

SOUTHERN MISSOURI BANCORP INC

Form 11-K

December 09, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: June 30, 2016

OR

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

For the transition period from _____ to _____

Commission file number: 000-23406

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Southern Bank 401(k) Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Southern Missouri Bancorp, Inc.

2991 Oak Grove Road

Poplar Bluff, MO 63901

SOUTHERN BANK 401(k) RETIREMENT PLAN

Required Information

The Southern Bank 401(k) Retirement Plan (the “Plan”) is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and for purposes of satisfying the requirements of Form 11-K has included for filing herewith the Plan financial statements and schedules prepared in accordance with the financial reporting requirements of ERISA. Attached to this report as Exhibit 23 is the consent of BKD, LLP.

Southern Bank 401(k) Retirement Plan

EIN 43-0462350 PN001

Report of Independent Registered Public Accounting Firm and Financial Statements

June 30, 2016 and 2015

Southern Bank 401(k) Retirement Plan

June 30, 2016 and 2015

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Report of Independent Registered Public Accounting Firm

Audit Committee
Southern Bank 401(k) Retirement Plan
Poplar Bluff, Missouri

We have audited the accompanying statements of net assets available for benefits of Southern Bank 401(k) Retirement Plan (the "Plan") as of June 30, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended June 30, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Southern Bank 401(k) Retirement Plan as of June 30, 2016 and 2015, and the changes in net assets available for benefits for the year ended June 30, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying Schedule of Assets (Held at End of Year) as of June 30, 2016, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ BKD LLP

St. Louis, Missouri
December 9, 2016

Southern Bank 401(k) Retirement Plan
Statements of Net Assets Available for Benefits
June 30, 2016 and 2015

| | 2016 | 2015 |
|------------------------------------|---------------|---------------|
| Investments, At Fair Value | \$ 16,584,392 | \$ 15,665,555 |
| Receivables | | |
| Notes receivable from participants | 471,491 | 379,782 |
| Employer's contributions | 458,193 | 392,295 |
| | 929,684 | 772,077 |
| Net Assets Available for Benefits | \$ 17,514,076 | \$ 16,437,632 |

See Notes to Financial Statements

Southern Bank 401(k) Retirement Plan
 Statement of Changes in Net Assets Available for Benefits
 Year Ended June 30, 2016

| | |
|---|---------------|
| Investment Income | |
| Net appreciation in fair value of investments | \$ 1,561,802 |
| Interest and dividends | 514,498 |
| Net investment income | 2,076,300 |
| Interest Income on Notes Receivable from Participants | 17,983 |
| Contributions | |
| Participants | 408,994 |
| Employer | 928,825 |
| Rollovers | 62,090 |
| Total contributions | 1,399,909 |
| Total additions | 3,494,192 |
| Deductions | |
| Benefits paid to participants | 2,415,823 |
| Administrative fees | 1,925 |
| Total deductions | 2,417,748 |
| Net Increase | 1,076,444 |
| Net Assets Available for Benefits, Beginning of Year | 16,437,632 |
| Net Assets Available for Benefits, End of Year | \$ 17,514,076 |

See Notes to Financial Statements

Southern Bank 401(k) Retirement Plan
Notes to Financial Statements (continued)
June 30, 2016 and 2015

Note 1: Description of the Plan

The following description of Southern Bank 401(k) Retirement Plan (Plan) provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan sponsored by Southern Bank (the Bank), a wholly-owned subsidiary of Southern Missouri Bancorp, Inc. (the Company), for the benefit of its employees who have at least one year of service and are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Bank also maintained a qualified Employee Stock Ownership Plan (ESOP). The Bank merged the ESOP into the Plan effective October 1, 2010. Participant accounts under the ESOP are maintained as a separate source (ESOP Source) under the Plan with ESOP provisions concerning matters such as vesting, withdrawals, loans, dividends, and distributions remaining in effect.

The Plan is administered by the Bank. Capital Bank and Trust is the trustee of the Plan. American Funds serves as Plan custodian.

Contributions

The Plan permits eligible employees to make voluntary contributions to the Plan up to the annual limit set by the Internal Revenue Service (IRS). Employee rollover contributions are also permitted. Participants who have attained age 50 before the end of the calendar year are eligible to make catch-up contributions.

The Bank makes safe harbor matching contributions of 100% of employees' salary deferral amounts on the first 3% of employees' compensation, and 50% of employees' salary deferral amounts on the next 2% of employees' compensation. The Bank also makes profit-sharing contributions. Bank profit-sharing contributions are discretionary as determined by the Bank's Board of Directors. Contributions are subject to certain limitations. Forfeitures are used to reduce Bank contributions.

Participant Investment Account Options

Investment account options available include various funds and common stock of the Company. Each participant has the option of directing his contributions into any of the separate investment accounts and may change the allocation daily.

Southern Bank 401(k) Retirement Plan
Notes to Financial Statements (continued)
June 30, 2016 and 2015

Participant Accounts

Each participant's account is credited with the participant's contribution, the Bank's contribution, and plan earnings, and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions plus earnings thereon. Bank matching contributions and ESOP Source contributions are vested at a rate of 20% per year of service beginning with completion of the second year of service. A participant becomes fully vested with completion of their sixth year of service. The non-vested balance is forfeited upon termination of service. Forfeitures are used to reduce Bank contributions.

Payment of Benefits

Under the terms of the Plan, participants are entitled to receive the amount credited to their accounts upon normal retirement at the age of 65 or disability retirement. Participants terminating employment prior to retirement are entitled to receive that portion of their account that is vested. In the event of death, the participant's account becomes fully vested and is paid to the designated beneficiary. Distributions under the Plan are payable in a lump sum or through installments. Payments through installments are only available to Participants with a vested account balance in excess of \$5,000 who terminate at normal retirement age or later. At June 30, 2016 and 2015, Plan assets included no amounts allocated to accounts of terminated or retired participants who have elected to withdraw from the Plan but which had not yet been paid.

Forfeited Accounts

At June 30, 2016 and 2015, forfeited non-vested accounts totaled \$4,216 and \$3,791, respectively. These accounts will be used to reduce future Bank contributions. The forfeitures totaling \$4,216 were used to reduce employer contributions made during the 2017 plan year related to the 2016 employer contributions receivable. Also, in 2016, employer contributions were reduced by \$5,352 from forfeited non-vested accounts.

Southern Bank 401(k) Retirement Plan
Notes to Financial Statements (continued)
June 30, 2016 and 2015

Notes Receivable from Participants

The Plan Document includes provisions authorizing loans from the Plan to active eligible participants. Loans are made to any eligible participant demonstrating a qualifying need. The minimum amount of a loan shall be \$1,000. The maximum amount of a participant's loans is determined by the available loan balance restricted to the lesser of \$50,000 or 50% of the participant's vested account balance. All loans are covered by demand notes and are repayable over a period not to exceed five years through payroll withholdings unless the participant is paying the loan in full. Interest on the loans is fixed for the term of the loan at a rate one percentage point above the Wall Street Journal's published prime rate of interest on the first day of the month in which the loan was made.

Plan Termination

Although it has not expressed an intention to do so, the Bank has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Quoted market prices, if available, are used to value investments. Common stock is valued at the closing price reported on the active market on which the individual security is traded. Mutual funds and the money market fund are valued at the net asset value (NAV) of shares held by the plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Southern Bank 401(k) Retirement Plan
Notes to Financial Statements (continued)
June 30, 2016 and 2015

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Plan Tax Status

The Plan operates under a non-standardized adoption agreement in connection with a prototype 401(k) profit-sharing plan and trust sponsored by American Funds Distributors, Inc. This prototype plan document has been filed with the appropriate agency. The Plan has not obtained or requested a determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and that the Plan was qualified and the related trust was tax exempt.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative expenses may be paid by the Bank or the Plan, at the Bank's discretion.

Note 3: New Accounting Pronouncements

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-12, "I. Fully Benefit-Responsive Investment Contracts, II. Plan Investment Disclosures, III. Measurement Date Practical Expedient." Parts I and III of this ASU are not applicable to the Plan. Part II of this ASU eliminates the requirements to disclose individual investments that represent five percent or more of net assets available for benefits and to disclose the net appreciation/depreciation in fair value of investments by investment type held. The ASU also requires plans to disaggregate investments measured using fair value only by general type. The ASU is effective retrospectively for annual periods beginning after December 15, 2015, with early adoption permitted. The Plan's management has elected to early adopt ASU 2015-12, which is reflected in Note 5. The adoption did not have a material effect on the Plan's statements of net assets available for benefits or statement of changes in net assets available for benefits.

Southern Bank 401(k) Retirement Plan
Notes to Financial Statements (continued)
June 30, 2016 and 2015

Note 4: Related-Party and Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, a person who owns 50 percent or more of such an employer, or relatives of such persons.

The Plan allows participants to invest their account balances in shares of the Company. The number of shares of common stock held by the Plan at June 30, 2016 and 2015 was 407,122 shares and 448,394 shares, respectively, and the Plan received dividends of \$149,648 during the year ended June 30, 2016.

The plan incurs expenses related to general administrative and record keeping. The Company pays certain administrative expenses and accounting and auditing fees relating to the Plan and provides certain administrative services at no cost to the plan.

Note 5: Disclosures About Fair Value of Plan Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs that are supported by little or no market activity and significant to the fair value of the assets

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2016 and 2015:

Southern Bank 401(k) Retirement Plan
Notes to Financial Statements (continued)
June 30, 2016 and 2015

| | June 30, 2016 | | | |
|-------------------|-------------------------------|--------------|--------------|-----------|
| | Fair Value Measurements Using | | | |
| | Quoted | | | |
| | Prices in | | | |
| | Active | Significant | | |
| | Markets for | Other | Significant | |
| | Identical | Observable | Unobservable | |
| | Assets | Inputs | Inputs | |
| | Fair Value | (Level 1) | (Level 2) | (Level 3) |
| Company security | \$9,579,574 | \$9,579,574 | \$ - | \$ - |
| Mutual funds | 6,549,368 | 6,549,368 | - | - |
| Money market fund | 455,450 | 455,450 | - | - |
| | \$16,584,392 | \$16,584,392 | \$ - | \$ - |

| | June 30, 2015 | | | |
|-------------------|-------------------------------|--------------|--------------|-----------|
| | Fair Value Measurements Using | | | |
| | Quoted | | | |
| | Prices in | | | |
| | Active | Significant | | |
| | Markets for | Other | Significant | |
| | Identical | Observable | Unobservable | |
| | Assets | Inputs | Inputs | |
| | Fair Value | (Level 1) | (Level 2) | (Level 3) |
| Company security | \$8,452,219 | \$8,452,219 | \$ - | \$ - |
| Mutual funds | 6,985,427 | 6,985,427 | - | - |
| Money market fund | 227,909 | 227,909 | - | - |
| | \$15,665,555 | \$15,665,555 | \$ - | \$ - |

Southern Bank 401(k) Retirement Plan
 Notes to Financial Statements (continued)
 June 30, 2016 and 2015

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2016. In addition, the Plan had no assets measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

Note 6: Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at June 30, 2016 and 2015, to Form 5500:

| | 2016 | 2015 |
|--|--------------|--------------|
| Net assets available for benefits per the financial statements | \$17,514,076 | \$16,437,632 |
| Less: employer's contributions receivable | 458,193 | 392,295 |
| Net assets available for benefits per Form 5500 | \$17,055,883 | \$16,045,337 |

The following is a reconciliation of contributions per the financial statements for the year ended June 30, 2016, to Form 5500:

| | 2016 |
|--|-------------|
| Contributions per the financial statements | \$1,399,909 |
| Add: Employer's contributions receivable at June 30, 2015 | 392,295 |
| Less: Employer's contributions receivable at June 30, 2016 | (458,193) |
| Contributions per Form 5500 | \$1,334,011 |

Southern Bank 401(k) Retirement Plan
Notes to Financial Statements (continued)
June 30, 2016 and 2015

Note 7: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Supplemental Schedule

Southern Bank 401(k) Retirement Plan
 EIN 43-0462350 PN001
 Schedule H, Line 4i – Schedule of Assets (held at end of year)
 June 30, 2016

| Investment Type and Issuer | Description of Investment | Current Value |
|---|---|-------------------------|
| * American Funds Money Market Fund | 455,450 shares | \$455,450 |
| Mutual Funds | | |
| * American Funds Bond Fund of America | 12,290 shares | 161,243 |
| * American Funds Intermediate Bond Fund of America | 14,791 shares | 202,633 |
| * American Funds Income Fund of America | 4,840 shares | 102,423 |
| Franklin Income Fund | 27,957 shares | 60,108 |
| * American Funds American Balanced Fund | 8,420 shares | 206,554 |
| Invesco Van Kampen Comstock Fund | 8,830 shares | 189,584 |
| Templeton Growth Fund | 4,639 shares | 97,458 |
| * American Funds Fundamental Investors | 5,581 shares | 289,400 |
| * American Funds Investment Company of America | 17,943 shares | 634,096 |
| * American Funds Growth Fund of America | 17,126 shares | 696,344 |
| * American Funds New Perspective Fund | 12,452 shares | 431,197 |
| * American Funds New World Fund | 5,734 shares | 288,931 |
| Putnam Voyager Fund | 2,758 shares | 68,983 |
| Victory Established Value Fund | 21,037 shares | 691,692 |
| Franklin Small Cap Growth Fund | 23,948 shares | 382,209 |
| * American Funds 2010 Target Date Fund | 4,345 shares | 44,406 |
| * American Funds 2015 Target Date Fund | 6,554 shares | 70,721 |
| * American Funds 2020 Target Date Fund | 40,826 shares | 467,463 |
| * American Funds 2025 Target Date Fund | 18,238 shares | 217,033 |
| * American Funds 2030 Target Date Fund | 23,229 shares | 286,883 |
| * American Funds 2035 Target Date Fund | 34,513 shares | 426,231 |
| * American Funds 2040 Target Date Fund | 24,142 shares | 302,504 |
| * American Funds 2045 Target Date Fund | 9,570 shares | 120,680 |
| * American Funds 2050 Target Date Fund | 5,343 shares | 65,928 |
| * American Funds 2055 Target Date Fund | 2,919 shares | 44,664 |
| * Southern Missouri Bancorp, Inc. Common Stock (SMBC) | 407,122 shares | 9,579,574 |
| * Notes Receivable from Participants | Various maturity dates through 2021; interest rates up to 5.25% | 471,491 \$17,055,883 |
| * Party-in-interest | | |

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTHERN BANK 401(k) RETIREMENT
PLAN

By: Southern Bank, as Plan Administrator

Date December 9, 2016 By: /s/ Matt Funke
Name: Matt Funke
Title: Chief Financial Officer