

LAKELAND BANCORP INC  
Form 8-K/A  
August 06, 2004

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K/A**

(filed in order to include financial statements that were not available at the time of the initial filing)

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the**

**Securities Exchange Act of 1934**

Date of Report (Date of earliest  
event reported) July 1, 2004

**Lakeland Bancorp, Inc.**

(Exact name of registrant as specified in its charter)

|   |                                      |  |
|---|--------------------------------------|--|
| New Jersey<br>(State of<br>incorporation)   | 33-27312<br>(Commission File Number) | 22-2953275<br>(IRS Employer<br>Identification No.) |
| 250 Oak Ridge Road, Oak Ridge, New Jersey<br>(Address of principal executive offices) |                                      | 07438<br>(Zip Code)                                |

973-697-2000

(Registrant's telephone number,  
including area code)

Not Applicable

(Former name or former address, if changed since last report)

Item 2. Acquisition or Disposition of Assets.

This Form 8-K/A amends the Current Report on Form 8-K (the "Initial Report") of Lakeland Bancorp, Inc. ("Lakeland"), dated July 16, 2004, regarding Lakeland's acquisition (the "Merger") of Newton Financial Corporation ("Newton") pursuant to the Agreement and Plan of Merger, dated as of October 23, 2004, by and between Lakeland and Newton, as amended. The sole purpose of this amendment is to provide the unaudited interim consolidated financial statements of Newton as required by Item 7(a) and the pro forma financial information required by Item 7(b), which financial statements and information were excluded from the original filing in reliance on Items 7(a)(4) and 7(b)(2), respectively, of Form 8-K. Audited year-end financial statements of Newton were included in the Initial Report and are incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

(a) Audited Year-end Financial Statements of Newton Financial Corporation.<sup>1</sup>:

Report of Independent Auditors

Consolidated Statement of Financial Condition as of December 31, 2003

Consolidated Statement of Operations for the year ended December 31, 2003

Consolidated Statement of Changes in Stockholders' Equity for the year ended December 31, 2003

Consolidated Statement of Cash Flows for the year ended December 31, 2003

Notes to Consolidated Financial Statements

(b) Unaudited Interim Financial Statements of Newton Financial Corporation:

Consolidated Statement of Financial Condition as of March 31, 2004

Consolidated Statement of Operations for the three months ended March 31, 2004 and 2003

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Consolidated Statement of Cash Flows for the three months ended March 31, 2004 and 2003

Notes to Consolidated Financial Statements

(c) Unaudited Pro Forma Condensed Combined Financial Statements:

Introductory Statement

Pro Forma Condensed Combined Balance Sheet as of March 31, 2004

Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2003

Pro Forma Condensed Combined Statement of Operations for the three months ended March 31, 2004

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

(d) Exhibits:

None

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<sup>1</sup> Filed with the Initial Report.

NEWTON FINANCIAL CORPORATIONAND SUBSIDIARIESCONSOLIDATED STATEMENT OF FINANCIAL CONDITION

|  | <u>March 31,</u><br><u>2004</u> | <u>December 31,</u><br><u>2003</u> |
|--|---------------------------------|------------------------------------|
|  | (Unaudited)                     |                                    |
|  | (in thousands)                  |                                    |
| <u>ASSETS</u>  |                                 |                                    |
| Cash and due from banks  | \$ 12,793                       | \$ 15,192                          |
| Federal funds sold and other short term investments  | 8,543                           | 4,654                              |
| Investment securities available for sale   | 42,102                          | 52,854                             |
| Investment securities to be held to maturity, fair value of \$44,290 as of March 31, 2004 and \$52,024 as of December 31, 2003   | 43,264                          | 50,938                             |
| Federal Home Loan Bank stock and other investments, at cost  | 899                             | 899                                |
| Loans receivable, net of allowance for loan losses of \$2,249 and \$2,198 and deferred loan fees of \$339 and \$292 as of March 31, 2004 and December 31, 2003, respectively | 195,233                         | 184,245                            |
| Premises and equipment, net  | 4,263                           | 3,804                              |
| Accrued interest receivable  | 1,465                           | 1,742                              |
| Goodwill, net  | 446                             | 446                                |
| Cash surrender value of bank owned life insurance policies   | 5,427                           | 5,367                              |
| Foreclosed assets, net   | 915                             | 915                                |
| Other assets   | 1,280                           | 1,291                              |
|  | <u>                    </u>     | <u>                    </u>        |
| Total assets   | \$ 316,630                      | \$ 322,347                         |
|  | <u>                    </u>     | <u>                    </u>        |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>  |                                 |                                    |
| Deposits:  |                                 |                                    |
| Demand   | \$ 46,276                       | \$ 48,616                          |
| Money market accounts  | 28,347                          | 26,246                             |
| Individual retirement accounts   | 10,423                          | 10,559                             |
| Savings accounts   | 71,173                          | 70,002                             |
| NOW accounts   | 45,489                          | 47,641                             |
| Certificates of deposit  | 64,257                          | 66,460                             |
|  | <u>                    </u>     | <u>                    </u>        |
| Total deposits   | 265,965                         | 269,524                            |
| Borrowings   | 13,900                          | 16,300                             |
| Dividends payable  | 339                             | 343                                |
| Accrued interest payable   | 1,019                           | 916                                |
| Accrued taxes and other liabilities  | 933                             | 552                                |
|  | <u>                    </u>     | <u>                    </u>        |
| Total liabilities  | 282,156                         | 287,635                            |
|  | <u>                    </u>     | <u>                    </u>        |
| Minority interest in equity of subsidiaries  | 15                              | 15                                 |
|  | <u>                    </u>     | <u>                    </u>        |
| Stockholders' equity:  |                                 |                                    |
| Common stock, \$2.50 par value, authorized 3,000,000 shares; issued 1,475,760 shares; outstanding 1,357,420 as of March 31, 2004 and 1,370,805 as of December 31, 2003       | 3,689                           | 3,689                              |
| Paid-in capital  | 8,914                           | 8,935                              |
| Retained earnings  | 25,388                          | 24,723                             |
| Accumulated other comprehensive income   | 381                             | 336                                |
| Treasury stock, at cost, 118,340 shares in 2004 and 104,955 shares in 2003   | (3,913)                         | (2,986)                            |

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|  |                   |                   |
|--|-------------------|-------------------|
| Total stockholders' equity                 | <u>34,459</u>     | <u>34,697</u>     |
| Total liabilities and stockholders' equity | <u>\$ 316,630</u> | <u>\$ 322,347</u> |

The accompanying notes to the consolidated financial statements are an integral part of these statements

NEWTON FINANCIAL CORPORATIONAND SUBSIDIARIESCONSOLIDATED STATEMENT OF OPERATIONS

|  | For the Three Months Ended            |              |
|--|---------------------------------------|--------------|
|  | March 31,                             |              |
|  | 2004                                  | 2003         |
|  | (Unaudited)                           | (Unaudited)  |
|  | (in thousands, except per share data) |              |
| Interest income:   |                                       |              |
| Interest and fees on loans                                 | \$ 3,031                              | \$ 2,646     |
| Interest on investment securities:                         |                                       |              |
| Taxable interest income                                    | 730                                   | 1,079        |
| Nontaxable interest income                                 | 181                                   | 208          |
| Interest on federal funds and other short term investments | 11                                    | 30           |
|  | <u>3,953</u>                          | <u>3,963</u> |
| Interest expense:  |                                       |              |
| Interest on deposits                                       | 668                                   | 830          |
| Interest on debt   | 65                                    | 90           |
|  | <u>733</u>                            | <u>920</u>   |
| Total interest income                                      | 3,220                                 | 3,043        |
| Provision for loan losses                                  | 51                                    | 41           |
| Net interest income after provision for loan losses        | <u>3,169</u>                          | <u>3,002</u> |
| Non-interest income:                                       |                                       |              |
| Service charges on deposit accounts                        | 144                                   | 155          |
| Net gain on sale of available for sale securities          | 45                                    |              |
| Other service charges, commissions, rents and fees         | 167                                   | 212          |
|  | <u>356</u>                            | <u>367</u>   |
| Total non-interest income                                  | 356                                   | 367          |
| Non-interest expenses:                                     |                                       |              |
| Salaries and employee benefits                             | 1,213                                 | 1,320        |
| Occupancy expense  | 345                                   | 312          |
| Federal deposit insurance                                  | 10                                    | 10           |
| Advertising  | 43                                    | 131          |
| Stationery and supplies                                    | 42                                    | 54           |
| Equipment and computer expense                             | 80                                    | 84           |
| Other operating expenses                                   | 355                                   | 357          |
| Loss on disposal of premises and equipment                 | 41                                    | 26           |
|  | <u>2,129</u>                          | <u>2,294</u> |
| Total non-interest expenses                                | 2,129                                 | 2,294        |
| Income before taxes  | 1,396                                 | 1,075        |

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|  |                 |               |
|--|-----------------|---------------|
| Provision for income taxes   | 394             | 316           |
| Net income   | <u>\$ 1,002</u> | <u>\$ 759</u> |
| Earnings per share:  |                 |               |
| Basic  | \$ 0.74         | \$ 0.56       |
| Diluted  | \$ 0.73         | \$ 0.56       |
| <u>Consolidated Statement of Comprehensive Income</u>                                  |                 |               |
| Net income   | \$ 1,002        | \$ 759        |
| Other comprehensive income (loss), net of tax: Unrealized gains (losses) on securities | 86              | (127)         |
| Less: reclassification for gains included in net income                                | 41              |               |
| Total comprehensive income   | <u>\$ 1,047</u> | <u>\$ 632</u> |

The accompanying notes to the consolidated financial statements are an integral part of these statements



NEWTON FINANCIAL CORPORATIONAND SUBSIDIARIESCONSOLIDATED STATEMENT OF CASH FLOWS

|   | For the Three Months Ended |                  |
|---|----------------------------|------------------|
|   | March 31,                  |                  |
|   | 2004                       | 2003             |
|   | (Unaudited)                | (Unaudited)      |
|   | (in thousands)             |                  |
| Cash flows from operating activities:   |                            |                  |
| Net income  | \$ 1,002                   | \$ 759           |
| Adjustments to reconcile net income to net cash provided by operating activities: |                            |                  |
| Depreciation  | 167                        | 149              |
| Amortization of bond premium  | 80                         | 113              |
| Provision for possible loan losses  | 51                         | 41               |
| Net gain on investment securities sold and called                                 | (45)                       |                  |
| Loss on disposal of premises and equipment  | 41                         | 26               |
| Net increase in bank owned life insurance   | (60)                       | (71)             |
| Decrease in accrued interest receivable and other assets                          | 253                        | 113              |
| Increase (decrease) in accrued interest payable and other liabilities             | 484                        | (545)            |
|   | <u>1,973</u>               | <u>585</u>       |
| Cash flows from investing activities:   |                            |                  |
| Proceeds from sales, maturities and calls of investment securities                | 18,471                     | 15,146           |
| Purchases of investment securities  |                            | (14,096)         |
| Net purchases of Federal Home Loan Bank stock                                     |                            | (70)             |
| Loan originations and principal collections, net                                  | (11,039)                   | (5,364)          |
| Net (increase) decrease in federal funds sold and other short term investments    | (3,889)                    | 3,179            |
| Additions to premises and equipment   | (667)                      | (283)            |
|   | <u>2,876</u>               | <u>(1,488)</u>   |
| Cash flows from financing activities:   |                            |                  |
| Net increase (decrease) in deposits   | (3,559)                    | 2,874            |
| Net proceeds (repayments) from short term borrowings                              | (2,400)                    | 1,400            |
| Treasury stock transactions, net  | (948)                      | (59)             |
| Cash dividends paid   | (341)                      | (341)            |
|   | <u>(7,248)</u>             | <u>3,874</u>     |
| Net increase (decrease) in cash and cash equivalents                              | (2,399)                    | 2,971            |
| Cash and cash equivalents, beginning of period                                    | 15,192                     | 10,046           |
|   | <u>\$ 12,793</u>           | <u>\$ 13,017</u> |

Supplemental disclosure of cash flow information:

|               |        |          |
|---------------|--------|----------|
| Interest paid | \$ 630 | \$ 1,764 |
|---------------|--------|----------|

The accompanying notes to the consolidated financial statements are an integral part of these statements

NEWTON FINANCIAL CORPORATION

AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The accompanying unaudited consolidated financial statements include the accounts of Newton Financial Corporation (the Company) and its 99.96 percent owned subsidiary, The Newton Trust Company (the Bank), as well as its wholly owned subsidiary, Park Place Investment Co., Inc. All significant intercompany transactions have been eliminated in consolidation.

The unaudited consolidated condensed financial statements included herein have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The accompanying consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. Such adjustments are of a normal recurring nature. These consolidated unaudited financial statements should be read in conjunction with the audited financial statements and the notes thereto as of and for the year ended December 31, 2003. The results for the three months ended March 31, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

Nature of Operations

The Company provides a variety of banking services to individuals and businesses through its ten offices in northwest New Jersey. Its primary source of revenue is interest on loans to customers who are individuals and small to mid-sized businesses, and interest on investments in debt securities of primarily federal and local governments and their related agencies as well as high rated corporate debt securities.

Basis of Financial Presentation

The unaudited consolidated financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America. In preparing the unaudited consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated statement of financial condition and revenue and expenses for the quarter. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change in the near term related to the determination of the allowance for loan losses. In connection with the determination of the allowance for loan losses, management generally obtains independent appraisals for significant properties.

Investment Securities

Trading Securities - Securities that are held for short-term resale are classified as trading account securities and recorded at their fair values. Realized and unrealized gains and losses on trading account securities, if any, are included in other income.

Securities Held-to-Maturity - Government and federal agency securities that management has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using methods approximating the interest method over the period to maturity.

NEWTON FINANCIAL CORPORATION

AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)