

Edgar Filing: Lincoln Park Bancorp - Form 10QSB

Lincoln Park Bancorp  
Form 10QSB  
August 14, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2006  
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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  No

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

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 August 11, 2006.

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

## LINCOLN PARK BANCORP AND SUBSIDIARY

### INDEX

|   | Page<br>Number<br>----- |
|---|-------------------------|
| PART I - FINANCIAL INFORMATION  |                         |
| Item 1: Financial Statements  |                         |
| Consolidated Statements of Financial Condition<br>at June 30, 2006 and December 31, 2005 (Unaudited)                            | 1                       |
| Consolidated Statements of Income for the Three Months and<br>Six Months Ended June 30, 2006 and 2005 (Unaudited)               | 2                       |
| Consolidated Statements of Comprehensive Income for the Three Months<br>And Six Months Ended June 30, 2006 and 2005 (Unaudited) | 3                       |
| Consolidated Statements of Cash Flows for the Six Months<br>Ended June 30, 2006 and 2005 (Unaudited)                            | 4                       |
| Notes to Consolidated Financial Statements (Unaudited)  | 5 - 9                   |
| Item 2: Management's Discussion and Analysis of<br>Financial Condition and Results of Operations                                | 10 - 17                 |
| Item 3: Controls and Procedures   | 18                      |
| PART II - OTHER INFORMATION   | 19-20                   |
| SIGNATURES  | 21                      |

PART I- FINANCIAL INFORMATION

LINCOLN PARK BANCORP AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
-----

(Unaudited)

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| ASSETS  | June 30,<br>2006 | December<br>2005 |
|---|------------------|------------------|
|   | -----            | -----            |
| Cash and amounts due from depository institutions   | \$ 1,234,194     | \$ 1,627,        |
| Interest-bearing deposits in other banks  | 1,073,297        | 688,             |
|   | -----            | -----            |
| Total cash and cash equivalents   | 2,307,491        | 2,316,           |
|   | -----            | -----            |
| Term deposits   | 583,141          | 580,             |
| Securities available for sale   | 2,509,401        | 3,002,           |
|   | -----            | -----            |
| Securities held to maturity, estimated fair value of \$18,657,000<br>and \$18,320,000, respectively | 18,967,077       | 18,817,          |
| Loans receivable, net of allowance for loan losses of \$162,000<br>and \$158,500, respectively      | 69,048,049       | 66,383,          |
| Premises and equipment  | 884,137          | 883,             |
| Federal Home Loan Bank of New York stock, at cost   | 1,391,300        | 1,264,           |
| Interest receivable   | 485,318          | 448,             |
| Other assets  | 71,046           | 262,             |
|   | -----            | -----            |
| Total assets  | \$ 96,246,960    | \$ 93,958,       |
|   | =====            | =====            |
| <br>LIABILITIES AND STOCKHOLDERS' EQUITY  |                  |                  |
| Liabilities:  |                  |                  |
| Deposits  | \$ 54,573,423    | \$ 54,366,       |
| Advances from Federal Home Loan Bank of New York  | 27,975,933       | 25,533,          |
| Advance payments by borrowers for taxes and insurance   | 402,381          | 364,             |
| Other liabilities   | 100,090          | 305,             |
|   | -----            | -----            |
| Total liabilities   | 83,051,827       | 80,570,          |
|   | -----            | -----            |
| Stockholders' equity:   |                  |                  |
| Preferred stock; no par value; 1,000,000 shares authorized;<br>none issued or outstanding           | --               | --               |
| Common stock; \$.01 par value; 5,000,000 shares authorized;<br>1,851,500 issued and outstanding     | 18,515           | 18,              |
| Additional paid in capital  | 7,456,192        | 7,776,           |
| Retained earnings - substantially restricted  | 6,121,460        | 5,982,           |
| Unearned ESOP shares  | (356,540)        | (366,            |
| Accumulated other comprehensive loss -<br>unrealized loss on securities available for sale          | (44,494)         | (23,             |
|   | -----            | -----            |
| Total stockholders' equity  | 13,195,133       | 13,387,          |
|   | -----            | -----            |
| Total liabilities and stockholders' equity  | \$ 96,246,960    | \$ 93,958,       |
|   | =====            | =====            |

See notes to consolidated financial statements.

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-1-

LINCOLN PARK BANCORP AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

|  | Three Months Ended<br>June 30, |            |
|--|--------------------------------|------------|
|  | 2006                           | 2005       |
| Interest income:                                       |                                |            |
| Loans  | \$ 953,554                     | \$ 820,170 |
| Securities   | 261,709                        | 262,359    |
| Other interest-earning assets                          | 16,277                         | 13,860     |
|  | -----                          | -----      |
| Total interest income                                  | 1,231,540                      | 1,096,389  |
|  | -----                          | -----      |
| Interest expense:                                      |                                |            |
| Deposits   | 343,770                        | 245,194    |
| Advances and other borrowed money                      | 282,766                        | 152,953    |
|  | -----                          | -----      |
| Total interest expense                                 | 626,536                        | 398,147    |
|  | -----                          | -----      |
| Net interest income                                    | 605,004                        | 698,242    |
| Provision for loan losses                              | 116                            | (9,000)    |
|  | -----                          | -----      |
| Net interest income after provision for loan losses    | 604,888                        | 707,242    |
|  | -----                          | -----      |
| Non-interest income:                                   |                                |            |
| Fees and service charges                               | 18,036                         | 25,698     |
| Gains (losses) on calls of securities held to maturity | 500                            | --         |
| Gains on sale of securities available for sale         | --                             | --         |
| Miscellaneous  | 5,879                          | 6,060      |
|  | -----                          | -----      |
| Total non-interest income                              | 24,415                         | 31,758     |
|  | -----                          | -----      |
| Non-interest expenses:                                 |                                |            |
| Salaries and employee benefits                         | 208,742                        | 200,371    |
| Net occupancy expense of premises                      | 25,242                         | 27,049     |
| Equipment  | 56,447                         | 50,386     |
| Advertising  | 10,505                         | 16,435     |
| Federal insurance premium                              | 1,740                          | 2,107      |
| Miscellaneous  | 173,284                        | 172,876    |
|  | -----                          | -----      |

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|   |           |            |
|---|-----------|------------|
| Total non-interest expenses   | 475,960   | 469,224    |
|   | -----     | -----      |
| Income before income taxes  | 153,343   | 269,776    |
| Income taxes  | 58,566    | 105,835    |
|   | -----     | -----      |
| Net income  | \$ 94,777 | \$ 163,941 |
|   | =====     | =====      |
| Net income per common share:  |           |            |
| Basic   | \$ 0.05   | \$ 0.09    |
|   | =====     | =====      |
| Weighted average number of common shares and<br>common stock equivalents outstanding: |           |            |
| Basic   | 1,794,046 | 1,818,212  |
|   | =====     | =====      |
| Net income per common share:  |           |            |
| Diluted   | \$ 0.05   | \$ 0.09    |
|   | =====     | =====      |
| Weighted average number of common shares and<br>common stock equivalents outstanding: |           |            |
| Diluted   | 1,798,922 | 1,818,212  |
|   | =====     | =====      |

See notes to consolidated financial statements.

-2-

LINCOLN PARK BANCORP AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

-----  
(Unaudited)

|  | Three Months Ended<br>June 30, |            | Six      |
|--|--------------------------------|------------|----------|
|  | 2006                           | 2005       | 2006     |
|  | -----                          | -----      | -----    |
| Net income   | \$ 94,777                      | \$ 163,941 | \$ 181,0 |
|  | -----                          | -----      | -----    |
| Other comprehensive income (loss), net of income taxes:                  |                                |            |          |
| Gross unrealized holding (loss) gain on<br>securities available for sale | (13,681)                       | 32,621     | (34,3    |
| Deferred income taxes  | 5,512                          | (13,021)   | 13,7     |
|  | -----                          | -----      | -----    |
| Other comprehensive income (loss)  | (8,169)                        | 19,600     | (20,5    |
|  | -----                          | -----      | -----    |

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|                      |           |            |          |
|----------------------|-----------|------------|----------|
| Comprehensive income | \$ 86,608 | \$ 183,541 | \$ 160,4 |
|                      | =====     | =====      | =====    |

See notes to consolidated financial statements.

-3-

LINCOLN PARK BANCORP AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

-----  
(Unaudited)

|   | Six Months En<br>June 30, |       |
|---|---------------------------|-------|
|   | -----<br>2006<br>-----    |       |
| Cash flows from operating activities:   |                           |       |
| Net income  | \$ 181,043                | \$    |
| Adjustments to reconcile net income to net cash provided by operating activities: |                           |       |
| Depreciation of premises and equipment  | 33,528                    |       |
| Amortization and accretion, net   | 17,701                    |       |
| (Gain) on sales/calls of securities available for sale                            | (9,612)                   |       |
| (Gain) loss on calls of securities held to maturity                               | (500)                     |       |
| Provision for loan losses   | 3,616                     |       |
| (Increase) in interest receivable   | (37,146)                  |       |
| Decrease (increase) in other assets   | 191,163                   |       |
| Increase in accrued interest payable  | 11,000                    |       |
| Increase (decrease) in other liabilities  | (195,187)                 |       |
| ESOP shares committed to be released  | 8,253                     |       |
| Restricted Stock Earned   | 35,552                    |       |
|   | -----                     | ----- |
| Net cash provided by operating activities   | 239,411                   |       |
|   | -----                     | ----- |
| Cash flows from investing activities:   |                           |       |
| Purchases of term deposits  | --                        |       |
| Purchases of securities available for sale  | (72,262)                  |       |
| Proceeds from maturities and calls of securities available for sale               | 500,000                   |       |
| Proceeds from sales of securities available for sale                              | 24,298                    |       |
| Principal repayments on securities available for sale                             | 15,996                    |       |
| Purchases of securities held to maturity  | (1,000,000)               |       |
| Proceeds from maturities and calls of securities held to maturity                 | 710,500                   |       |
| Principal repayments on securities held to maturity                               | 139,834                   |       |
| Net (increase) in loans receivable  | (2,688,221)               |       |
| Additions to premises and equipment   | (33,817)                  |       |
| Purchase of Federal Home Loan Bank of New York stock                              | (265,800)                 |       |
| Redemption of Federal Home Loan Bank of New York stock                            | 139,000                   |       |
|   | -----                     | ----- |
| Net cash used in investing activities   | (2,530,472)               |       |
|   | -----                     | ----- |

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|  |              |       |
|--|--------------|-------|
| Cash flows from financing activities:                          |              |       |
| Net increase (decrease) in deposits                            | 199,235      |       |
| Proceeds from advances from Federal Home Loan Bank of New York | 49,250,000   |       |
| Repayments of advances from Federal Home Loan Bank of New York | (46,807,797) |       |
| Net increase in payments by borrowers for taxes and insurance  | 37,596       |       |
| Net change in paid in capital                                  | --           |       |
| Purchase of restricted stock                                   | (355,778)    |       |
| Dividends Paid   | (40,882)     |       |
|  | -----        | ----- |
| Net cash provided by financing activities                      | 2,282,374    |       |
|  | -----        | ----- |
|  |              |       |
| Net decrease in cash and cash equivalents                      | (8,687)      |       |
| Cash and cash equivalents - beginning                          | 2,316,178    |       |
|  | -----        | ----- |
|  |              |       |
| Cash and cash equivalents - ending                             | \$ 2,307,491 | \$    |
|  | =====        | ===== |
|  |              |       |
| Supplemental information:                                      |              |       |
| Cash paid during the period for:                               |              |       |
| Interest on deposits and borrowings                            | \$ 1,175,131 | \$    |
|  | =====        | ===== |
| Income taxes   | \$ 295,797   | \$    |
|  | =====        | ===== |

See notes to consolidated financial statements.

-4-

### LINCOLN PARK BANCORP AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 1. PRINCIPLES OF CONSOLIDATION

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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

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been included. The results of operations for the three months and six months ended June 30, 2006, are not necessarily indicative of the results which may be expected for the entire fiscal year.

### 3. NET INCOME PER COMMON SHARE

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Basic and diluted net income per share were computed by dividing net income by the weighted average number of shares of common stock outstanding, adjusted for unearned shares of the ESOP, restricted stock and stock options.

### 4. CRITICAL ACCOUNTING POLICIES

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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.

-5-

## LINCOLN PARK BANCORP AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 4. CRITICAL ACCOUNTING POLICIES (CONT'D)

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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 reviews 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



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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 or six months ended June 30, 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 six months ended June 30, 2006 and 2005.

- 6 -

### LINCOLN PARK BANCORP AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 5. STOCK COMPENSATION PLANS (CONT'D)

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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

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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 six months ended June 30, 2006, the Company recorded \$35,000 of share-based compensation expense, which was comprised of stock option expense of \$20,000 and restricted stock expense of \$15,000. 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:

|                                   | Three Months Ended<br>June 30, 2006 |   | Six Months Ended<br>June 30, 2006 |   |
|-----------------------------------|-------------------------------------|---|-----------------------------------|---|
|                                   | As Reported                         | Impact of<br>Share-Based<br>Compensation<br>Expense | As Reported                       | Impact of<br>Share-Based<br>Compensation<br>Expense |
| Net operating income before taxes | \$ 153,343                          | \$ 17,290   | \$ 292,348                        | \$ 35,552   |
| Net Income                        | 94,777                              | 17,290  | 181,043                           | 35,552  |
| Earnings per share:               |                                     |   |                                   |   |
| Basic                             | \$ 0.05<br>=====                    | \$ 0.01<br>=====                                    | \$ 0.10<br>=====                  | \$ 0.02<br>=====                                    |
| Diluted                           | \$ 0.05<br>=====                    | \$ 0.01<br>=====                                    | \$ 0.10<br>=====                  | \$ 0.02<br>=====                                    |

- 7 -

LINCOLN PARK BANCORP AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. STOCK COMPENSATION PLANS (CONT'D)

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A summary of the Company's stock option activity and related information for its option plans for the six months ended June 30, 2006, was as follows:

WEIGHTED  
AVERAGE

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|                                  | OPTIONS | EXERCISE<br>PRICE |
|----------------------------------|---------|-------------------|
|                                  | -----   | -----             |
| Outstanding at December 31, 2005 | 66,520  | \$ 8.90           |
| Granted                          | -       | -                 |
| Exercised                        | -       | -                 |
| Forfeited                        | -       | -                 |
|                                  | -----   |                   |
| Outstanding at June 30, 2006     | 66,520  | \$ 8.90           |
|                                  | =====   |                   |
| Exercisable at June 30, 2006     | -       | \$ -              |

A summary of the status of the Company's non-vested options as of June 30, 2006 and changes during the six months ended June 30, 2006, is presented below:

|                                 | OPTIONS | WEIGHTED<br>AVERAGE<br>GRANT DATE<br>FAIR VALUE |
|---------------------------------|---------|---|
|                                 | -----   | -----   |
| Non-vested at December 31, 2005 | 66,520  | \$ 3.38   |
| Granted                         | --      | --  |
| Vested                          | --      | --  |
| Forfeited                       | --      | --  |
|                                 | -----   |   |
| Non-vested at June 30, 2006     | 66,520  | \$ 3.38   |
|                                 | =====   |   |

- 8 -

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 non-vested options outstanding as of June 30, 2006 is \$204,000 over a weighted-average period of 5.5 years.

A summary of the status of the Company's restricted shares as of June 30, 2006 and changes during the six months ended June 30, 2006, is presented below:

|                                 | RESTRICTED<br>SHARES | WEIGHTED<br>AVERAGE<br>GRANT DATE<br>FAIR VALUE |
|---------------------------------|----------------------|---|
|                                 | -----                | -----   |
| Non-vested at December 31, 2005 | 18,705               | \$ 8.90   |

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|                             |        |    |      |
|-----------------------------|--------|----|------|
| Granted                     | -      |    | -    |
| Vested                      | -      |    | -    |
| Forfeited                   | -      |    | -    |
|                             | -----  |    |      |
| Non-vested at June 30, 2006 | 18,705 | \$ | 8.90 |
|                             | =====  |    |      |

Expected future compensation expense relating to the 18,705 restricted shares at June 30, 2006 is \$150,000 over a weighted-average period of 5.1 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.

-9-

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

ITEM 2.

FORWARD-LOOKING STATEMENTS.

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, rules 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 JUNE 30, 2006 AND DECEMBER 31, 2005

Our total assets increased by \$2.3 million, or 2.4%, to \$96.3 million at June 30, 2006, from \$94.0 million at December 31, 2005. At June 30, 2006, and at December 31, 2005, the level of cash and cash equivalents remained unchanged at \$2.3 million. Term deposits increased \$2,000 to \$583,000 at June 30, 2006 when compared with \$581,000 at December 31, 2005.

Securities available for sale decreased \$493,000 or 16.4% to \$2.5 million at June 30, 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 \$540,000. Securities held to maturity increased by \$150,000 or .80% to \$19.0 million at June 30, 2006 when compared with \$18.8 million at December 31, 2005. During the six months ended June 30, 2006, purchases of securities held to maturity amounted to \$1.0 million

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which was sufficient to offset maturities and repayments of \$850,000.

Loans receivable amounted to \$69.0 million and \$66.4 million at June 30, 2006 and December 31, 2005, respectively, representing an increase of \$2.7 million or 4.01%. Our increase in loans resulted primarily from increased one-to-four family mortgage loan originations. The loans receivable was funded by borrowings.

Federal Home Loan Bank of New York ("FHLB") stock increased \$127,000 or 10.0% to \$1.4 million at June 30, 2006 when compared with \$1.3 million at December 31, 2005 primarily due to an increase in borrowings.

Other assets decreased \$191,000 or 73.0% to \$71,000 at June 30, 2006 from \$262,000 in December of 2005. The decrease was mainly due to a \$ 200,000 loan that was originated but not closed at the end of December 2005.

-10-

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

-----

#### COMPARISON OF FINANCIAL CONDITION AT JUNE 30, 2006 AND DECEMBER 31, 2005 (CONT'D.)

Total deposits increased \$207,000 or .38% to \$54.6 million at June 30, 2006 from \$54.4 million at December 31, 2005. The increase in deposits was due to a management decision to be more competitive with deposit rates. Advances from FHLB increased \$2.4 million or 9.6% to \$28.0 million at June 30, 2006 when compared with \$25.5 million at December 31, 2005. The proceeds from new advances were used to fund loan originations.

Other liabilities decreased \$205,000 or 67.0% to \$100,000 at June 30, 2006 when compared to \$305,000 at December 31, 2005. The decrease was primarily due to the debit balances in tax accounts.

Stockholders' equity totaled \$13.2 million and \$13.4 million at June 30, 2006 and December 31, 2005, respectively, reflecting net income of \$181,000 for the six months ended June 30, 2006, offset by the purchase of stock in the amount of \$ 356,000 for the restricted stock plan.

#### COMPARISON OF OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2006 AND 2005

GENERAL. Net income decreased by \$69,000, or 42.0%, to \$95,000 for the three months ended June 30, 2006, from \$164,000 for the three months ended June 30, 2005. The decrease in net income reflects increases in interest expense, provision for loan losses, and an increase in non-interest expenses, partially offset by an increase in total interest income.

INTEREST INCOME. Interest income increased \$135,000, or 12.3%, to \$1.2 million for the three months ended June 30, 2006, from \$1.1 million for the three months ended June 30, 2005. The increase in interest income is due to increases of \$133,000 in interest income from loans, and \$2,000 in interest income from other interest earning assets.

Interest income from loans increased by \$133,000, or 16.26%, to

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\$954,000 for the three months ended June 30, 2006, from \$820,000 for the three months ended June 30, 2005. The increase was due to an \$8.0 million or 13.4% increase in the average balance of loans to \$68.2 million in 2006 from \$60.2 million in 2005 and an increase in the average yield to 5.59% from 5.45%. Interest income from securities, including available for sale and held to maturity, remained unchanged at \$262,000 for the three months ended June 30, 2006, and for the three months ended June 30, 2005. The average yield on these securities increased to 4.57 % for the three months ended June 30, 2006 as compared to 4.42% for the three months ended June 30, 2005, sufficient to offset a decrease in the average balance of \$ 751,000. The average balance of securities was \$23.0 million during the three months ended June 30, 2006 as compared to \$23.7 million for the three months ended June 30, 2005. Interest income from other interest-earning assets increased \$2,000, or 17.4% to \$16,000 for the three months ended June 30, 2006, from \$14,000 for the three months ended June 30, 2005. The increase in interest income from other interest-earning assets was due to an increase in the average yield to 4.3 % in 2006 from 3.14% in 2005, sufficient to offset a decrease in the average balance to \$1.5 million in 2006 from \$1.8 million in 2005.

INTEREST EXPENSE. Total interest expense increased \$229,000, or 57.4%, to \$627,000 for the three months ended June 30, 2006, from \$398,000 for the three months ended June 30, 2005. The interest expense on interest-bearing deposits increased by \$99,000 or 40.2% to \$344,000 in 2006 when compared with \$245,000 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 2.55% from 1.78%, 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 \$54.0 million in 2006 from \$55.0 million in 2005.

-11-

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

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#### COMPARISON OF OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2006 AND 2005 (CONT'D.)

The interest expense on borrowed money increased \$130,000 or 85.0% to \$283,000 in 2006 from \$153,000 in the comparable 2005 period. The increase resulted from an increase of \$8.0 million in the average balance of borrowed money to \$26.7 million in 2006 from \$18.6 million in 2005 and an increase in cost of borrowed money to 4.25% in 2006 from 3.28% in 2005.

NET INTEREST INCOME. Net interest income decreased \$93,000, or 13.3%, to \$605,000 for the three months ended June 30, 2006 from \$698,000 for the three months ended June 30, 2005. Our interest rate spread decreased to 2.21% in 2006 from 2.96% in 2005, reflecting a 95 basis points increase in the cost of our interest bearing liabilities that exceeded a 20 basis point increase in yield on interest-earning assets. Our net interest margin decreased to 2.61% from 3.26%.

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

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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, a provision of \$116 for loan losses was required for the three months ended June 30, 2006. Management recovered \$9,000 in provision for loan losses for the three months ended June 30, 2005. We had no charge-offs during the three month periods ended June 30, 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 0.23% of gross loans outstanding at June 30, 2006, as compared with \$174,000, or 0.28% of gross loans outstanding at June 30, 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 decreased 23.1%, to \$25,000 for the three months ended June 30, 2006, as compared to \$32,000 for the three months ended June 30, 2005. The primary reason for the decrease in non-interest income was a decrease of \$7,000 in fees and service charges.

NON-INTEREST EXPENSES. Non-interest expenses were \$476,000 and \$469,000 for the three months ended June 30, 2006 and 2005, respectively, representing an increase of \$7,000 or 1.4%. The increase in non-interest expenses is due to increases of \$8,000 in salary expenses, and \$6,000 in equipment, offset by a decrease of \$6,000 in advertising expenses.

Advertising expenses decreased \$6,000 or 36.1% to \$11,000 in 2006 from \$16,000 in 2005. Equipment expenses increased \$6,000 or 12.0% to \$56,000 in 2006 from \$50,000 in 2005.

-12-

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

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#### COMPARISON OF OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2006 AND 2005 (CONT'D.)

INCOME TAX EXPENSE. The provision for income taxes decreased to \$59,000 for the three months ended June 30, 2006 from \$106,000 for the three months ended June 30, 2005. The decrease in the provision for income taxes is primarily due to a decrease of \$116,000 in income before income taxes to \$153,000 for the three months ended June 30, 2006, as compared to \$270,000 for the three months ended June 30, 2005.

#### COMPARISON OF OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

GENERAL. Net income decreased \$103,000, or 36.2%, to \$181,000 for the six months ended June 30, 2006, compared with \$284,000 for the same 2005 period. The decrease in net income during the 2006 period resulted primarily from an increase in interest expense and non-interest expense, partially offset by increases in total interest income and decreases in income taxes.

INTEREST INCOME. Interest income increased \$284,000 or 13.3%, to \$2.4 million for the six months ended June 30, 2006, from \$2.1 million for the six months ended June 30, 2005. The increase in interest income was primarily due to

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an increase of \$276,000 in interest income from loans.

Interest income from loans increased by \$276,000, or 17.4%, to \$1.9 million for the six months ended June 30, 2006, from \$1.6 million for the same 2005 period. The increase was due to an \$8.0 million or 13.6% increase in the average balance of loans to \$67.0 million in 2006 from \$59.0 million in 2005. The average yield on loans increased to 5.54% in 2006 from 5.37% in 2005. Interest income from securities, including available for sale and held to maturity, increased \$7,000, or 1.3%, to \$527,000 for the six months ended June 30, 2006, from \$520,000 for the six months ended June 30, 2005. The average balance of securities decreased to \$23.0 million in 2006 when compared to \$23.7 million in 2005. The decrease in the average balance of securities was offset by an increase of 19 basis points in the average yield. The average yield on securities for the six months ended June 30, 2006 was 4.59% when compared to 4.40% for the same period in 2005. Interest income from other interest-earning assets increased \$2,000 or 5.6% to \$27,000 for the six months ended June 30, 2006 when compared to \$25,000 for the six months ended June 30, 2005. The average balance of other interest earning assets decreased to \$1.7 million during the six months ended June 30, 2006, when compared to \$2.3 million during the six months ended in June of 2005, partially offset by an increase in the average yield. The average yield on other interest earning assets for the six months ended June 30, 2006 was 3.14% when compared to 2.20 % for the same period in 2005.

INTEREST EXPENSE. Total interest expense increased \$420,000, or 55.0%, to \$1.2 million for the six months ended June 30, 2006, from \$766,000 for the six months ended June 30, 2005. The interest expense on interest-bearing deposits increased by \$175,000 or 36.6% to \$653,000 in 2006 when compared with \$478,000 in the comparable 2005 period. The increase in interest expense resulted from an increase in the average cost of interest-bearing deposits to 2.43% from 1.73%, reflecting an increase in market interest rates during the period between the comparable periods. Partially offsetting this increase was a decrease in the average balance of interest-bearing deposits to \$53.7 million in 2006 from \$55.4 million in 2005. The interest expense on borrowed money increased \$245,000 or 85.0% to \$533,000 in 2006 from \$288,000 in the comparable 2005 period. The increase resulted from an increase of \$8.2 million in the average balance of borrowed money to \$25.9 million in 2006 from \$17.7 million in 2005, as well as an increase of 87 basis points in the cost of borrowed money to 4.12% in 2006 from 3.25% in 2005.

-13-

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

COMPARISON OF OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005  
(CONT'D.)

NET INTEREST INCOME. Net interest income decreased \$136,000, or 10.0%, to \$1.2 million for the six months ended June 30, 2006 from \$1.4 million for the six months ended June 30, 2005. Our interest rate spread decreased to 2.28% in 2006 from 2.92% in 2005, reflecting an increase of 88 basis points in the cost of our interest-bearing liabilities that exceeded an increase of 25 basis points in the yield on interest-earning assets. Our net interest margin decreased to 2.68% from 3.21%. The decrease was primarily due to an increase in total interest expense of \$420,000, which was partially offset by an increase of \$284,000 in total interest income.



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PROVISION FOR LOAN LOSSES. Based on our evaluation, we recorded provision for loan losses of \$3,600 for the six months ended June 30, 2006, and \$18,000 for the six months ended June 30, 2005. We had no charge-offs during the six month periods ended June 30, 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 0.23% of gross loans outstanding at June 30, 2006, as compared with \$174,000, or 0.28% of gross loans outstanding at June 30, 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 \$10,000, or 21.0%, to \$58,000 for the six months ended June 30, 2006, as compared to \$48,000 for the six months ended June 30, 2005. The increase in non-interest income was primarily due to a gain of \$10,000 on the sale of available for sale securities, as compared to a loss of \$7,000 on the call of securities held to maturity in 2005. Fees and service charges and other miscellaneous income decreased by \$7,000 or 13.2% for the six months ended June 30, 2006 when compared with the same period in June 2005.

NON-INTEREST EXPENSES. Non-interest expenses were \$990,000 and \$928,000 for the six months ended June 30, 2006 and 2005, respectively, representing an increase of \$62,000 or 6.7%. The increase in non-interest expenses was primarily due to increases of \$45,000 in other non-interest expense, \$19,000 in salaries and employee benefits and \$14,000 in equipment expense. This increase was offset by decreases of \$9,000 in advertising expenses and \$7,000 in occupancy expense.

Miscellaneous expenses increased \$45,000 or 13.4% to \$380,000 in 2006 from \$335,000 in 2005, primarily due to expenses associated with the implementation of the stock-based incentive plan, directors' retirement plan, and additional legal expenses.

INCOME TAX EXPENSE. The provision for income taxes decreased to \$111,000 for the six months ended June 30, 2006 from \$182,000 for the six months ended June 30, 2005. The decrease in the provision for income taxes is primarily due to a decrease in income before income taxes of \$173,000 to \$292,000 for the six months ended June 30, 2006, as compared to \$466,000 for the six months ended June 30, 2005.

-14-

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

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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:

- o We maintain moderate levels of short-term liquid assets. At June 30, 2006, our short-term liquid assets totaled \$3.0 million;
- o We originate for portfolio adjustable-rate mortgage loans and adjustable home equity lines of credit. At June 30, 2006, our adjustable-rate mortgage loans totaled \$14.7 million and our adjustable home equity lines of credit totaled \$6.5 million;
- o We attempt to increase the maturity of our liabilities as market conditions allow. In particular, since 2004, we have emphasized intermediate- to long-term FHLB advances as a source of funds. At June 30, 2006 we had \$5.5 million of FHLB advances with terms to maturity of between three and fifteen years; and
- o 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.

Net Portfolio Value. The Company utilizes an outside vendor 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. The vendor provides 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 assets, liability and off-balance sheet contracts 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.

-15-

LINCOLN PARK BANCORP AND SUBSIDIARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
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### MANAGEMENT OF MARKET RISK (CONT'D.)

The following table sets forth the Bank's NPV as of June 30, 2006, the most recent date the Bank's NPV was calculated.

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| CHANGE IN<br>INTEREST RATES<br><br>(BASIS POINTS) | NET PORTFOLIO VALUE    |                     |                      | NET PORTFOLIO VALUE AS A PERCENT<br>OF PRESENT VALUE OF ASSETS |                           |
|---|------------------------|---------------------|----------------------|--|---------------------------|
|   | ESTIMATED<br>NPV       | AMOUNT OF<br>CHANGE | PERCENT OF<br>CHANGE | NPV RATIO  | CHANGE IN<br>BASIS POINTS |
|   | (DOLLARS IN THOUSANDS) |                     |                      |  |                           |
| +200  | \$ 12,796              | \$ (2,791)          | (17.9)%              | 15.34%   | (224) basis points        |
| +100  | 14,461                 | (1,126)             | (7.2)                | 16.64  | (94) basis points         |
| 0   | 15,857                 | --                  | --                   | 17.58  | -- basis points           |
| -100  | 17,065                 | 1,478               | 9.5                  | 18.25  | 67 basis points           |
| -200  | 17,870                 | 2,283               | 14.6                 | 18.50  | 92 basis points           |

The table above indicates that at June 30, 2006 in the event of a 200 basis point decrease in interest rates, we would experience a 14.6% increase in net portfolio value. In the event of a 200 basis point increase in interest rates, we would experience a 17.9% 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

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its operating, investing and financing activities.

-16-

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

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#### LIQUIDITY AND CAPITAL RESOURCES (CONT'D.)

The primary sources of investing activity are lending and the purchase of mortgage-backed securities. Net loans amounted to \$69.0 million and \$66.4 million at June 30, 2006 and December 31, 2005, respectively. Securities available for sale totaled \$2.5 million and \$3.0 million at June 30, 2006 and December 31, 2005, respectively. Securities held to maturity totaled \$19.0 million and \$18.8 million at June 30, 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 June 30, 2006 advances from the FHLB amounted to \$28.0 million.

The Bank anticipates that it will have sufficient funds available to meet its current loan commitments. At June 30, 2006, the Bank had outstanding commitments to originate loans of \$704,000, and unused lines of credit of \$8.4 million. Certificates of deposit scheduled to mature in one year or less at June 30, 2006, totaled \$19.5 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.

The following table sets forth the Bank's capital position at June 30, 2006, as compared to the minimum regulatory capital requirements:

|                           | Actual                 |        | Minimum Capital Requirements |       |
|---------------------------|------------------------|--------|------------------------------|-------|
|                           | Amount                 | Ratio  | Amount                       | Ratio |
|                           | -----                  | -----  | -----                        | ----- |
|                           | (dollars in thousands) |        |                              |       |
| Total Capital             |                        |        |                              |       |
| (to risk-weighted assets) | \$ 9,577               | 18.54% | \$ 4,133                     | 8.00% |
| Tier 1 Capital            |                        |        |                              |       |
| (to risk-weighted assets) | 9,415                  | 18.23% | -                            | -     |

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|  |       |        |       |       |
|--|-------|--------|-------|-------|
| Core (Tier 1) Capital<br>(to average total assets) | 9,415 | 10.23% | 3,683 | 4.00% |
| Tangible Capital<br>(to adjusted average assets)   | 9,415 | 10.23% | 1,381 | 1.50% |

-17-

### LINCOLN PARK BANCORP AND SUBSIDIARY CONTROLS AND PROCEDURES

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#### 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.

-18-

### LINCOLN PARK BANCORP

#### PART II - OTHER INFORMATION

#### ITEM 1. Legal Proceedings

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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

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- a) Not applicable
- b) Not applicable

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- c) Information regarding the Company's purchases of its equity securities (common stock) during the three months ended June 30, 2006 is summarized below:

|                    | Total Number<br>of Shares<br>Purchased | Average Price<br>Paid For<br>Shares | Total Number of<br>Shares Purchased<br>Under a Publicly<br>Announced<br>Repurchase Plan |
|--------------------|--|-------------------------------------|---|
| April 1 - April 30 | -                                      | -                                   | -   |
| May 1 - May 31     | 17,584                                 | \$10.11                             | 17,584  |
| June 1 - June 30   | -                                      | -                                   | -   |

As of June 30, 2006, the Company has purchased 36,289 shares to fund 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   |

- 19 -

LINCOLN PARK BANCORP

- (b) The appointment of Beard Miller Company LLP as auditors of the

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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 and Reports on Form 8-K

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.

-20-

### 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: AUGUST 14, 2006

/s/ EDITH M. PERROTTI

Edith M. Perrotti

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Interim President and Chief  
Executive Officer

Date: AUGUST 14, 2006

/s/ NANDINI MALLYA

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Nandini Mallya  
Vice President and Treasurer  
(Principal Accounting Officer and  
Interim Chief Financial Officer)