 at December 31, 2005. The decrease in other assets was primarily due to $200,000 in funds earmarked in the December 31, 2005 quarter for a loan closing that occurred during the March 31, 2006 quarter.

Total deposits increased by $190,000, or 0.3% to $54.6 million at March 31, 2006 from $54.4 million at December 31, 2005. Advances from FHLB increased by $754,000 or 3.0% to $26.3 million at March 31, 2006 when compared with $25.5 million at December 31, 2005. The proceeds from new advances were used to fund loan originations.

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LINCOLN PARK BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Comparison of Financial Condition at March 31, 2006 and December 31, 2005 (Cont'd.)

Stockholders' equity totaled $13.3 million and $13.4 million at March 31, 2006 and December 31, 2005, respectively, reflecting the awarding of restricted stocks totaling $181,000, net income of $86,000 for the three months ended March 31, 2006, cash dividend of $41,000 in the March 31, 2006 quarter and the amortization of $22,000 for the ESOP and the restricted stock in the March 31, 2006 quarter.

Comparison of Operating Results for the Three Months Ended March 31, 2006 and 2005

General. Net income decreased by $34,000, or 28.0%, to $86,000 for the three months ended March 31, 2006, from $120,000 for the three months ended December 31, 2005. The decrease in net income reflects decreases in net interest income and increases in non-interest expenses partially offset by decreases in provision for loan losses, increases in non-interest income and decreases in income taxes.

Interest Income. Interest income increased by $149,000, or 14.4%, to $1.2 million for the three months ended March 31, 2006, from $1.0 million for the three months ended March 31, 2005. The increase in interest income was due to increases of $142,000 in interest income from loans and $7,000 in interest on securities, partially offset by a decrease of $1,000 in interest income from other interest earning assets.

Interest income from loans increased by $142,000, or 18.6%, to $907,000 for the three months ended March 31, 2006, from $765,000 for the three months ended March 31, 2005. The increase was due to an $8.1 million or 13.9% increase in the average balance of loans to $66.0 million during the quarter ended March 31, 2006 from $57.9 million during the quarter ended March 31, 2005 and an increase in the average yield to 5.50% from 5.28%. Interest income from securities, including available for sale and held to maturity, increased $7,000, or 2.9%, to $265,000 for the three months ended March 31, 2006, from $257,000 for the three months ended March 31, 2005. The increase in interest income from securities was due to an increase in the average yield to 4.64% in 2006 from 4.36% in 2005, partially offset by a decrease of $710,000 or 3.0% in the average balance of securities to $22.9 million in 2006 from $23.6 million in 2005.

Interest income from other interest-earning assets decreased $1,000, or 8.9% to $10,000 for the three months ended March 31, 2006, from $11,000 for the three months ended March 31, 2005. The decrease in interest income from other interest-earning assets was due to a decrease in the average balance of other interest-earning assets of $800,000 or 28.9% to $2.0 million in 2006 from $2.8 million in 2005, offset by an increase in the average yield to 2.03% in 2006 from 1.59% in 2005.

Interest Expense. Total interest expense increased $191,000, or 51.9%, to $559,000 for the three months ended March 31, 2006, from $368,000 for the three months ended March 31, 2005. The interest expense on interest-bearing deposits increased by $76,000, or 32.8%, to $309,000 in 2006 when compared with $233,000 in the comparable 2005 period. The increase in interest expense on deposits resulted from an increase in the average cost of interest-bearing deposits to 2.31% from 1.67%, reflecting increasing market interest rates during the period between the comparable quarters. Partially offsetting this increase was a decrease in the average balance of interest-bearing deposits to $53.5 million in 2006 from $55.7 million in 2005.

Comparison of Operating Results for the Three Months Ended March 31, 2006 and 2005 (Cont'd.)

The interest expense on borrowed money increased $115,000 or 84.9% to $250,000 in 2006 from $135,000 in the comparable 2005 period. The increase resulted from an increase of $8.3 million in the average balance of borrowed money to $25.1 million in 2006 from $16.8 million in 2005 and an increase in the cost of borrowed money to 3.99% in 2006 from 3.21% in 2005.

Net Interest Income. Net interest income decreased $43,000, or 6.4%, to $623,000 for the three months ended March 31, 2006 from $666,000 for the three months ended March 31, 2005. Our interest rate spread decreased to 2.36% in 2006 from 2.87% in 2005, reflecting an 82 basis point increase in the cost of our interest bearing liabilities that exceeded a 31 basis point increase in yield on interest-earning assets. Our net interest margin decreased to 2.74% from 3.16%.

Provision for Loan Losses. We establish provisions for loan losses, which are charged to operations, at a level necessary to absorb known and inherent losses that are both probable and reasonably estimable at the date of the financial statements. In evaluating the level of the allowance for loan losses, management considers historical loss experience, the types of loans and the amount of loans in the loan portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available or as future events change.

Based on our evaluation of these factors, management recorded a provision for loan losses of $4,000 for the three months ended March 31, 2006 and $27,000 for the three months ended March 31, 2005. We had no charge-offs during the three month periods ended March 31, 2006 and 2005. We used the same methodology and generally similar assumptions in assessing the allowance for both periods. The allowance for loan losses was $162,000, or 0.24% of gross loans outstanding at March 31, 2006, as compared with $183,000, or 0.31% of gross loans outstanding at March 31, 2005. The level of the allowance is based on estimates, and the ultimate losses may vary from the estimates.

Non-interest Income. Non-interest income increased $17,000, or 110.6%, to $33,000 for the three months ended March 31, 2006, as compared to $16,000 for the three months ended March 31, 2005. The primary reason for the increase in non-interest income was an increase of $4,000 in fees and service charges. In addition, we recognized a gain of $10,000 during the March 31, 2006 quarter on the sale of available for sale securities, compared to a loss of $7,000 during the March 31, 2005 quarter on the call of an investment security that was purchased at a premium.

Non-interest Expenses. Non-interest expenses were $514,000 and $459,000 for the three months ended March 31, 2006 and 2005, respectively, representing an increase of $55,000 or 12.0%. The increase in non-interest expenses was due to increases of $45,000 in miscellaneous expenses, $11,000 in salaries and employee benefits and $8,000 in equipment expenses, sufficient to offset decreases of $6,000 in occupancy expense and $3,000 in advertising expense.

Miscellaneous expenses increased $45,000 or 27.5% to $207,000 in 2006 from $162,000 in 2005 due mainly to expenses associated with the implementation of the stock-based incentive plan and directors' retirement plan and additional legal expenses. Salaries and employee benefits increased $11,000 or 5.4% to $205,000 in 2006 from $194,000, reflecting expenses associated with the implementation of the stock-based incentive plan and an increase in the number of employees from 2005 to 2006. Equipment expenses increased $8,000 or 16.2% to $60,000 in 2006 from $52,000 in 2005 due to the upgrade of various equipment.

Comparison of Operating Results for the Three Months Ended March 31, 2006 and 2005 (Cont'd.)

Occupancy expenses decreased $6,000 or 15.5% to $30,000 in 2006 from $36,000 in 2005 due to decreases in repairs and maintenance expense of the banking facility. Advertising expenses decreased $3,000 or 20.6% to $9,000 in 2006 from $12,000 in 2005 due to an effort to contain cost through the reduction in the purchases of promotional items.

Income Tax Expense. The provision for income taxes decreased to $53,000 for the three months ended March 31, 2006 from $76,000 for the three months ended March 31, 2005. The decrease in the provision for income taxes was primarily due to a decrease of $57,000 in income before income taxes to $139,000 for the three months ended March 31, 2006, as compared to $196,000 for the three months ended March 31, 2005.

Management of Market Risk

General. The majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of mortgage loans, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage interest rate risk and reduce the exposure of our net interest income to changes in market interest rates. Our full board of directors is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the board of directors. Senior management monitors the level of interest rate risk and reports to the board of directors on a regular basis with respect to our asset/liability policies and interest rate risk position.

We have emphasized the origination of fixed-rate mortgage loans for retention in our portfolio in order to maximize our net interest income. We accept increased exposure to interest rate fluctuations as a result of our investment in such loans. In a period of rising interest rates, our net interest rate spread and net interest income may be negatively affected. In addition, we have sought to manage and mitigate our exposure to interest rate risks in the following ways:

- We maintain moderate levels of short-term liquid assets. At March 31, 2006, our short-term liquid assets totaled $3.2 million;

- We originate for portfolio adjustable-rate mortgage loans and adjustable home equity lines of credit. At March 31, 2006, our adjustable-rate mortgage loans totaled $14.8 million and our adjustable home equity lines of credit totaled $6.5 million;

- We attempt to increase the maturity of our liabilities as market conditions allow. In particular, in recent years, we have emphasized intermediate- to long-term FHLB advances as a source of funds. At March 31, 2006, we had $6.7 million of FHLB advances with terms to maturity of between three and ten years; and

- We invest in securities with step-up rate features providing for increased interest rates prior to maturity according to a pre-determined schedule and formula. However, these step-up rates may not keep pace with rising interest rates in the event of a rapidly rising rate environment. In addition, these investments may be called at the option of the issuer.

Management of Market Risk (Cont'd.)

Net Portfolio Value. The Company switched to a different outside vendor for the period ended March 31, 2006 compared to the period ended December 31, 2005 to prepare the computation of accounts by which the net present value of the Bank's cash flow from assets, liabilities and off balance sheet items (the Bank's net portfolio value or "NPV") would change in the event of a range of assumed changes in market interest rates. As a result of differences in the methodology in the calculation of NPV by these two different vendors, the results for these two periods will be different.

Both vendors provided the Company with an interest rate sensitivity report of net portfolio value by utilizing a simulation model that uses a discounted cash flow analysis and an option-based pricing approach to measuring the interest rate sensitivity of net portfolio value. The model estimates the economic value of each type of asset, liability and off-balance sheet contract under the assumption that the yield curve increases or decreases instantaneously by 100 and 200 basis points. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 5% would mean, for example, a 200 basis point increase in the change of interest rates.

The following table sets forth the Bank's NPV as of March 31, 2006, the most recent date the Bank's NPV was calculated.

Change in Interest Rates	Net Portfolio Value			Net Portfolio Value as a Perce of Present Value of Asset	
(basis points)	Estimated NPV	Amount of Change	Percent of Change	NPV Ratio	Change in Bas Points
	(Dollars in Thousands)				
+200	$ 13,666	$ (2,685)	(16.4)%	16.44%	(177) basis p
+100	15,128	(1,223)	(7.5)	17.49	(72) basis p
0	16,351	--	--	18.21	-- basis p
-100	17,378	1,027	6.3	18.67	46 basis p
-200	17,903	1,552	9.5	18.63	42 basis p

The table above indicates that at March 31, 2006, in the event of a 200 basis point decrease in interest rates, we would experience a 9.5% increase in net portfolio value. In the event of a 200 basis point increase in interest rates, we would experience a 16.4% decrease in net portfolio value.

Certain shortcomings are inherent in the methodology used in the above interest rate risk measurement. Modeling changes in net portfolio value require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the net portfolio value table presented assumes that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the net portfolio value table provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on its net interest income and will differ from actual results.

Liquidity and Capital Resources

The Bank is required to maintain levels of liquid assets sufficient to ensure the Bank's safe and sound operation. Liquidity is the ability to meet current and future financial obligations of a short-term nature. The Bank adjusts its liquidity levels in order to meet funding needs for deposit outflows, payment of real estate taxes from escrow accounts on mortgage loans, repayment of borrowings, when applicable, and loan funding commitments. The Bank also adjusts its liquidity level as appropriate to meet its asset/liability objectives.

The Bank's primary sources of funds are deposits, amortization and prepayments of loans and mortgage-backed securities principal, FHLB advances, maturities of investment securities and funds provided from operations. While scheduled loan and mortgage-backed securities amortization and maturing investment securities are a relatively predictable source of funds, deposit flow and loan and mortgage-backed securities prepayments are greatly influenced by market interest rates, economic conditions and competition.

The Bank's liquidity, represented by cash and cash equivalents, is a product of its operating, investing and financing activities.

The primary sources of investing activity are lending and the purchase of securities. Net loans amounted to $67.3 million and $66.4 million at March 31, 2006 and December 31, 2005, respectively. Securities available for sale totaled $2.5 million and $3.0 million at March 31, 2006 and December 31, 2005, respectively. Securities held to maturity totaled $19.2 million and $18.8 million at March 31, 2006 and December 31, 2005, respectively. In addition to funding new loan production and securities purchases through operating and financing activities, such activities were funded by principal repayments on existing loans, mortgage-backed securities, and borrowings from FHLB.

Liquidity management is both a daily and long-term function of business management. Excess liquidity is generally invested in short-term investments, such as federal funds and interest-bearing deposits. If the Bank requires funds beyond its ability to generate them internally, borrowing agreements exist with the FHLB which provide an additional source of funds. At March 31, 2006, advances from the FHLB amounted to $26.3 million.

The Bank anticipates that it will have sufficient funds available to meet its current loan commitments. At March 31, 2006, the Bank has outstanding commitments to originate loans of $1.6 million. Certificates of deposit scheduled to mature in one year or less at March 31, 2006, totaled $18.4 million. Management believes that, based upon its experience and the Bank's deposit flow history, a significant portion of such deposits will remain with the Bank.

LINCOLN PARK BANCORP AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table sets forth the Bank's capital position at March 31, 2006, as compared to the minimum regulatory capital requirements:

Lincoln Park Bancorp	Actual		Minimum Capital Requirements		To Be Capita Under Corre Actions P
	Amount	Ratio	Amount	Ratio	Amount

Total Risk Based Capital (to risk-weighted assets)	$ 9,816	19.65%	$ 3,997	8.00%	$ 4,996	
Tier 1 Capital (to risk-weighted assets)	9,654	19.32%	1,998	4.00%	2,997	
Core (Tier 1) Capital (to average total assets)	9,654	10.58%	3,649	4.00%	4,562	
Tangible Capital (to adjusted total assets)	9,654	10.58%	1,369	1.50%	--	

LINCOLN PARK BANCORP AND SUBSIDIARY
CONTROLS AND PROCEDURES

ITEM 3.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer has concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the applicable time periods specified by the SEC's rules and forms. There has been no change in the Company's internal control over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

LINCOLN PARK BANCORP

PART II

ITEM 1. Legal Proceedings

Neither the Company nor the Bank is involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business, which involve amounts in the aggregate believed by management to be immaterial to the financial condition of the Company and the Bank.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

a) Not applicable

b) Not applicable

c) Information regarding the Company's purchases of its equity securities (common stock) during the three months ended March 31, 2006 is summarized below:

	Total Number of Shares Purchased	Average Price Paid For Shares	Total Number of Shares Purchased Under a Publicly Announced Repurchase Plan	M S B R
January 1 - January 31	11,700	$9.65	11,700	
February 1 - February 28	7,005	$9.71	7,005	
March 1 - March 31	--	--	--	

(1) The 18,705 shares repurchased thus far were for purposes of funding the restricted stock of the Company's 2005 Stock-Based Incentive Plan.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Submission of Matters to a Vote of Security Holders

The annual meeting of stockholders of the registrant was held on April 20, 2006. At the meeting, the stockholders elected David G. Baker and John F. Feeney to three-year terms as directors of the Company. Also at the meeting, Beard Miller Company LLP was ratified as the Company's independent auditors. The results of the voting for each matter considered were as follows:

a) The election as director to serve for a term of three years until a successor has been elected and qualified.

	For	Withheld
David G. Baker	1,748,391	42,202
John F. Feeney	1,748,526	42,067

b) The appointment of Beard Miller Company LLP as auditors of the Company for the fiscal year ending December 31, 2006.

For	Withheld	Abstain
1,788,093	2,000	-0-

In addition, the following directors, in addition to those elected, continue to serve as directors after the annual meeting of stockholders:

Stanford Stoller
Edith M. Perrotti
William H. Weisbrod

ITEM 5. Other Information

Not applicable.

ITEM 6. Exhibits

The following Exhibits are filed as part of this report.

11.0 Computation of earnings per share.

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to n 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LINCOLN PARK BANCORP

Date: May 15, 2006

/s/ DONALD S. HOM

Donald S. Hom
President and Chief Executive Officer
(Principal Executive and Financial Officer)

Date: May 15, 2006

/s/ NANDINI MALLYA

Nandini Mallya
Vice President and Treasurer
(Principal Accounting Officer)