Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Deborah A. Spangenberg
Name of the Holding Company Director and Official

Executive Vice President and Secretary
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Deborah A. Spangenberg
Signature of Holding Company Director and Official

04/03/2018
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID ______
C.I. ______

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2017
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Capital Funding Bancorp, Inc.
Legal Title of Holding Company

1422 Clarkview Road
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Baltimore	MD	21209

N/A
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Jason C. Starner	Vice President, Controller

410-769-5826
Area Code / Phone Number / Extension

410-769-5827
Area Code / FAX Number

jstarner@cfgcb.com
E-mail Address

N/A
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **0**

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

N/A
Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City | State | Zip Code

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City | State | Zip Code

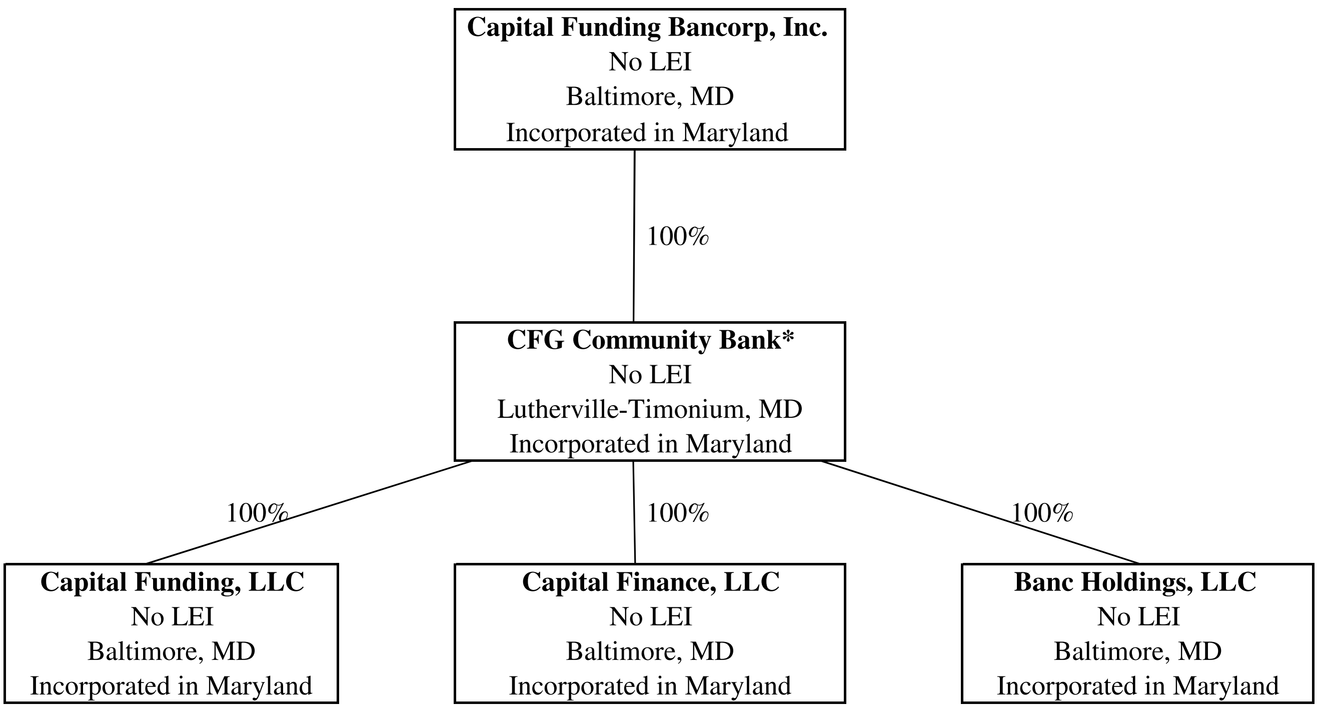
Physical Location (if different from mailing address)

FORM FR Y-6
CAPITAL FUNDING BANCORP, INC.
Baltimore, Maryland
Fiscal Year Ending December 31, 2017

Report Item

1: Annual Report to Shareholders is enclosed.

2a: Organization Chart



* CFG Community Bank is the managing member of Capital Funding, LLC; Capital Finance, LLC, and Banc Holdings, LLC.

2b: Domestic Branch Listing is enclosed.

Form FR Y-6
CAPITAL FUNDING BANCORP, INC.
FISCAL YEAR ENDING DECEMBER 31, 2017

Report Item 3: Securities holders
1(a)(b)(c) and (2)(a)(b)(c)

Current securities holders with ownership, control or holdings of 5% of more with power to vote as of fiscal year ending 12-31-2017:			Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2017:		
(1)(a) Name, City, State, Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	(2)(a) Name, City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
John W. Dwyer Baltimore, MD USA	USA	69,506 - 99.9885% Common Stock	None		

Form FR Y-6
CAPITAL FUNDING BANCORP, INC.
FISCAL YEAR ENDING DECEMBER 31, 2017

Report Item 4: Insiders
(1), (2) (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal Occupation if other than with Holding Company	(3)(a) Title & Position with Holding Company	(3)(b) Title & Position with Subsidiaries (Include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (Include names of other businesses)	(4)(a) Percentage of Voting Share in Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentages of voting securities held)
John W. Dwyer Baltimore, MD USA	President & Chief Executive Officer, Capital Funding Group, Inc.	President, Chairman of Board and Director	Chairman of Board and Director, CFG Community Bank	President & Chief Executive Officer, Capital Funding Group, Inc.	99.9885%	None	Capital Funding Group, Inc. and Subsidiaries (100%)
Deborah A. Spangenberg Ellicott City, MD USA	President, Capital Funding, LLC and Capital Finance, LLC	Executive Vice President and Secretary, Director	Vice Chairman and Director, CFG Community Bank	N/A	0.0014%	None	N/A
Daniel S. Baird Sherwood Forest, MD USA	Chief Operating Officer, Capital Funding Group, Inc.	Chief Financial Officer and Treasurer, Director	N/A	N/A	0.0014%	None	N/A

Results: A list of branches for your depository institution: CFG COMMUNITY BANK (ID_RSSD: 2471239).
This depository institution is held by CAPITAL FUNDING BANCORP, INC. (3927078) of BALTIMORE, MD.
The data are as of 12/31/2017. Data reflects information that was received and processed through 01/04/2018.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	2471239	CFG COMMUNITY BANK	11 W. RIDGELY ROAD	LUTHERVILLE	MD	21093	BALTIMORE	UNITED STATES	Not Required	Not Required	CFG COMMUNITY BANK	2471239	
Change	9/18/2017	Limited Service	3591433	ANNAPOLIS BRANCH	888 BESTGATE ROAD, SUITE 212	ANNAPOLIS	MD	21401	ANNE ARUNDEL	UNITED STATES	Not Required	Not Required	CFG COMMUNITY BANK	2471239	
OK		Full Service	3138614	BALTIMORE BRANCH	1615 THAMES STREET	BALTIMORE	MD	21231	BALTIMORE CITY	UNITED STATES	Not Required	Not Required	CFG COMMUNITY BANK	2471239	

CAPITAL FUNDING BANCORP, INC. AND SUBSIDIARIES

REPORT ON AUDITS OF
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Capital Funding Bancorp, Inc.
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Capital Funding Bancorp, Inc. (the "Company"), which includes the wholly owned subsidiary Capital Funding, LLC, which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Baltimore, Maryland
March 28, 2018

CAPITAL FUNDING BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 2017 and 2016

ASSETS

	2017	2016
Cash and due from banks	$ 6,728,949	$ 9,350,362
Federal Reserve Bank deposit	51,466,799	38,567,565
Federal funds sold and Federal Home Loan Bank deposit	234,772	333,775
Cash and cash equivalents	58,430,520	48,251,702
Securities		
Available for sale (at fair value)	2,499,275	20,694,604
Held to maturity	2,383,645	1,079,275
Total securities	4,882,920	21,773,879
Restricted stock	5,197,450	1,821,250
Loans and leases, less allowance of $13,714,156 and $8,980,784	569,725,237	592,700,740
Premises and equipment	6,008,853	6,701,838
Accrued interest receivable	2,698,652	2,332,399
Mortgage servicing rights	33,937,874	32,397,224
Goodwill	1,233,238	1,233,238
Other assets	3,345,281	3,937,342
TOTAL ASSETS	$ 685,460,025	$ 711,149,612

LIABILITIES AND STOCKHOLDERS' EQUITY

	2017	2016
Deposits		
Non-interest-bearing	$ 114,821,026	$ 179,142,161
Interest-bearing	381,871,155	438,770,033
Total deposits	496,692,181	617,912,194
Securities sold under repurchase agreements	488,011	1,602,282
Advances from the Federal Home Loan Bank	57,000,000	1,000,000
Subordinated notes payable	35,000,000	-
Accrued interest payable	1,662,511	630,811
Other liabilities	5,455,392	7,612,970
Total liabilities	596,298,095	628,758,257
STOCKHOLDERS' EQUITY		
Common stock, par value $1.00 per share; authorized 100,000 shares, shares issued and outstanding of 69,514 and 69,513 at December 31, 2017 and 2016, respectively.	69,514	69,513
Additional paid-in capital	41,631,164	41,629,980
Accumulated earnings	47,461,272	40,691,863
Accumulated other comprehensive loss	(20)	(1)
Total stockholders' equity	89,161,930	82,391,355
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 685,460,025	$ 711,149,612

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

CAPITAL FUNDING BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
INTEREST INCOME		
Loans and leases, including fees	$ 38,771,936	$ 37,089,443
Balances due from depository institutions	561,755	99,985
Investment securities	1,174,644	491,649
Total interest income	40,508,335	37,681,077
INTEREST EXPENSE		
Deposits	3,591,340	2,936,283
Subordinated notes payable	2,245,833	-
Advances from the Federal Home Loan Bank	328,026	142,523
Securities sold under repurchase agreements	931	242
Total interest expense	6,166,130	3,079,048
NET INTEREST INCOME	34,342,205	34,602,029
PROVISION FOR LOAN AND LEASE LOSSES	5,370,676	7,113,522
Net interest income after provision for loan losses	28,971,529	27,488,507
NON-INTEREST INCOME		
Mortgage servicing	3,942,442	4,042,118
Mortgage origination	10,324,359	5,546,793
Valuation of mortgage servicing rights	1,540,650	(1,614,382)
Service charges on deposit accounts	690,258	587,581
Lease equipment revenue	584,250	660,527
Litigation settlement proceeds	-	1,913,946
Gain on sale of securities	-	12,350
Other	9,940	-
Total non-interest income	17,091,899	11,148,933
NON-INTEREST EXPENSES		
Salaries and employee benefits	21,070,902	16,317,332
Premises and equipment expenses	2,537,913	2,543,930
Marketing and advertising	1,030,858	1,028,175
Legal and accounting fees	600,415	653,728
FDIC insurance and regulatory assessments	379,000	658,000
Foreclosed asset expense and impairment	741,048	498,355
Franchise taxes	178,576	371,322
Consulting fees	514,874	279,150
Loan expenses	128,894	165,529
Other	3,316,636	2,628,166
Total non-interest expenses	30,499,116	25,143,687
NET INCOME	15,564,312	13,493,753
OTHER COMPREHENSIVE LOSS		
Unrealized holding loss during the period	(19)	(124)
COMPREHENSIVE INCOME	15,564,293	13,493,629

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

CAPITAL FUNDING BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive income (loss)	Total
December 31, 2015	$ 69,511	$ 41,628,390	$ 36,098,785	$ 123	$ 77,796,809
Net income	-	-	13,493,753	-	13,493,753
Unrealized loss on investment securities available for sale	-	-	-	(124)	(124)
Issuance of common stock	2	1,590	-	-	1,592
Dividends paid to stockholders	-	-	(8,900,675)	-	(8,900,675)
December 31, 2016	69,513	41,629,980	40,691,863	(1)	82,391,355
Net income	-	-	15,564,312	-	15,564,312
Unrealized loss on investment securities available for sale	-	-	-	(19)	(19)
Issuance of common stock	1	1,184	-	-	1,185
Dividends paid to stockholders	-	-	(8,794,903)	-	(8,794,903)
December 31, 2017	$ 69,514	$ 41,631,164	$ 47,461,272	$ (20)	$ 89,161,930

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

CAPITAL FUNDING BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 15,564,312	$ 13,493,753
Adjustments to reconcile net income		
to net cash provided by operating activities:		
Depreciation and amortization	814,420	846,939
Provision for loan and lease losses	5,370,676	7,113,522
Amortization of purchase accounting adjustments, net	5,486	8,918
Valuation of mortgage servicing rights	(1,540,650)	1,614,382
Gain on sale of securities	-	(12,350)
Net (gain) loss on sale of equipment	(14,860)	2,192
Net (gain) loss on sale of foreclosed real estate	(13,606)	52,603
Net Changes in:		
Accrued interest receivable	(366,253)	(530,683)
Other assets	613,762	(1,263,150)
Accrued interest payable	1,031,700	304,870
Other liabilities	(2,157,578)	5,631,296
Net cash provided by operating activities	19,307,409	27,262,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in loans	17,492,983	(74,561,896)
Purchase of premises and equipment	(175,501)	(399,431)
Purchase of FHLB stock	(16,508,700)	(26,825,400)
Proceeds from sale of foreclosed real estate	119,964	563,817
Proceeds from sale of premises and equipment	47,225	166,178
Proceeds from sale of FHLB stock	13,132,500	26,817,500
Purchase of securities	(358,713,814)	(171,441,911)
Proceeds from sales and maturities of securities	375,604,754	153,288,372
Net cash provided by (used in) investing activities	30,999,411	(92,392,771)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) increase in deposits	(121,220,013)	99,567,583
Net (decrease) increase in securities sold under repurchase agreements	(1,114,271)	1,043,817
Dividends paid to stockholders	(8,794,903)	(8,900,675)
Increase in FHLB advances	56,000,000	-
Issuance of subordinated notes payable	35,000,000	-
Issuance of common stock	1,185	1,592
Net (used in) provided by financing activities	(40,128,002)	91,712,317
Net increase in cash and cash equivalents	10,178,818	26,581,838
Cash and cash equivalents at beginning of year	48,251,702	21,669,864
Cash and cash equivalents at end of year	$ 58,430,520	$ 48,251,702

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

CAPITAL FUNDING BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Transfer from loans to foreclosed real estate	$ 106,358	$ -
Cash paid for interest	$ 5,134,430	$ 2,774,177
Cash paid for taxes	$ 178,576	$ 371,322

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

CAPITAL FUNDING BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies reflected in the financial statements conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry.

Principles of Consolidation

The consolidated financial statements include the accounts of Capital Funding Bancorp, Inc. (the “Company”) and its wholly-owned subsidiary CFG Community Bank (the "Bank"). The Bank has three wholly-owned subsidiaries which are Banc Holdings LLC, Capital Funding, LLC, and Capital Finance, LLC. All significant intercompany transactions eliminated. The investment in subsidiaries is recorded on the Company's books (Parent Only) on the basis of its equity in the net assets of the subsidiary.

Business

CFG Community Bank is a commercial bank and chartered in the state of Maryland. The Bank primarily operates its lending and administrative functions from its corporate headquarters in Baltimore, Maryland and has a lending office in Annapolis, Maryland. The Bank has three branch offices located in Annapolis, Maryland, Lutherville, Maryland and the Fells Point area in the City of Baltimore, Maryland. Banc Holding, LLC is the Bank's wholly-owned entity for holding real estate acquired through foreclosure.

Capital Funding, LLC is a wholly-owned subsidiary of the Bank with its office in Baltimore, Maryland. Capital Funding, LLC was formed on April 7, 2009, as part of the plan of merger with AmericasBank Corp, Inc. Capital Funding, LLC became an approved mortgagee by the Department of Housing and Urban Development ("HUD") and an approved Government National Mortgage Association ("GNMA") securities issuer during 2009. Capital Funding, LLC specializes in originating bridge loans to skilled nursing and assisted living facilities before they are permanently financed through the HUD 232 program, as well as direct placement of first mortgages through HUD. As HUD loans are originated, they are insured by the Federal Housing Administration ("FHA") and sold to investors as GNMA project securities, with the servicing of such securities retained by Capital Funding, LLC.

Capital Finance, LLC is a wholly-owned subsidiary of the Bank with its office in Baltimore, Maryland. Capital Finance, LLC was formed on October 4, 2005, and was operated by Capital Funding Group, Inc., an affiliate company, until June 18, 2009 when it was contributed to the Company. Capital Finance, LLC focuses on originating accounts receivable ("A/R") loans to skilled nursing facility operators located throughout the United States who borrow funds to finance their receivables from Medicare and Medicaid. Advances are made based on client-submitted certifications of available Medicaid/Medicare receivables and the loans originated are secured by this A/R.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of foreclosed real estate and the valuation of mortgage servicing rights.

Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through March 28, 2018, the date the consolidated financial statements were available to be issued.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold. Generally, federal funds are purchased and sold for one-day periods.

Investment Securities

Investment securities are classified at the time of purchase as securities held to maturity or securities available for sale based on management's ability and intent. Purchase premiums and discounts are recognized in interest income using the interest method over the term of the securities. Amortization rates for mortgage-backed securities are periodically adjusted to reflect changes in the prepayment speeds of the underlying mortgages. Interest and dividends on investment securities are recorded in interest income when earned. The cost of securities for purposes of computing realized and unrealized gains and losses is based on the specific identification method. Realized gains and losses on the sale of investment securities and declines in fair value judged to be other than temporary are recorded on a net basis in non-interest income.

Held-to-maturity – Investment securities that management has the intent and ability to hold until maturity are classified as held-to-maturity and are carried at their remaining unpaid principal balance, net of unamortized premiums or unaccreted discounts.

Available-for-sale – Investment securities that will be held for indefinite periods of time, including securities that may be sold in response to changes in market interest or prepayment rates, need for liquidity, and changes in the availability of and the yield of alternative investments, are classified as available-for-sale. These securities are carried at fair value. Unrealized gains and losses, net of tax, are excluded from earnings and reported as accumulated other comprehensive income/(loss) (“AOCI”), a separate component of stockholders' equity, until the gains and losses are realized.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are deemed to be other-than-temporary are recognized by write-downs of the individual securities to their fair value. The Company evaluates securities for other-than-temporary impairment ("OTTI") at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. The Company considers the length of time and the extent to which the fair value has been less than cost and the financial condition and near-term prospects of the issuer. Additionally, the Company assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as realized losses through earnings. Alternatively, if the criteria regarding intent or requirement to sell are not met, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while impairment related to other factors is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

Restricted Stock

Restricted stock is stock from the Federal Home Loan Bank ("FHLB") of Atlanta, the Federal Reserve Bank, Atlantic Central Banker's Bank, and Maryland Financial Bank, which are restricted as to their marketability. Because no ready market exists for these investments and they have no quoted market value, the Bank's investment in these stocks are carried at cost.

Forward Loan Sales Commitments

The Company uses forward loan sales commitments for HUD loan sales to investors, which are considered derivatives. On a quarterly basis, for HUD loan deals pending settlement, a fair value estimate for the outstanding forward loan sales commitments is recorded to other assets and current period earnings.

Loans and Leases

Loans and leases are stated at face value, adjusted for deferred origination costs, deferred origination fees, and the allowance for loan and lease losses. The Bank makes loans to customers located nationally.

Interest on loans and leases is accrued based on the principal amounts outstanding. Origination fees and costs are deferred and recognized as an adjustment of the related yield using an approximate interest method. The accrual of interest is discontinued when any portion of the principal or interest is ninety days past due and collateral is insufficient to discharge the debt in full. Past due status is based on the contractual terms of the loan or lease.

Loans are considered impaired when, based on current information management considers it unlikely that the collection of principal and interest payments will be made according to contractual terms. Generally, loans and leases are not reviewed for impairment until the accrual of interest has been discontinued. If collection of principal is evaluated as doubtful, all payments are applied to principal.

The Bank accounts for loans in accordance with ASC Topic 310, "Receivables," when due to a deterioration in a borrower's financial position, the Bank grants concessions that would not otherwise be considered. Interest income is recognized on these loans using the accrual method of accounting, provided they are performing in accordance with their restructured terms and are considered collectible.

Commercial Lending

The Bank originates commercial loans primarily to businesses located in its primary market area and surrounding areas. These loans are used for various business purposes which include short-term loans, lines of credit to finance machinery and equipment purchases, inventory and accounts receivable. Generally the maximum term for loans extended on machinery and equipment is based on the projected useful life of such machinery and equipment. Most business lines of credit are written on demand and may be renewed annually.

Commercial loans are generally secured with short-term assets. However, in many cases additional collateral such as real estate is provided as additional security for the loan. Loan-to-value maximum values have been established by the Bank and are specific to the type of collateral. Collateral values may be determined using invoices, inventory reports, accounts receivable aging reports, collateral appraisals, collateral brokers price opinions ("BPO's"), etc.

In underwriting commercial loans, an analysis of the borrower's character, capacity to repay the loan, the adequacy of the borrower's capital and collateral, as well as an evaluation of conditions affecting the borrower is performed. Analysis of the borrower's past, present, and future cash flows is also an important aspect of the Bank's analysis.

Commercial loans generally present a higher level of risk than other types of loans due primarily to the effect of general economic conditions.

Commercial Real Estate Lending

The Bank engages in commercial real estate lending in its primary market area and surrounding areas. The Bank's commercial real estate loan portfolio is secured primarily by commercial retail space, office buildings and hotels. Generally, commercial real estate loans have terms that do not exceed 20 years, have loan-to-value ratios of up to 80% of the appraised value of the property, and are typically secured by personal guarantees of the borrowers.

Commercial real estate loans generally present a higher level of risk than other types of loans due primarily to the effect of general economic conditions.

Commercial Real Estate Construction Lending

The Bank engages in commercial real estate construction lending in its primary market area and surrounding areas. The Bank's commercial real estate construction lending consists of commercial and residential site development loans as well as commercial building construction and residential housing construction loans.

The Bank's commercial real estate construction loans are generally secured with the subject property. Terms of construction loans depend on the specifics of the project, such as: estimated absorption rates, estimated time to complete etc.

In underwriting commercial real estate construction loans, the Bank performs a thorough analysis of the financial condition of the borrower, the borrower's credit history, and the reliability and predictability of the cash flow generated by the project using feasibility studies, market data, etc. Appraisals on properties securing commercial real estate loans originated by the Bank are performed by independent appraisers.

Commercial real estate construction loans generally present a higher level of risk than other types of loans due primarily to the effect of general economic conditions.

Residential Lending

The residential real estate category contains permanent mortgage loans principally to consumers secured by residential real estate. Residential real estate loans are evaluated for the adequacy of repayment sources at the time of approval, based upon measures including credit scores, debt-to-income ratios, and collateral values. Loans may be either conforming or non-conforming.

Consumer Lending

The Bank offer primarily secured consumer loans, including home equity lines of credit and home equity loans. Home equity lines of credit are secured by the borrower's primary residence with a maximum loan-to-value of 90% and a maximum term of 20 years.

In underwriting home equity lines of credit, a thorough analysis of the borrower's willingness and financial ability to repay the loan as agreed is performed. The ability to repay is determined by the borrower's employment history, current financial condition, and credit background. The analysis is based primarily on the customer's ability to repay and secondarily on the collateral or security.

Home equity lines of credit generally present a lower level of risk than other types of consumer loans because they are secured by the borrower's primary residence.

Capital Leases

Capital leases are carried at the aggregate of lease payments receivable plus the estimated residual value of leased property, less unearned income.

Healthcare Concentration

The Bank has a significant concentration in its loan portfolio to commercial borrowers in the healthcare industry, primarily, loans to nursing homes and assisted living facilities. This concentration relates to bridge loans and mortgage servicing assets originated within Capital Funding, LLC as well as accounts receivable-based loans originated at Capital Finance, LLC. The Bank continuously monitors its concentration levels in its healthcare loan portfolio, and considers this concentration in its calculation of the Allowance for Loan and Lease Losses.

Allowance for Loan and Lease Losses

The allowance for loan and lease losses ("allowance") consists of the allowance for loan losses and the reserve for unfunded lending commitments. The allowance represents an amount that, in the judgment of management, will be adequate to absorb probable losses on outstanding loans and leases that may become uncollectible. The allowance represents an estimate made based upon two principles of accounting: (1) ASC Topic 450 "Contingencies", that requires losses to be accrued when their occurrence is probable and estimable, and (2) ASC Topic 310, "Receivables," that requires losses be accrued when it is probable that the lender will not collect all principal and interest due under the original terms of the loan. The adequacy of the allowance is determined through careful evaluation of the loan portfolio. This determination is inherently subjective and requires significant estimates, including estimated losses on pools of homogeneous loans based on historical loss experience and condition of the current economic environment and other qualitative factors that may be subject to change. Loans and leases deemed uncollectible are charged against the allowance and recoveries of previously charged-off amounts are credited to it. The level of the allowance is adjusted through the provision for loan losses that is recorded as a current period expense. The reserve for unfunded lending commitments represents management's estimate of losses inherent in its unfunded loan commitments and is recorded in other liabilities on the consolidated balance sheets.

The methodology for assessing the appropriateness of the allowance includes a specific allowance, a formula allowance and a non-specific allowance. The specific allowance is for risk rated credits on an individual basis. The formula allowance reflects historical losses by credit category. The non-specific allowance captures losses whose impact on the portfolio have occurred but have yet to be recognized in either the specific allowance or the formula allowance. The factors used in determining the non-specific allowance include trends in delinquencies, trends in volumes and terms of loans, the size of loans relative to the allowance, concentration of credits, the quality of the risk identification system and credit administration and local and national economic trends. These factors are applied to each segment of the loan portfolio and consider the characteristics contained thereof. If circumstances differ materially from the assumptions used in determining the allowance, future adjustments to the allowance may be necessary and results of operations could be affected. Because events affecting borrowers and collateral cannot be predicted with certainty, there can be no assurance that increases to the allowance will not be necessary should the quality of any loans deteriorate as a result of the factors discussed above.

A loan is determined to be impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. A loan is not considered impaired during a period of insignificant delay in payment if the Bank expects to collect all amounts due, including past-due interest. The Bank generally considers a period of insignificant delay in payment to include delinquency up to and including 90 days. Impairment is measured through a comparison of the loan's carrying amount to the present value of its expected future cash flows discounted at the loan's effective interest rate, or at the loans' observable market price or the fair value of the collateral less estimated selling costs if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are evaluated collectively for impairment. Accordingly, the Bank does not separately identify individual residential first and second mortgage loans and consumer installment loans for impairment disclosure, unless such loans are the subject of a restructuring agreement.

Credit quality risk ratings include regulatory classification of special mention, substandard, doubtful, and loss. Loans classified as special mention have potential weaknesses that deserve management's close attention. If uncorrected, the potential weakness may result in deterioration of the repayment prospects. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as doubtful have all the weaknesses inherent in loans classified substandard with the added characteristics that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as a loss are considered uncollectible and are charged to the allowance for loan losses. Loans not classified are rated pass.

Impaired loans are therefore generally comprised of commercial mortgage, real estate development, and certain restructured residential loans. In addition, impaired loans are generally loans which management has placed in non-accrual status. Loans are placed in non-accrual status on the earlier of the date that management determines that the collection of principal and/or interest is in doubt or the date that principal or interest is 90 days or more past due. The evaluation of the need and amount of a specific allocation of the allowance and whether a loan can be removed from impairment status is made on a quarterly basis. The Bank's policy for recognizing interest revenue on impaired loans does not differ from its overall policy for interest recognition.

In addition, federal regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses and may require the Bank to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio, management believes the current level of the allowance for loan and lease losses is adequate.

Foreclosed Real Estate

Real estate acquired through foreclosure is recorded at fair market value less estimated selling costs on the date acquired. Fair value is determined utilizing third party appraisals, broker price opinions or other similar methods. Losses incurred at the time of acquisition of the property are charged to the allowance for loan and lease losses. Subsequent reductions in the estimated value of the property are included in other operating expenses. Costs relating to holding such property are charged against income in the current period, while costs relating to improving such real estate are capitalized until a salable condition is reached.

Premises and Equipment

Premises and equipment, including leasehold improvements, are recorded at cost, less accumulated depreciation and amortization. Operating leased assets are included in premises and equipment at cost less accumulated depreciation. Premises and equipment are depreciated using the straight-line method over the estimated useful lives of the of the respective assets. Operating leased assets are amortized using the straight-line method over the estimated useful life of the asset. Repairs and maintenance are charged to expense as incurred, while improvements which extend the estimated useful life of the asset are capitalized and depreciated over the remaining life of the asset.

Mortgage Servicing Rights

Servicing assets are recognized as separate assets when rights are acquired through purchase or through the sale of financial assets. ASC Topic 860, "Transfers and Servicing," allows the recognition of mortgage servicing rights (MSRs) as an asset only when the economic benefits exceed "adequate compensation" for performing the servicing. Adequate compensation is defined as the amount of benefits of servicing that would fairly compensate a substitute servicer should one be required, which includes the profit that would be demanded in the marketplace. Economic benefits include the contractually specified servicing fee as well as other sources of cash flow such as float, late fees, and other ancillary income related to the servicing of the mortgage loans. Generally, purchased servicing rights are capitalized at the cost to acquire the rights. Estimated fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are measured at fair value at each reporting date with changes in fair value reported in non-interest expenses.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal, or a fixed amount per loan, and recorded as non-interest income when earned.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Off Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under commercial lines of credit, letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

Advertising Costs

The Company expenses advertising costs as they are incurred.

Goodwill and Intangible Assets

Goodwill represents the cost in excess of the fair value of net assets acquired in transactions accounted for as acquisitions. ASC Topic 350, "Intangibles," requires that goodwill no longer be amortized over an estimated useful life, but rather be tested at least annually for impairment. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value.

The implied fair value of goodwill is the amount determined by deducting the estimated fair value of all tangible and identifiable intangible net assets of the reporting unit to which goodwill has been allocated from the estimated fair value of the reporting unit. If the recorded value of goodwill exceeds its implied value, an impairment charge is recorded for the excess.

The carrying amount of goodwill was $1,233,238 at December 31, 2017 and 2016, respectively.

Intangible assets other than goodwill, which are determined to have finite lives, continue to be amortized using the straight-line method over periods ranging from five to fifteen years.

Computer software is recorded at cost and amortized over three to five years using the straight-line method.

Income Taxes

Under current provisions of the Internal Revenue Code and applicable state laws, the Company and its subsidiaries are not subject to income taxes as they have elected S-Corporation status. The results of operations are includable in the income tax returns of their respective stockholders or members. No provision for income tax expense has been included in the financial statements, however, the Company is subject to certain non-resident state income taxes and state franchise taxes which are included in non-interest expenses.

The Company does not have any uncertain tax positions and did not recognize any adjustments for unrecognized tax benefits.

Comprehensive Income

Comprehensive income includes net income and the unrealized gain or loss on investment securities available for sale.

Capital Adequacy

The Federal Reserve Board and the Federal Deposit Insurance Corporation ("FDIC") have adopted risk-based and leverage capital adequacy requirements, pursuant to which they assess the adequacy of capital in examining and supervising banks and bank holding companies and in analyzing bank regulatory applications. Risk-based capital requirements determine the adequacy of capital based on the risk inherent in various classes of assets and off-balance sheet items. The Dodd-Frank Act additionally requires capital requirements to be countercyclical so that the required amount of capital increases in times of economic expansion and decreases in times of economic contraction, consistent with safety and soundness.

The federal banking agencies have adopted rules (the “Basel III Rules”) to implement the framework for strengthening international capital and liquidity regulation adopted by the Basel Committee on Banking Supervision (“Basel III”).

The Basel III framework, among other things, (i) introduced "Common Equity Tier 1" ("CET1"), (ii) specified that Tier 1 capital consists of CET1 and "Additional Tier 1 capital" instruments meeting specified requirements, (iii) defined CET1 narrowly by requiring that most adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expanded the scope of the adjustments as compared to existing regulations.

The Basel III Rules revise the definition of capital with an emphasis on the inclusion of CET1 capital and establishes strict eligibility criteria for regulatory capital instruments. Deductions from, and adjustments to, capital are generally stricter than under the current capital rules, including with respect to goodwill and other intangibles, MSAs, DTAs, and non-significant investments in the capital of unconsolidated financial institutions. The new definitions of regulatory capital and capital ratios are incorporated into the agencies' prompt corrective action (PCA) framework. In addition, the Final Rule amends the regulatory agencies' current capital rules to improve the methodology for calculating risk-weighted assets to increase risk sensitivity.

Under the Basel III Rule, mortgage-servicing assets and deferred tax assets are subject to stricter limitations than those previously applicable under capital rules. More specifically, certain deferred tax assets arising from temporary differences, mortgage-servicing assets, and significant investments in the capital of unconsolidated financial institutions in the form of common stock are each subject to an individual limit of 10% of common equity Tier 1 capital elements and are subject to an aggregate limit of 15% of common equity Tier 1 capital elements. The amount of these items in excess of the 10% and 15% thresholds are to be deducted from common equity Tier 1 capital. Amounts of mortgage servicing assets, deferred tax assets, and significant investments in unconsolidated financial institutions that are not deducted due to the aforementioned 10% and 15% thresholds must be assigned a 250% risk weight. Finally, the rule increases the risk weights for past-due loans, certain commercial real estate loans, and some equity exposures, and makes selected other changes in risk weights and credit conversion factors. A recent rule proposal would revise the treatment of deferred tax assets and mortgage servicing rights to increase the amounts of such assets includable in capital.

The Basel III Rules also includes, as part of the definition of CET1 capital, a requirement that banking institutions include the amount of additional other comprehensive income ("AOCI," which primarily consists of unrealized gains and losses on available for sale securities, which are not required to be treated as other-than-temporary impairment, net of tax) in calculating regulatory capital, unless the institution makes a one-time opt-out election from this provision in connection with the filing of its first regulatory reports after applicability of the Basel III Rules to that institution. The Company opted-out of this requirement and, as such, does not include AOCI in its regulatory capital calculation. The Basel III Rules also require a 4% minimum leverage ratio, and a 5% leverage ratio to be considered well capitalized.

The Basel III Rules also make changes to the manner of calculating risk weighted assets. New methodologies for determining risk weighted assets in the general capital rules are included, including revisions to recognition of credit risk mitigation, including a greater recognition of financial collateral and a wider range of eligible guarantors. They also include risk weighting of equity exposures and past due loans; and higher (greater than 100%) risk weighting for certain commercial real estate exposures that have higher credit risk profiles, including higher loan to value and equity components. In particular, loans categorized as "high-volatility commercial real estate" ("HVCRE") loans are required to be assigned a 150% risk weighting, and require additional capital support.

HVCRE loans are defined to include any credit facility that finances or has financed the acquisition, development or construction of real property, unless it finances: 1-4 family residential properties; certain community development investments; agricultural land used or usable for, and whose value is based on, agricultural use; or commercial real estate projects in which: (i) the LTV is less than the applicable maximum supervisory LTV ratio established by the bank regulatory agencies; (ii) the borrower has contributed cash or unencumbered readily marketable assets, or has paid development expenses out of pocket, equal to at least 15% of the appraised "as completed" value; (iii) the borrower contributes its 15% before the bank advances any funds; and (iv) the capital contributed by the borrower, and any funds internally generated by the project, is contractually required to remain in the project until the facility is converted to permanent financing, sold or paid in full.

In the fourth quarter of 2017, the bank regulatory agencies proposed to prospectively revise the treatment of commercial real estate development loans, by eliminating the HVCRE category and establishing a new risk weighting category for non-advanced approaches banks, of "high volatility acquisition, development and construction" loans, or HVADC, which would have a 130% risk weighting. Under the proposed rule, an HVADC loan would be defined as a loan which primarily finances (i.e. more than 50% of the loans proceeds will be used for) or refinances (i) the acquisition of vacant or undeveloped land, (ii) the development of land to prepare to erect new structures including, but not limited to, the laying of sewers or water pipes and demolishing existing structures, or (iii) the construction of buildings, dwelling or other improvements including additions or alterations to existing structures. The proposed rule eliminates the 15% capital contribution requirement for an exclusion from HVCRE status. The proposed category excludes loans that finance (i) one-to-four residential properties; (ii) real property projects that would have the primary purpose of community development under applicable regulations; (iii) the purchase or development or agricultural land, which is broadly defined; or (iv) a permanent loan, which is defined as a prudently underwritten loan with an income stream to meet debt service obligations. While it is expected that a larger number of loans may be considered HVADC loans than were HVCRE loans, there can be no assurance of the impact of the proposed rule on the Company, when and if it is adopted.

These capital rules have become effective in stages for smaller, less complex banking organizations beginning on January 1, 2015 with the transition period for the capital conservation buffers on January 1, 2016 and phase in through 2019. Requirements to maintain higher levels of capital and or to maintain higher levels of liquid assets may adversely impact the Company's net income and return on equity, restrict the ability to pay dividends and require the raising of additional

Based on our review of the Basel III Rules, we have determined that, if fully phased in, the Basel III Rules will significantly reduce the allowable amount of the fair value of MSRs included in Tier 1 capital. The Company expects to remain well capitalized at the time the Basel III Rules would be fully phased in.

New Authoritative Accounting Guidance

ASU 2016-01, "*Financial Instruments—(Subtopic 825-10)* : *Recognition and Measurement of Financial Assets and Financial Liabilities.* " ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments by making targeted improvements to GAAP as follows: (1) require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer; (2) simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value; (3) eliminate the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities; (4) eliminate the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; (5) require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (6) require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments; (7) require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; and (8) clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. ASU No. 2016-01 is effective for us starting January 1, 2019. Early application is permitted as of the beginning of the fiscal year of adoption only for provisions (3) and (6) above. Early adoption of the other provisions mentioned above is not permitted. Implementation of ASU 2016-01 is not expected to have a material impact on the Company's consolidated financial statements.

ASU 2016-02, "*Leases (Topic 842).* " Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases): (1) a lease liability, which is the present value of a lessee's obligation to make lease payments, and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessor accounting under the new guidance remains largely unchanged as it is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. Leveraged leases have been eliminated, although lessors can continue to account for existing leveraged leases using the current accounting guidance. Other limited changes were made to align lessor accounting with the lessee accounting model and the new revenue recognition standard. All entities will classify leases to determine how to recognize lease-related revenue and expense. Quantitative and qualitative disclosures will be required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The intention is to require enough information to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities.

ASU 2016-02 is effective for us starting January 1, 2020; early adoption is permitted. All entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company continues to evaluate the provisions of ASU 2016-02 and will be closely monitoring developments and additional guidance to determine the potential impact the new standard will have on the Company's consolidated financial statements.

ASU 2016-13, "*Measurement of Credit Losses on Financial Instruments (Topic 326).*" This ASU significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace today's "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes, but is not limited to, loans, leases, held-to-maturity securities, loan commitments, and financial guarantees. The CECL model does not apply to available-for-sale ("AFS") debt securities. For AFS debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. As a result, entities will recognize improvements to estimated credit losses immediately in earnings rather than as interest income over time, as they do today. The ASU also simplifies the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. In addition, entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination. ASU No. 2016-13 is effective for us starting January 1, 2021; early adoption is permitted for interim and annual reporting periods beginning after January 1, 2019. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (i.e., modified retrospective approach). The Company is currently evaluating the provisions of ASU No. 2016-13 to determine the potential impact the new standard will have on the Company's consolidated financial statements.

2. CONSENT ORDER

CFG Community Bank entered into a Consent Order with the Federal Reserve Bank of Richmond (the "Reserve Bank") and the Commissioner on October 31, 2011. The Consent Order requires improvements to the operations of the Bank including, but not limited to, maintaining adequate capital and liquidity, improving management oversight, improving credit risk management, improving internal controls, compliance with banking laws and improving analysis of the adequacy of the allowance for loan losses. The Bank is prohibited from paying cash dividends without prior approval from the regulators. As of December 31, 2017, management believes the Bank was in compliance with all requirements noted in the Consent Order.

3. CASH AND CASH EQUIVALENTS

The Bank carries a balance with the Federal Reserve Bank for operating and liquidity purposes. The average balance outstanding was $45,063,511 and $17,478,393 for 2017 and 2016, respectively.

The Bank normally carries balances with other banks that can exceed the federally insured limit. There were outstanding average balances that exceeded this limit by $4,283,643 and $5,636,080 for 2017 and 2016, respectively. Banks are required to carry non-interest-bearing cash reserves at specified percentages of deposit balances. The Bank's normal amount of cash on hand and on deposit with other banks is sufficient to satisfy the reserve requirements.

4. INVESTMENT SECURITIES

The fair value of available for sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows:

	December 31, 2017			
Available for sale:	Amortized cost	Unrealized gains	Unrealized losses	Fair Value
U.S. Treasury securities	$ 2,499,295	$ -	$ (20)	$ 2,499,275
	$ 2,499,295	$ -	$ (20)	$ 2,499,275

	December 31, 2016			
Available for sale:	Amortized cost	Unrealized gains	Unrealized losses	Fair Value
U.S. Treasury securities	$ 1,699,703	$ -	$ (9)	$ 1,699,694
Industrial revenue bonds	10,000	6	-	10,006
GNMA Participation certificates	18,984,904	-	-	18,984,904
	$20,694,607	$ 6	$ (9)	$20,694,604

At December 31, 2017, securities held to maturity, consisting of U.S. Government agency notes, had a carrying value of $2,383,645, unrealized losses of $30,015, and a fair value of $2,353,630. At December 31, 2016, securities held to maturity, consisting of U.S. Government agency notes, had a carrying value of $1,079,275, unrealized losses of $24,909, and a fair value of $1,054,366. There were no sales of held to maturity securities for the years ended 2017 and 2016.

At December 31, 2017 and 2016, U.S. Treasury securities with a carrying value of approximately $2.5 million and $1.7 million respectively, were pledged as collateral for sales of securities under repurchase agreements.

Unrealized losses that existed were a result of market changes in interest rates since the original purchase. Management systematically evaluates investment securities for other-than-temporary declines in fair value on a quarterly basis. This analysis requires management to consider various factors, which include (1) duration and magnitude of the decline in value, (2) the financial condition of the issuer or issuers and (3) structure of the security.

An impairment loss is recognized in earnings only when (1) the Company intends to sell the debt security; (2) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis or (3) the Company does not expect to recover the entire amortized cost basis of the security. In situations where the Company intends to sell or when it is more likely than not that the Company will be required to sell the security, the entire impairment loss must be recognized in earnings. In all other situations, only the portion of the impairment loss representing the credit loss must be recognized in earnings, with the remaining portion being recognized in shareholders' equity as a component of other comprehensive income, net of deferred tax.

As of December 31, 2017, investments mature as follows:

	Available for Sale		Held to Maturity	
Maturing	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 2,499,295	$ 2,499,275	$ -	$ -
Due from one to five years	-	-	-	-
Due in over five years	-	-	2,383,645	2,353,630
	$ 2,499,295	$ 2,499,275	$ 2,383,645	$ 2,353,630

5. RESTRICTED STOCK

Restricted stock consists of the following at December 31, 2017 and 2016:

	2017	2016
Federal Home Loan Bank of Atlanta	$ 3,020,100	$ 540,100
Federal Reserve Bank	2,117,350	1,221,150
Atlantic Central Banker's Bank	30,000	30,000
Maryland Financial Bank	30,000	30,000
	$ 5,197,450	$ 1,821,250

6. LOANS AND LEASES

Loans and leases consist of the following at December 31, 2017 and 2016:

	2017	2016
Commercial	$ 138,317,776	$ 181,189,051
Real estate - residential	15,311,405	16,662,890
Real estate - commercial	371,059,258	363,585,710
Construction - residential & commercial	33,992,842	16,411,310
Home equity	10,424,825	13,811,207
Land and land development	11,639,074	7,360,754
Commercial leases	3,401,074	3,641,125
Consumer	1,213,764	1,759,241
	585,360,018	604,421,288
Deferred loan origination fees, net of cost	(1,920,625)	(2,739,764)
Allowance for loan losses	(13,714,156)	(8,980,784)
Net Loans and Leases	$ 569,725,237	$ 592,700,740

The following table presents the maturities or repricing periods of our loan portfolio at December 31, 2017 and 2016:

Loan Maturity or Repricing Distribution at December 31, 2017

	1 year or less	1 - 5 years	After 5 years	Total
Commercial	$ 1,762,288	$ 102,008,830	$ 34,546,658	$ 138,317,776
Real estate - residential	221,016	7,269,415	7,820,974	15,311,405
Real estate - commercial	5,014,610	227,506,303	138,538,345	371,059,258
Construction	88,696	14,410,836	19,493,310	33,992,842
Home equity	154,971	878,937	9,390,917	10,424,825
Land and land development	-	8,227,404	3,411,670	11,639,074
Commercial leases	-	1,898,448	1,502,626	3,401,074
Consumer	-	133,469	1,080,295	1,213,764
Total loans	$ 7,241,581	$ 362,333,642	$ 215,784,795	$ 585,360,018
Fixed rate	$ 2,234,619	$ 99,268,792	$ 116,442,648	$ 217,946,059
Variable rate	5,006,962	263,064,850	99,342,147	367,413,959
Total loans	$ 7,241,581	$ 362,333,642	$ 215,784,795	$ 585,360,018

Loan Maturity or Repricing Distribution at December 31, 2016

	1 year or less	1 - 5 years	After 5 years	Total
Commercial	$ 2,783,377	$ 124,289,872	$ 54,115,802	$ 181,189,051
Real estate - residential	90,466	10,428,382	6,144,042	16,662,890
Real estate - commercial	15,178,143	162,220,384	186,187,183	363,585,710
Construction	-	1,334,877	15,076,433	16,411,310
Home equity	-	3,112,908	10,698,299	13,811,207
Land and land development	-	6,202,221	1,158,533	7,360,754
Commercial leases	-	2,344,857	1,296,268	3,641,125
Consumer	-	149,530	1,609,711	1,759,241
Total loans	$ 18,051,986	$ 310,083,031	$ 276,286,271	$ 604,421,288
Fixed rate	$ 146,424	$ 72,883,044	$ 115,915,223	$ 188,944,691
Variable rate	17,905,561	237,199,987	160,371,049	415,476,597
Total loans	$ 18,051,985	$ 310,083,031	$ 276,286,272	$ 604,421,288

Management uses an eight point internal risk rating system to monitor the credit quality of the overall loan portfolio. The first four categories are considered not criticized, are aggregated as "Pass" rated. The criticized rating categories utilized by management generally follow bank regulatory definitions, and are categories 5 - 8. The Special Mention category (risk rating - 5) includes assets that are currently protected but are potentially weak, resulting in an undue and unwarranted credit risk, but not to the point of justifying a substandard classification. Loans in the Substandard category (risk rating - 6) have well-defined weaknesses that jeopardize the liquidation of the debt, may be on non-accrual, and have a distinct possibility that some loss will be sustained if the weaknesses are not corrected. Loans greater than 90 days past due are considered substandard. Loans in the Doubtful category (risk rating - 7) are on non-accrual and have a definite loss of an undetermined amount. The portion of any loan that represents a specific allocation of the allowance for loan losses is placed in the Loss category (risk rating - 8).

To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay a loan as agreed, the Bank has a structured loan rating process with several layers of internal and external oversight. Generally, consumer and residential loans are included in the categories unless a specific action, such as a delinquency, bankruptcy, repossession or death occurs to raise awareness of a possible credit event. The Bank's commercial loan officers are responsible for timely and accurate risk rating of the loans in their portfolios at origination and on an ongoing basis. Commercial loans, commercial real estate loans, residential loans, consumer loans and leases that are greater than 30 days past due are individually reviewed on a monthly basis and reported to the board of directors. In addition, all commercial loans, commercial real estate loans, residential loans, consumer loans and leases rated 5 through 8 are evaluated with a detailed review, including plans for resolution, and present to the Watch Committee quarterly. Loans in the substandard and doubtful categories are evaluated for impairment and are given separate consideration in the determination of the allowance. The Bank's outsourced loan review function conducts random loan sampling and portfolio reviews to determine the accuracy of risk ratings in the commercial and commercial real estate portfolios with an emphasis on loans over $500,000, concentrations, criticized assets, non-performing and Regulation O loans. The Bank makes non-healthcare related loans and leases to customers primarily in Maryland and the surrounding region. The Bank makes healthcare related loans to customers located nationally.

The following tables show the allowance for loan losses and recorded investment in loans and leases for the year ended December 31, 2017:

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Allowance for loan losses:				
Beginning balance, December 31, 2016	$ 659,723	$ 3,996,808	$ 4,324,253	$ 8,980,784
Provisions	24,733	5,694,676	(348,733)	5,370,676
Charge-offs	(497,802)	-	(927,128)	(1,424,930)
Recoveries	461,119	22,750	303,757	787,626
Ending balance, December 31, 2017	$ 647,773	$ 9,714,234	$ 3,352,149	$ 13,714,156

Allowance for loan losses:	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Ending balance: individually evaluated for impairment	$ 105,725	$ 1,348,315	$ 462,902	$ 1,916,942
Ending balance: collectively evaluated for impairment	$ 542,048	$ 8,365,919	$ 2,889,247	$ 11,797,214
Loans:				
As of December 31, 2017				
Loans receivable:				
Ending balance	$ 26,949,994	$ 416,691,174	$ 141,718,850	$ 585,360,018
Ending balance: individually evaluated for impairment	$ 771,898	$ 12,660,195	$ 2,183,015	$ 15,615,108
Ending balance: collectively evaluated for impairment	$ 26,178,096	$ 404,030,979	$ 139,535,835	$ 569,744,910

The following tables show the allowance for loan losses and recorded investment in loans and leases for the year ended December 31, 2016:

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Allowance for loan losses:				
Beginning balance, December 31, 2015	$ 1,618,607	$ 2,751,741	$ 1,728,767	$ 6,099,115
Provisions	(22,867)	1,115,663	6,020,726	7,113,522
Charge-offs	(1,008,439)	(120,711)	(3,435,240)	(4,564,390)
Recoveries	72,422	250,115	10,000	332,537
Ending balance, December 31, 2016	$ 659,723	$ 3,996,808	$ 4,324,253	$ 8,980,784

Allowance for loan losses:	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Ending balance: individually evaluated for impairment	$ 343,794	$ 130,771	$ 2,501,716	$ 2,976,281
Ending balance: collectively evaluated for impairment	$ 315,929	$ 3,866,037	$ 1,822,537	$ 6,004,503
Loans:				
As of December 31, 2016				
Loans receivable:				
Ending balance	$ 32,233,338	$ 387,357,774	$ 184,830,176	$ 604,421,288
Ending balance: individually evaluated for impairment	$ 1,548,698	$ 11,868,447	$ 7,816,030	$ 21,233,175
Ending balance: collectively evaluated for impairment	$ 30,684,640	$ 375,489,327	$ 177,014,146	$ 583,188,113

Credit Quality indicators as of December 31, 2017 are as follows:

December 31, 2017 Credit Risk Profile by Internally Assigned Grade	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Pass (risk rating 1 - 4)	$ 19,584,075	$ 312,612,205	$ 93,895,265	$ 426,091,545
Special Mention (risk rating - 5)	6,375,360	71,579,873	37,374,178	115,329,411
Classified (risk rating 6 - 8)	990,559	32,499,096	10,449,407	43,939,062
Total	$ 26,949,994	$ 416,691,174	$ 141,718,850	$ 585,360,018

Credit Quality indicators as of December 31, 2016 are as follows:

December 31, 2016 Credit Risk Profile by Internally Assigned Grade	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Pass (risk rating 1 - 4)	$ 23,452,111	$ 332,541,855	$ 153,117,234	$ 509,111,200
Special Mention (risk rating - 5)	7,232,529	42,947,472	23,896,912	74,076,913
Classified (risk rating 6 - 8)	1,548,698	11,868,447	7,816,030	21,233,175
Total	$ 32,233,338	$ 387,357,774	$ 184,830,176	$ 604,421,288

Age analysis tables of past due loans as of December 31, 2017 are as follows:

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
December 31, 2017				
30 - 59 Days Past Due & Accruing	$ 456,811	$ -	$ -	$ 456,811
60 - 89 Days Past Due & Accruing	372,492	-	-	372,492
90 or More Days Past Due & Accruing	1,732	-	-	1,732
Total Past Due & Accruing	$ 831,035	$ -	$ -	$ 831,035
Current	25,259,388	406,212,168	139,535,835	571,007,391
Non-Accruing Loans	859,571	10,479,006	2,183,015	13,521,592
Total	$ 26,949,994	$ 416,691,174	$ 141,718,850	$ 585,360,018

Age analysis tables of past due loans as of December 31, 2016 are as follows:

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
December 31, 2016				
30 - 59 Days Past Due & Accruing	$ 136,484	$ 2,102,383	$ 45,212	$ 2,284,079
60 - 89 Days Past Due & Accruing	163,649	592,845	83,288	839,782
90 or More Days Past Due & Accruing	-	-	79,014	79,014
Total Past Due & Accruing	$ 300,133	$ 2,695,228	$ 207,514	$ 3,202,875
Current	30,638,219	384,020,417	177,200,732	591,859,368
Non-Accruing Loans	1,294,986	642,129	7,421,930	9,359,045
Total	$ 32,233,338	$ 387,357,774	$ 184,830,176	$ 604,421,288

The following table sets forth information with respect to the Bank's impaired loans as of December 31, 2017.

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Total Impaired Loans	$ 771,898	$ 12,660,195	$ 2,183,015	$ 15,615,108

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Total Impaired loans with a Specific Reserve	$ 313,122	$ 8,443,519	$ 2,183,015	$ 10,939,656
Allowance	$ 105,725	$ 1,348,315	$ 462,902	$ 1,916,942

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Total Impaired loans without a Specific Reserve	$ 458,776	$ 4,216,676	$ -	$ 4,675,452
Unpaid principal balance in total impaired loans	$ 925,947	$ 12,660,195	$ 2,183,015	$ 15,769,157

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Average impaired loans for the period	$ 1,231,119	$ 18,339,427	$ 4,999,523	$ 24,570,069
Interest income recognized on impaired loans during the year	$ 30,149	$ 915,123	$ 30,965	$ 976,237

The following table sets forth information with respect to the Bank's impaired loans as of December 31, 2016.

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Total Impaired Loans	$ 1,548,698	$ 11,868,447	$ 7,816,030	$ 21,233,175

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Total Impaired loans with a Specific Reserve	$ 1,102,402	$ 586,171	$ 7,469,325	$ 9,157,898
Allowance	$ 343,794	$ 130,771	$ 2,501,716	$ 2,976,281

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Total Impaired loans without a Specific Reserve	$ 446,296	$ 11,282,276	$ 346,705	$ 12,075,277
Unpaid principal balance in total impaired loans	$ 2,305,025	$ 11,868,447	$ 11,209,109	$ 25,382,581

	Residential/ Consumer	Commercial Real Estate	Commercial and Industrial	Total
Average impaired loans for the period	$ 1,887,051	$ 12,431,669	$ 12,252,839	$ 26,571,559
Interest income recognized on impaired loans during the year	$ 70,533	$ 710,634	$ 664,355	$ 1,445,522

Management reviews and identifies loans and investments that require designation as non-performing assets and troubled debt restructurings. Nonperforming assets include loans accounted for on a non-accrual basis, troubled debt restructurings ("TDRs"), loans past due by 90 days or more but still accruing, and foreclosed real estate. TDRs include loans in which the borrower was having financial difficulty, and we agreed to grant a concession and modify the loan.

There were four loans modified as new TDRs during the year ended December 31, 2017, the most significant of which were three Commercial Real Estate loans with a combined pre-modification balance of approximately $8.7 million. For these CRE loans, the borrowers were experiencing financial difficulty and the modified payment terms and/or interest rate loan was considered more favorable to the borrowers than what the market would bear for a loan to a borrower with a similar risk profile. One of the new TDRs in 2017 had a pre-modification balance of approximately $6.5 million for which it was determined a concession was granted when the maturity date was extended one year when payment of principal and interest at original maturity was determined to be largely reliant on the value of collateral and there was a collateral value shortfall noted. A specific reserve of approximately $0.8 million was recorded for this nonaccrual TDR loan at December 31, 2017.

There was one Commercial Real Estate loan with a pre-modification balance of approximately $6.2 million that was modified as a new TDR during 2016. At December 31, 2017, this TDR loan has a balance of $3.1 million, is on nonaccrual, and has a specific reserve of approximately $0.5 million.

There were no loans modified as a TDR during the previous 12 months that were in default of their modified terms at December 31, 2017 and 2016. There were no outstanding loan commitments to lend to debtors classified as TDRs at December 31, 2017 and 2016.

At December 31, 2017 and 2016, there were consumer mortgage loans secured by residential real estate where formal foreclosure proceedings were in process with a balance of approximately $0.4 million and $0.2 million, respectively. At December 31, 2017 and 2016, the Company held no foreclosed real estate.

Information with respect to non-performing loans, non-performing assets, and TDRs at December 31, 2017 and 2016 is as follows:

	2017	2016
Non-Accrual Loans (including TDRs)	$ 13,521,592	$ 9,359,045
TDRs that are accruing	2,321,120	5,819,448
Loans 90 or more days past due & accruing	1,732	79,014
Total Non-performing Loans	15,844,444	15,257,507
Foreclosed real estate	-	-
Total Non-performing Assets	$ 15,844,444	$ 15,257,507
TDRs included in Non-Accrual Loans	$ 8,009,466	$ 190,892
TDRs that are accruing	2,321,120	5,819,448
Total TDRs	$ 10,330,586	$ 6,010,340

7. CREDIT COMMITMENTS

Outstanding loan commitments, unused lines of credit, and letters of credit were as follows at December 31:

	2017	2016
Unused lines of credit:		
Residential/Consumer	$ 5,050,769	$ 5,680,052
Commercial Real Estate	36,368,787	35,707,803
Commercial and Industrial	39,934,355	60,974,215
	$ 81,353,911	$ 102,362,070
Letters of Credit	$ 7,901,797	$ 8,100,849

Loan commitments and lines of credit are agreements to lend to a customer as long as there is no violation of any condition to the contract. Loan commitments generally have variable interest rates, fixed expiration dates, and may require payment of a fee. Lines of credit generally have variable interest rates. Such lines do not represent future cash requirements because it is unlikely that all customers will draw upon their lines in full at any time. Letters of credit are commitments issued to guarantee the performance of a customer to a third party.

The Bank's maximum exposure to credit loss in the event of non-performance by the customer is the contractual amount of the credit commitment. Loan commitments, lines of credit, and letters of credit are made on the same terms, including collateral, as outstanding loans. Management is not aware of any accounting loss to be incurred by funding these loan commitments.

8. RELATED PARTY TRANSACTIONS

Executive officers, directors, and affiliates of the Bank are deemed related parties and may enter into loan and deposit transactions with the Bank in the ordinary course of business. These loans are made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with unrelated borrowers. Activity in the loans during 2017 and 2016 was as follows:

	2017	2016
Balance, beginning of year	$ 499,608	$ 3,908,056
Advances	2,874,292	2,871,774
Principal repayments	(2,874,292)	(2,859,578)
Reclassification	(499,608)	(3,420,644)
Balance, end of year	$ -	$ 499,608

Deposits held by the Bank for related parties totaled $18,590,353 and $68,297,526 at December 31, 2017 and 2016, respectively.

9. PREMISES AND EQUIPMENT

A summary of premises and equipment and the related depreciation follows:

	Useful Lives	2017	2016
Furniture and equipment	3 - 10 years	$ 3,468,770	$ 3,424,554
Equipment held for lease	5 - 10 years	7,257,618	7,313,735
Leasehold improvements	3 - 40 years	1,288,749	1,276,149
		12,015,137	12,014,438
Accumulated depreciation		(6,006,284)	(5,312,600)
Net premises and equipment		$ 6,008,853	$ 6,701,838
Depreciation expense		$ 800,194	$ 821,332

Computer software is included in other assets at an amortized cost of $45,743 and $22,170 at December 31, 2017 and 2016, respectively. Software amortization expense was $14,226 and $25,607 in 2017 and 2016, respectively and was included in other non-interest expenses.

10. GOODWILL

The entire amount of the goodwill was recorded as a result of the acquisition of AmericasBank Corp, Inc. There were no adjustments to goodwill during the periods ended December 31, 2017 and 2016. Per Accounting Standards Update ("ASU") 2011-08: Intangibles – Goodwill and Other (Topic 350), the Bank is required to perform an annual goodwill impairment test. For purposes of this analysis, the Bank is comprised of a single reporting unit. Given the Bank has experienced significant consistent growth over the past several years, while maintaining higher than average earnings, return on equity, and return on assets when compared to its peers, per the FASB guidance, management has elected to perform a "Step 0 Test." Qualitative factors were reviewed to determine whether the existence of events or circumstances during the prior twelve months could lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. After assessing the totality of events/circumstances during the year, noting no significant adverse changes from prior year, management determined that is more likely than not that the fair value of the reporting unit is in excess of the carrying amount as of December 31, 2017 and 2016.

11. MORTGAGE SERVICING RIGHTS

Mortgage servicing assets are complex, intangible assets that arise from owning the rights to service mortgage loans that have been securitized or sold to third-party investors. The market value of MSRs is affected by market supply and demand factors. MSR values are economically represented as the discounted present value of estimated future net cash flows over the life of the underlying mortgage loans.

Changes in the fair value of MSRs are reflected below:

	2017	2016
Fair value - beginning of period	$ 32,397,224	$ 34,011,606
Additions of fair value as result of new loans	4,125,698	2,158,147
Reduction in fair value of cash flows	(2,585,048)	(3,772,529)
Fair value at December 31,	$ 33,937,874	$ 32,397,224

The fair value of MSRs is estimated by a third party using a valuation model that calculates the present value of estimated future net servicing cash flows, taking into consideration actual and expected mortgage loan prepayment rates, servicing rates, discount rates, servicing costs and other economic factors, which are determined based on current market conditions.

The valuation model uses a static discounted cash flow methodology incorporating current market interest rates. Assumptions are used that may reflect some prediction of future rate environments to temper the effects of current market biases on a short-term for something generally expected over a longer term. However, the assumptions, once selected and calibrated for market observation, remain unchanged for the model. The current mortgage interest rate influences the expected prepayment rate and therefore the length of the cash flows associated with servicing asset, while the discount rate determines the present value of those cash flows. Expected mortgage loan prepayment assumptions are estimated.

The key economic assumptions used in determining the fair value of MSRs at year end were as follows:

	2017	2016
Weighted - average life (in years)	26.8	26.8
Weighted - average constant prepayment rate (CPR)	5.02%	4.85%
Weighted - average discount rate	8.049%	8.036%
Weighted - average note rate	3.777%	3.805%

As of December 31, 2017 and 2016, the portfolio of serviced loans that financed skilled nursing and assisted living facilities amounted to approximately $2.6 billion and $2.4 billion, respectively.

12. INTEREST-BEARING DEPOSITS

Major classifications of interest-bearing deposits are as follows:

	2017	2016
NOW accounts	$ 2,326,411	$ 2,421,229
Money market	163,539,562	146,095,830
Savings	2,122,560	2,399,395
Certificates of deposit, $250,000 or more	31,707,215	74,951,230
Other certificates of deposit	182,175,405	212,902,349
	$ 381,871,153	$ 438,770,033

At December 31, 2017, certificates of deposit mature as follows:

Maturing in one year or less	$ 162,820,405
Maturing over one through two years	34,873,231
Maturing over two through three years	13,199,136
Maturing over three through four years	1,232,882
Maturing over four through five years	1,756,966
	$ 213,882,620

13. ADVANCES FROM FEDERAL HOME LOAN BANK

The Company has a secured line of credit with the FHLB with a borrowing limit set at 30% of Bank assets subject to collateral. The Bank is required to maintain as collateral for its FHLB borrowings qualified loans in an amount greater than 100% of the outstanding. Lendable collateral totaled $92.2 million and $113.2 million as of December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, the outstanding FHLB advances were $57.0 million and $1.0 million, respectively.

Additional information is as follows:

	2017	2016
Maximum month-end amount outstanding	$ 77,000,000	$ 73,000,000
Average amount outstanding	30,591,781	24,092,896
Average rate paid during the period	1.11%	0.62%

The Bank has an available secured line of credit of $4,000,000 from a correspondent bank. The Bank has two available unsecured lines of credit totaling $9,000,000 from other correspondent banks. In addition, beginning in 2017, the Bank had an available secured line of credit of $30 million from the Federal Reserve Discount Window. Other than for required annual testing of these lines of credit, the average combined average balance standing for them was $0 in 2017 and 2016.

14. SUBORDINATED NOTES PAYABLE

On February 23, 2017, the Company completed a private placement of $35 million in subordinated notes. The Company contributed approximately $30 million of the proceeds received in this transaction down to the Bank which qualified as Tier I capital for the Bank under the Basel III Rule capital requirements. This capital infusion further augmented the Bank's strong capital position, helped address consent order and regulatory citings regarding healthcare concentration and liquidity issues, as well as allow the Bank to execute on its strategic initiatives.

The subordinated notes have a fixed-to-floating rate with a term of 10 years maturing on March 1, 2027. From February 23, 2017 to but excluding March 1, 2022, interest on the subordinated notes is 7.50% fixed per annum, payable semi-annually in arrears. From and including March 1, 2022 to the maturity date or early redemption date, the interest rate will reset quarterly to a floating interest rate per annum equal to the then current three-month LIBOR rate plus 560 basis points, payable quarterly in arrears. Interest on the subordinated notes will be payable semi-annually on March 1 and September 1 of each year through March 1, 2022, and thereafter on March 1, June 1, September 1, and December 1 of each year through the maturity date or early redemption date. The first interest payment was made on September 1, 2017.

15. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under agreements to repurchase represent overnight borrowings from customers. The U.S. Treasury securities that are the collateral for these agreements are owned by the Bank and maintained in the custody of a non-affiliated agent designated by the Bank. Additional information is as follows:

	2017	2016
Maximum month-end amount outstanding	$ 1,915,317	$ 1,602,282
Average amount outstanding	1,240,741	480,251
Balance at December 31,	488,011	1,602,282
Average rate paid during the period	0.08%	0.05%

16. LEASES

CFG Community Bank occupied its Fells Point location at 1615 Thames Street, Baltimore, MD 21231, under the terms of a lease dated June 13, 2012 for office space to be occupied by its Fells Point branch banking center. The lease commenced on September 1, 2012. The lease has an original term of ten years with two options to renew for five years each.

On December 16, 2011, the Bank entered into a lease located at 11 West Ridgely Road, Lutherville, MD 21093, for office space to be occupied by its Lutherville branch banking center. The lease commenced on January 1, 2012. The lease has an original term of 15 years with an option to renew for two consecutive five year terms.

On May 3, 2007, the Bank entered into a lease located at 1419 Forest Drive, Suite 10, Annapolis, MD, 21403 for office space to be occupied by its Annapolis branch banking center. The lease commenced on May 1, 2007 and had an initial term of five years. The lease was subsequently modified and extended for a five year renewal term commencing May 1, 2012. In 2014, this lease was amended to reduce the renewal term by two years, thus resulting in the revised renewal term to be three years commencing May 1, 2012 and ending April 30, 2015. The lease was then renewed for a three year period commencing May 1, 2015 and ending April 30, 2018. In September 2017, the Annapolis branch at this location was relocated to office space also leased by the Company located at 888 Bestgate Road, Suite 212, Annapolis, MD 21401. As part of this relocation, the Annapolis branch became a limited service branch banking location. Effective January 1, 2018, the lease for the previous Annapolis branch at 1419 Forest Drive was terminated.

On July 11, 2014 the Bank entered into a lease located at 888 Bestgate Road, Suite 212, Annapolis, MD, for a new loan production office. The lease commenced on January 1, 2015 and has an initial term of five years with an option to renew for a five year term. As mentioned above, this office space now also houses the Annapolis branch banking center that was relocated in September 2017.

On June 18, 2009, the Company entered into a lease agreement in Baltimore, Maryland for office space to be occupied by the Corporate Headquarters including the lending, operations and administrative functions of the Company and the Bank. The lease commenced on June 18, 2009 and had an original term of five years with three options to renew for five years.

The original lease ended on June 18, 2014 and was amended to extend the lease for a one year term commencing August 27, 2014 and ending August 27, 2015. Effective August 28, 2015 and thereafter, the Company agreed to rent the building on a month to month basis in accordance with terms per the original lease agreement. The lease is with Capital Funding Group, Inc., an affiliate of the Company.

The leases call for the following minimum payments:

Year	
2018	$ 238,091
2019	245,052
2020	156,138
2021	160,632
2022	151,667
Thereafter	539,303
	$ 1,490,883

Rent expense was $1,501,165 and $1,435,773 for 2017 and 2016, respectively.

17. OTHER NON-INTEREST EXPENSES

A summary of other non-interest expenses follows:

	2017	2016
Data processing fees	$ 525,917	$ 509,177
Professional fees	667,625	552,000
Business development	1,155,514	953,325
Liability insurance	203,847	224,068
Telephone	194,215	183,233
Software	273,368	187,508
Stationary, printing, and supplies	112,630	102,913
GNMA and HUD expenses	81,461	40,504
Postage and courier	53,715	46,949
Correspondent bank charges	35,896	33,944
State assessment and sales tax	69,346	84,317
Subscriptions and publications	41,059	31,556
Debt issuance expense	101,293	-
Contra overhead expense and other	(199,250)	(321,328)
	$ 3,316,636	$ 2,628,166

18. EMPLOYEE BENEFIT PLANS

The Company offers a 401(k) plan to its employees. The 401 (k) Plan's attributes include eligibility after 12 months of service, an employer matching contribution of 100% up to 3% of employee salary contributed and 50% for the next 2% of employee salary contributed, and a vesting of 100% after the first year of service. For the period ending December 31, 2017 and 2016, the Company contributed $367,615 and $373,423, respectively to this plan.

19. CAPITAL STANDARDS

The Federal Reserve Board and The Federal Deposit Insurance Corporation have adopted risk-based capital standards for banking organizations. These standards require ratios of capital to assets for minimum capital adequacy and to be classified as well capitalized under prompt corrective action provisions. Common equity tier 1 ("CET1") capital consists of common stock, additional paid-in capital, and accumulated deficit less goodwill and disallowed portion of MSR's. Tier 1 capital is consistent with CET1 capital, as the Company and the Bank do not have any qualifying additional tier 1 capital. Total capital includes a limited amount of the allowance for loan losses. In calculating risk-weighted assets, specified risk percentages are applied to each category of asset and off balance sheet items.

As discussed in Note 14, in 2017, the Company contributed approximately $30 million of the proceeds from issuance of $35 million in subordinated notes down to the Bank which qualified as Tier I capital for the Bank under the Basel III Rule capital requirements. The capital ratios and minimum capital requirements for the Company and the Bank are as follows:

	Company Actual		Bank Actual		Minimum Required Capital	To Be Well
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Adequacy	Capitalized*
December 31, 2017						
Total capital (to risk-weighted assets)	$ 75,632	12.62%	$ 110,359	18.37%	9.250%	10.00%
Tier 1 capital (to risk-weighted assets)	67,813	11.31%	102,554	17.07%	7.250%	8.00%
CET1 capital (to risk-weighted assets)	67,813	11.31%	102,554	17.07%	5.750%	6.50%
Tier 1 capital (to average assets)	67,813	9.38%	102,554	14.16%	5.000%	5.00%
December 31, 2016						
Total capital (to risk-weighted assets)	$ 74,462	12.12%	$ 74,410	12.11%	8.625%	10.00%
Tier 1 capital (to risk-weighted assets)	66,586	10.84%	66,534	10.83%	6.625%	8.00%
CET1 capital (to risk-weighted assets)	66,586	10.84%	66,534	10.83%	5.125%	6.50%
Tier 1 capital (to average assets)	66,586	9.92%	66,534	9.91%	5.000%	5.00%

*Applies to Bank only.

Failure to meet the capital requirements could affect the Company's ability to pay dividends and accept deposits and may significantly affect the operations of the Company and Bank. See Note 2 regarding the possibility of future dividend restrictions.

As of December 31, 2017 and 2016, the Bank met the regulatory requirements to be well capitalized. Management knows of no conditions that would change this classification.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC Topic 820, "Fair Value Measurements," clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under ASC Topic, fair value measurements are not adjusted for transaction costs. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement inputs) and the lowest priority to unobservable inputs (Level 3 measurement inputs). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1 Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities which use observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in active 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 or liabilities.

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The types of instruments valued based on quoted market prices in active markets include most U.S. government and agency securities, liquid mortgage products, active listed equities and most money market securities. Such instruments are generally classified within Level 1 or Level 2 of the fair value hierarchy. As required by ASC 820, the Bank does not adjust the quoted price for such instruments.

The types of instruments valued based on quoted prices in markets that are not active, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency include most investment-grade and high-yield corporate bonds, less liquid mortgage products, less liquid equities, state, municipal and provincial obligations, and certain physical commodities. Such instruments are generally classified within Level 2 of the fair value hierarchy. The fair value of MSRs is also classified within Level 2 of the fair value hierarchy and is estimated by a third party on a quarterly basis using a valuation model that calculates the present value of estimated future net servicing cash flows, taking into consideration actual and expected mortgage loan prepayment rates, servicing rates, discount rates, servicing costs and other economic factors, which are determined based on current market conditions.

Loans for which it is probable that payment of principal and interest will not be made in accordance with the contractual terms of the loan are considered impaired. Once a loan is identified as individually impaired, management measures impairment in accordance with ASC Topic 310, using the present value of expected cash flows, the loan's observable market price, or the fair value of collateral (less estimated selling costs) if the loan is collateral dependent. A specific allowance for loan loss is then established or a charge-off is recorded if the loan is collateral dependent and the loan is classified at a Level 3 in the fair value hierarchy. Appraised collateral values may be discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the borrower's business. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the factors identified above. Valuation techniques are consistent with those applied in prior periods.

Foreclosed real estate is adjusted to fair value upon transfer of the loan to foreclosed real estate and is classified at a Level 3 in the fair value hierarchy. Subsequently, the foreclosed real estate is carried at the lower of carrying value or fair value. The estimated fair value for foreclosed real estate included in Level 3 is determined by independent market based appraisals and other available market information, less costs to sell, that may be reduced further based on market expectations or an executed sales agreement. If the fair value of foreclosed real estate deteriorates subsequent to the period of transfer, the foreclosed real estate is also classified at a Level 3 in the fair value hierarchy. Valuation techniques are consistent with those techniques applied in prior periods.

Assets measured at fair value on a recurring basis comprise the following asset classes:

December 31, 2017		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	$ 2,499,275	$ -	$ 2,499,275	$ -
Mortgage servicing rights	33,937,874	-	33,937,874	-

December 31, 2016		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	$ 1,699,694	$ -	$ 1,699,694	$ -
Industrial Revenue Bonds	10,006	-	10,006	-
GNMA Participation Certificates	18,984,904	-	18,984,904	-
Mortgage servicing rights	32,397,224	-	32,397,224	-

Assets measured at fair value on a non-recurring basis comprise the following asset classes:

Impaired Loans[1]:	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Residential/Consumer	$ 428,413	$ -	$ -	$ 428,413
Commercial Real Estate	7,095,203	-	-	7,095,203
Commercial and Industrial	1,720,113	-	-	1,720,113

Impaired Loans[1]:	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Residential/Consumer	$ 1,062,609	$ -	$ -	$ 1,062,609
Commercial Real Estate	471,626	-	-	471,626
Commercial and Industrial	5,314,314	-	-	5,314,314

[1] Impaired loans measured at fair value include loans with current period partial charge-offs or specific reserves.

Quantitative information about Level 3 fair value measurements is as follows as of December 31, 2017 and 2016:

December 31, 2017:	Valuation Technique	Unobservable Inputs	Range
Impaired Loans	Third party appraisal	Appraisal adjustments[1]	10 - 20%
December 31, 2016:			
Impaired Loans	Third party appraisal	Appraisal adjustments[1]	10 - 20%

[1] Appraisals may be adjusted by management for qualitative factors such as property type, recent market condition, and estimated selling costs.

Fair value estimates, methods, and assumptions are summarized below for the Company's financial instruments as of December 31, 2017 and 2016.

The carrying value and estimated fair value of financial instruments is summarized as

	2017		2016	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets				
Cash and cash equivalents	$ 58,430,520	$ 58,430,520	$ 48,251,702	$ 48,251,702
Securities available for sale	2,499,275	2,499,275	20,694,604	20,694,604
Securities held to maturity	2,383,645	2,353,630	1,079,275	1,054,366
Loans and leases, net of allowance	569,725,237	567,387,362	592,700,740	602,661,087
Mortgage servicing rights	33,937,874	33,937,874	32,397,224	32,397,224
Liabilities				
Deposits	$ 496,692,181	$ 478,105,579	$ 617,912,194	$ 601,639,727
Securities sold under repurchase agreement	488,011	488,011	1,602,282	1,602,282
Advances from Federal Home Loan Bank	57,000,000	57,000,000	1,000,000	1,000,000
Subordinated notes payable	35,000,000	37,393,714	-	-

Cash and cash equivalents

The carrying amount for cash and cash equivalents approximates fair value due to the short maturity of these instruments.

Securities available for sale

The fair value for U.S. Treasury securities and Industrial revenue bonds were based upon market values from a pricing service. GNMA participation certificates are short-term in nature and are valued at book value.

Securities held to maturity

The fair value for U.S. Government agency notes were based upon market values from a pricing service.

Loans

The fair value of loans was calculated by discounting the anticipated cash flows based on contractual maturity, weighted-average coupon, and discount rate.

Mortgage servicing rights

The fair value of mortgage servicing rights was based upon market value from an independent appraisal.

Deposits

The fair value of deposits with no stated maturity, such as non-interest-bearing deposits, interest-bearing now accounts, money market, and passbook and statement savings is deemed to be equal to the carrying amounts. The fair value of certificates of deposit is based on the discounted value on contractual cash flows. The discount rate for certificates of deposit was estimated using the rate currently offered for deposits of similar remaining maturities.

Securities sold under repurchase agreements

Securities sold under a repurchase agreement are comprised of securities sold overnight under an obligation to repurchase. The carrying amount for the overnight borrowings approximates fair value due to the short maturity of the borrowings.

Advances from Federal Home Loan Bank

The carrying amount for Advances from the Federal Home Loan Bank approximate fair value due to the relative short duration of the borrowings.

Subordinated notes payable

The fair value of the subordinated notes are estimated by computing the discounted value of contractual cash flows payable at current interest rates for comparable obligations with similar terms.

The balance sheets as of December 31, 2017 and 2016, and statements of operations for the year then ended, for Capital Funding Bancorp, Inc. (Parent only) are presented below:

Balance Sheets

December 31,	2017	2016
Assets		
Cash	$ 2,571,965	$ 52,771
Investment in CFG Community Bank	121,330,274	82,338,584
Prepaid debt origination costs	1,134,691	-
Total Assets	$ 125,036,930	$ 82,391,355
Liabilities and Stockholders' Equity		
Subordinated notes payable	$ 35,000,000	$ -
Accrued interest payable	875,000	-
Total Liabilities	35,875,000	-
Stockholders' equity		
Common stock	69,514	69,513
Additional paid-in capital	41,631,164	41,629,980
Accumulated earnings	47,461,272	40,691,863
Accumulated other comprehensive loss	(20)	(1)
Total Stockholders' Equity	89,161,930	82,391,355
Total Liabilities and Stockholders' Equity	$ 125,036,930	$ 82,391,355

Statements of Operations

Interest income	$ -	$ -
Interest expense		
Subordinated notes	2,245,833	-
Total interest expense	2,245,833	-
Net interest income	(2,245,833)	-
Noninterest expenses		
Debt issuance amortization expense	101,293	-
Other expenses	1,174	405
Total noninterest expenses	102,467	405
Loss before undistributed net income of subsidiary	(2,348,300)	(405)
Equity in undistributed net income of subsidiary	17,912,612	13,494,158
Net income	$ 15,564,312	$ 13,493,753

Statements of Cash Flows

December 31,	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 15,564,312	$ 13,493,753
Adjustments to reconcile net income		
Net increase in prepaid debt origination costs	(1,134,691)	-
Net increase in accrued interest payable	875,000	-
Equity in undistributed net income of subsidiary	(17,912,612)	(13,494,158)
Net cash used in operating activities	(2,607,991)	(405)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from subsidiary	8,794,903	8,900,675
Equity investment in subsidiary	(29,874,000)	-
Net cash (used in) provided by investing activities	(21,079,097)	8,900,675
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to stockholders	(8,794,903)	(8,900,675)
Issuance of subordinated notes payable	35,000,000	-
Issuance of common stock	1,185	1,592
Net cash provided by (used in) financing activities	26,206,282	(8,899,083)
Net increase in cash and cash equivalents	2,519,194	1,187
Cash and cash equivalents at beginning of year	52,771	51,584
Cash and cash equivalents at end of year	$ 2,571,965	$ 52,771
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	$ 1,370,833	$ -