

PRUDENTIAL BANCORP, INC.
Form 10-K/A
January 30, 2015

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

FORM 10-K/A
(Amendment No. 1)

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended SEPTEMBER 30, 2014

-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: 000-55084

PRUDENTIAL BANCORP, INC.
(Exact Name of Registrant as Specified in its Charter)

PENNSYLVANIA 46-2935427
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

1834 WEST OREGON AVENUE
PHILADELPHIA, PENNSYLVANIA 19145
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number: (including area code) (215) 755-1500

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock (par value \$0.01 per share)	The Nasdaq Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value of the voting stock held by non-affiliates of the Registrant based on the closing price of \$10.65 on March 31, 2014, the last business day of the Registrant's second quarter was approximately \$87.6 million (9,544,809 shares outstanding less approximately 1.32 million shares held by affiliates at \$10.65 per share). Although directors and executive officers of the Registrant and certain employee benefit plans were assumed to be "affiliates" of the Registrant for purposes of the calculation, the classification is not to be interpreted as an admission of such status.

As of the close of business on December 2, 2014, there were 9,386,909 shares of the Registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the Definitive Proxy Statement for the 2014 Annual Meeting of Shareholders are incorporated by reference into Part III, Items 10-14 of this Form 10-K.

EXPLANATORY NOTE

This Amendment No. 1 (the “Amendment”) to the Registrant's Annual Report on Form 10-K amends the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2014 originally filed with the Securities and Exchange Commission on December 15, 2014 (“Initial Filing”). The Registrant is filing the Amendment to correct certain inadvertent errors contained in Note 6 (on pages 84, 85 and 86 of the Initial Filing) primarily related to the transposition of two tables in the Registrant’s consolidated financial statements for the fiscal year ended September 30, 2014 set forth as Item 8 in the Initial Filing. Except as described in this Explanatory Note, no other changes have been made to the Initial Filing and the Amendment does not amend or update any other information set forth in the Initial Filing.

Prudential Bancorp, Inc. and Subsidiaries
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For the Fiscal Year Ended September 30, 2014

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Item 8. Financial Statements on Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Prudential Bancorp, Inc.

We have audited the accompanying consolidated statements of financial condition of Prudential Bancorp, Inc. and subsidiary as of September 30, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of Prudential Bancorp, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Prudential Bancorp, Inc. and subsidiary as of September 30, 2014 and 2013, and the results of their operations and their cash flows for each of the two years in the period ended September 30, 2014, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Prudential Bancorp, Inc. and subsidiary's internal control over financial reporting as of September 30, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992, and our report dated December 15, 2014, we expressed an unqualified opinion on the effectiveness of Prudential Bancorp, Inc. and subsidiary's internal control over financial reporting.

/s/ S.R. Snodgrass, P.C.

Wexford, Pennsylvania
December 15, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Prudential Bancorp, Inc.

We have audited Prudential Bancorp Inc. and subsidiary's internal control over financial reporting as of September 30, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992. Prudential Bancorp, Inc. and subsidiary's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Prudential Bancorp, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Prudential Bancorp, Inc. and subsidiary maintained, in all material respects, effective internal control over financial reporting as of September 30, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated statements of financial condition of Prudential Bancorp, Inc. and subsidiary as of September 30, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and our report dated December 15, 2014, expressed an unqualified opinion.

/s/ S.R. Snodgrass, P.C.

Wexford, Pennsylvania
December 15, 2014

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PRUDENTIAL BANCORP, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	September 30, 2014 2013 (Dollars in Thousands)	
ASSETS		
Cash and amounts due from depository institutions	\$2,025	\$2,670
Interest-bearing deposits	43,357	156,314
Total cash and cash equivalents	45,382	158,984
Investment and mortgage-backed securities available for sale (amortized cost—September 30, 2014, \$59,262; September 30, 2013, \$43,744)	57,817	41,781
Investment and mortgage-backed securities held to maturity (fair value—September 30, 2014, \$79,092; September 30, 2013, \$80,582)	80,840	83,732
Loans receivable—net of allowance for loan losses (September 30, 2014, \$2,425; September 30, 2013, \$2,353)	321,063	306,517
Accrued interest receivable	1,748	1,791
Real estate owned	360	406
Federal Home Loan Bank stock—at cost	1,221	1,181
Office properties and equipment—net	1,331	1,525
Bank owned life insurance	12,377	7,119
Deferred income taxes, net	1,131	1,306
Prepaid expenses and other assets	2,213	3,555
TOTAL ASSETS	\$525,483	\$607,897

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:

Deposits:

Non-interest-bearing	\$2,327	\$3,474
Interest-bearing	388,698	539,274
Total deposits	391,025	542,748
Advances from Federal Home Loan Bank	340	340
Accrued interest payable	1,486	1,666
Advances from borrowers for taxes and insurance	1,240	1,480
Accounts payable and accrued expenses	1,967	1,751
Total liabilities	396,058	547,985

COMMITMENTS AND CONTINGENCIES (Note 13)

STOCKHOLDERS' EQUITY:

Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued	-	-
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Common stock, \$.01 par value, 40,000,000 shares authorized; 9,544,809 issued and outstanding at September 30, 2014; 11,862,693 issued and 9,464,184 outstanding at September 30, 2013	95	118
Additional paid-in capital	94,397	55,297
Unearned Employee Stock Ownership Plan ("ESOP") shares	(5,302)	(2,565)
Treasury stock, at cost: 2,398,509 shares at September 30, 2013	-	(31,625)
Retained earnings	41,188	39,979
Accumulated other comprehensive loss	(953)	(1,292)
Total stockholders' equity	129,425	59,912
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$525,483	\$607,897

See notes to consolidated financial statements.

PRUDENTIAL BANCORP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended September 30,	
	2014	2013
	(Dollars in Thousands Except Per Share Amounts)	
INTEREST INCOME:		
Interest and fees on loans	\$ 12,737	\$ 12,609
Interest on mortgage-backed securities	1,411	1,922
Interest and dividends on investments	2,199	2,147
Interest on interest-bearing deposits	118	95
Total interest income	16,465	16,773
INTEREST EXPENSE:		
Interest on deposits	3,401	4,344
Total interest expense	3,401	4,344
NET INTEREST INCOME	13,064	12,429
PROVISION (RECOVERY) FOR LOAN LOSSES	240	(500)
NET INTEREST INCOME AFTER PROVISION (RECOVERY) FOR LOAN LOSSES	12,824	12,929
NON-INTEREST INCOME:		
Gain on sale of mortgage-backed securities available for sale, net	416	868
Fees and other service charges	385	410
Total other-than-temporary impairment losses	(16)	(38)
Portion of loss recognized in other comprehensive income, before taxes	-	6
Net impairment losses recognized in earnings	(16)	(32)
Income from BOLI	258	200
Other	68	328
Total non-interest income	1,111	1,774
NON-INTEREST EXPENSES:		
Salaries and employee benefits	6,374	5,823

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Data processing	432	429
Professional services	1,190	927
Office occupancy	477	392
Depreciation	320	337
Payroll taxes	367	340
Director compensation	330	311
Federal Deposit Insurance Corporation premiums	258	624
Real estate owned expense	146	447
Advertising	186	335
Other	1,385	1,285
Total non-interest expenses	11,465	11,250
INCOME BEFORE INCOME TAXES	2,470	3,453
INCOME TAXES:		
Current	690	(1,072)
Deferred expense	-	2,770
Total	690	1,698
NET INCOME	\$ 1,780	\$ 1,755
BASIC EARNINGS PER SHARE	\$ 0.20	\$ 0.19
DILUTED EARNINGS PER SHARE	\$ 0.19	\$ 0.19
DIVIDENDS PER SHARE	\$ 0.06	\$ 0.00

See notes to consolidated financial statements.

PRUDENTIAL BANCORP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30,	
	2014	2013
	(Dollars in thousands)	
Net income	\$ 1,780	\$ 1,755
Unrealized holding gain (loss) on available-for-sale securities	918	(3,066)
Tax effect	(312)	1,042
Reclassification adjustment for net gains realized in net income	(416)	(868)
Tax effect	138	296
Reclassification adjustment for other than temporary impairment losses on debt securities	16	32
Tax effect	(5)	(11)
Total Other Comprehensive Income (Loss)	339	(2,575)
Comprehensive Income (Loss)	\$ 2,119	\$ (820)

See notes to consolidated financial statements.

PRUDENTIAL BANCORP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS'
EQUITY

Additional Unearned

Accumulated
Other