

**Rio Grande Valley
Multibank Corporation**

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017



CRI CARR
RIGGS &
INGRAM

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Rio Grande Valley Multibank Corporation
Table of Contents
December 31, 2017

TAB: REPORT

Independent Auditors' Report	1
------------------------------	---

TAB: FINANCIAL STATEMENTS

Consolidated Balance sheet	3
----------------------------	---

Consolidated Statement of Income	4
----------------------------------	---

Consolidated Statement of Retained Earnings	5
---	---

Consolidated Statement of Cash Flows	6
--------------------------------------	---

Notes to Consolidated Financial Statements	8
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Rio Grande Valley Multibank Corporation Consolidated Balance Sheet

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of Rio Grande Valley Multibank Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Rio Grande Valley Multibank Corporation and subsidiary (a Texas corporation), which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statement of income, retained earnings, 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 consolidated 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 audit. We conducted our audit 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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



Rio Grande Valley Multibank Corporation Consolidated Balance Sheet

estimates made by management, as well as evaluating the overall presentation of the consolidated 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 Rio Grande Valley Multibank Corporation and subsidiary as of December 31, 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CARR, RIGGS & INGRAM, LLC

Brownsville, Texas
April 30, 2018

Rio Grande Valley Multibank Corporation
Consolidated Balance Sheet

<i>December 31,</i>	<i>2017</i>
ASSETS	
Current Assets	
Cash	\$ 3,608,318
Due from CDCB	54,822
Due from CLCs	35,862
Servicing fees receivable	16,268
Prepaid insurance	7,463
Current maturities of pooled mortgage loans receivable	285,870
Small Dollar Loan receivables, net of allowance	2,448,976
Total current assets	6,457,579
Other Assets	
Investment in FHLB stock	213,100
Deferred tax asset	23,670
Pooled mortgage loans receivable, less current maturities	5,962,292
Total other assets	6,199,062
Total assets	\$ 12,656,641

(Continued)

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

Rio Grande Valley Multibank Corporation
Consolidated Balance Sheet - Continued

<i>December 31,</i>	2017
Liabilities and Stockholders' Equity	
Current Liabilities	
Due to CDCB	\$ 10,306
Deferred revenue - CASA	249,421
Other current liabilities	38,155
Current maturities of loans payable	465,091
Total current liabilities	762,973
Other Liabilities	
Loans payable, less current maturities	7,781,288
Total other liabilities	7,781,288
Stockholders' Equity	
Common stock, par value \$1 per share; authorized 10,000,000 shares; issued 2,129,922, outstanding 1,829,922	2,129,922
Additional Paid In Capital	1,312,161
Treasury stock, 300,000 shares	(1)
Retained earnings	670,298
Total stockholders' equity	4,112,380
Total liabilities and stockholders' equity	\$ 12,656,641

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

Rio Grande Valley Multibank Corporation
Consolidated Statement of Income

<i>December 31,</i>	2017
Operating revenue	
Interest income - pool mortgage loans	\$ 87,488
Interest income - small dollar loans	408,160
Interest income - CASA loans	323,959
CLC operating income - TACDC	2,000
CLC service and administrative fees	360,386
Dividend and interest income	3,964
Miscellaneous income	87,066
Total operating revenue	
	1,273,023
Operating expenses	
Administrative services	294,627
Advertising	5,294
Commission expense	55,705
Data storage expense	37,754
Insurance	6,890
Interest expense	228,621
Loan loss	193,452
Miscellaneous	63,429
Professional services	90,044
Total operating expenses	
	975,816
Net income before federal income taxes	297,207
Income tax (expense)	(37,818)
Net income	\$ 259,389

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

**Rio Grande Valley Multibank Corporation
Consolidated Statement of Retained Earnings**

<i>December 31,</i>	2017
Balance, beginning	\$ 410,909
Net income	259,389
Balance, ending	\$ 670,298

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

Rio Grande Valley Multibank Corporation
Consolidated Statement of Cash Flows

<i>December 31,</i>	2017
OPERATING ACTIVITIES	
Net income	\$ 259,389
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Change in working capital components:	
(Increase) decrease in other receivables	(59,046)
(Increase) decrease in servicing fees and proceeds receivable	330
(Increase) decrease in deferred tax asset	37,818
(Increase) decrease in prepaid insurance	6,890
(Increase) decrease in line of credit	128,638
Increase (decrease) in other current liabilities, net	(228,946)
Increase (decrease) in escrow liability and reserves	(42,316)
Increase (decrease) in deferred revenues	(9,305)
<hr/>	
Net cash provided by operating activities	93,452
INVESTING ACTIVITIES	
Investment in Federal Home Loan Bank, Stock	(3,800)
(Increase) decrease in loans receivable	413,041
(Increase) decrease in Small Dollar Loans receivable	(344,561)
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Net cash (used in) investing activities	64,680
FINANCING ACTIVITIES	
Increase (decrease) in loans payable	231,970
Issuance of capital stock	900,000
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Net cash provided by (used in) financing activities	1,131,970
<hr/>	
Net increase in cash and cash equivalents	1,290,102
Cash and cash equivalents - Beginning	2,318,216
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Cash and cash equivalents - Ending	\$ 3,608,318
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest	\$ 228,621
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The accompanying notes are an integral part of these financial statements.

Rio Grande Valley Multibank Corporation Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of the Company is presented to assist in understanding the consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the presentation of the consolidated financial statements.

Nature of the Organization

The Rio Grande Valley Multibank Corporation (Company), a United States Treasury Certified Community Development Financial Institution, is a Texas corporation formed on April 3, 1995 to (1) promote, develop and improve the economic conditions of people in the Lower Rio Grande Valley area, (2) encourage and assist the supply of affordable housing, investments in small businesses and employment opportunities for low to moderate income persons through loans, investments and other business transactions, and (3) improve economic conditions in the community.

Principals of Consolidation

The consolidated financial statements of the Company include operations of the wholly owned subsidiary of the Company, Community Loan Center Corporation. Community Loan Center Corporation was formed on August 27, 2010. Together, the two entities provide the aforementioned services in the Lower Rio Grande Valley and are referred to in the notes to the consolidated financial statements as the "Company."

Basis of Accounting

The financial statements are prepared on an accrual basis, which recognizes income when earned and expenses when incurred.

Cash and Equivalents

The Company classifies as cash equivalents all highly liquid investments with original maturities of three months or less. Cash and cash equivalents include checking and savings account deposits.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2017, cash balances are estimated to have exceeded federally insured limits by \$2,876,056.

Rio Grande Valley Multibank Corporation Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Company's financial instruments are cash and cash equivalents, loans receivable – net of allowance, and accounts and other payables, whose carrying amounts approximate fair value based on their short-term nature.

Loans and Other Receivables

Accounting principles generally accepted in the United States of America require a company to report the amounts of accounts, notes, and other forms of receivables at the amount management expects to collect from balances outstanding at the balance sheet date. The amount collectible is to be estimated using historical performance, projections of trends, and known information regarding the financial condition of the customer or other obligor. The difference between the book balance and the amount estimated to be collectible is deducted from the book balance by means of an allowance for uncollectible accounts. The allowance for the Small Dollar Loan program is determined by an average of loans written off as uncollectible to the total amount of loans outstanding over the last three years.

Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Management estimates affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

The Company expenses advertising costs as incurred. The advertising expense for the year ended December 31, 2017 was \$5,294.

Income Taxes

The revised provisions of FASB ASC 740, relating to uncertain income tax positions require management to perform an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Company's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Accordingly, the Company has accrued no interest or penalties related to uncertain tax positions at December 31, 2017. This evaluation is required to be performed for all open tax years, as defined by the various statutes of limitations, for federal and state purposes.

Rio Grande Valley Multibank Corporation
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company is required to file annual federal income tax returns and Texas franchise tax returns. With limited exceptions, the Company is no longer subject to income tax examination for any years earlier than 2014 for federal purposes and 2013 for state purposes. Management has performed its evaluation of all other income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the “more likely than not” standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax provisions in the accompanying financial statements.

As of December 31, 2017, the Company had a net operating loss carryforward of approximately \$112,716. This will offset future taxable federal income and do not expire. This net operating loss is available to offset future taxable income up to 80%.

Date of Management’s Evaluation

Management has evaluated subsequent events through April 30, 2018, the date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

The Company’s cash and cash equivalents consisted of the following as of December 31, 2017:

Checking account	\$	3,561,897
Savings account		46,421
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Totals	\$	3,608,318

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Rio Grande Valley Multibank Corporation Notes to Financial Statements

NOTE 3: LOAN PROGRAMS

Mortgage Loan Programs

The Company has entered into loan commitments and master loan agreements with the Community Development Corporation of Brownsville. The Company finances the commitments by receiving pooled funds from its shareholder banks. Under the terms of the commitments, the Company is obligated to lend funds toward the Affordable Housing Loan Programs (AHLP), and the Rural and Colonia Loan Program (RCLP), by which the participants loan the proceeds to qualified individual borrowers. The participants are responsible for replacing the notes if the individual borrowers fail to make timely payments. The loans, collateralized by real estate, are repayable to the Company by the participants in monthly installments at rates of interest from 3.5% to 7% annually.

The Company has developed and implemented the Community Affordable Safe Assistance Loan Program (CASA), a public/private affordable housing initiative for South Texas. The Company, through its membership in the Federal Home Loan Bank of Dallas, commits to provide first lien mortgage funds for mortgage loans to assist low-income families. The CASA loan structure utilizes subsidy funds to provide the required matching mortgage funds which in-turn allows the Company to provide long-term mortgage loans to families it would deny for credit under other traditional mortgage programs. The mortgage borrower will close into a fixed rate (no more than 300 basis points over FHLB Advance Rate), 20-30 year fully amortizing loan with the participating CDFI. A uniform underwriting criteria is utilized to insure equality and standardization. There is no mortgage insurance premium and servicing is held with the CDFI or its assignee.

Loan participation amounts are funded and disbursed at various dates; therefore, they have various maturity dates. Any portfolio defaults are covered by loan loss reserve and related cash accounts. The following is a breakdown of receivables by participant:

Housing Loan Programs:	
Community Development Corporation of Brownsville (AHLP)	\$ 190,316
CASA Loan Program	6,026,693
Rural Colonia Loan Program	31,153
Total notes receivable	6,248,162
Less – current maturities	285,870
Total notes receivable, less current maturities	\$ 5,962,292

Rio Grande Valley Multibank Corporation
Notes to Financial Statements

NOTE 3: LOAN PROGRAMS (Continued)

Community Loan Center – “Small Dollar Loan Program”

Beginning in 2011, the Company established a Small Dollar Loan Program offering eligible participants a personal, unsecured loan in the range of \$400 minimum to \$1,000 maximum per loan. Loans must be repaid or renewed within a one-year period. A loan is considered delinquent after 30 days and charged off after 120 days. At December 31, 2017 the note receivable balance was \$2,797,998, with the allowance account balance of \$132,898. An analysis of the Small Dollar Loan Program is as follows:

		2017
Small Dollar Loans receivable (gross)	\$	2,797,998
Less: Unearned interest		(216,124)
Subtotal		2,581,874
Less: Allowance for loan loss		(132,898)
Small Dollar Loans receivable (net)	\$	2,448,976

NOTE 4: INTERIM CONSTRUCTION LOANS RECEIVABLE

The Company furnished a line of credit to the CDCB in October 2009. The line of credit provides for maximum borrowing of \$250,000, and is unsecured. Interest rate on unpaid principal is prime floating rate. Loan was paid in full as of December 31, 2015. The balance at December 31, 2017 was \$0.

NOTE 5: ALLOWANCE FOR LOAN LOSSES

Small Dollar Loans - The Company maintains an allowance for loan losses equal to an average ratio of loan losses to the total gross loan receivables over the past three years. Loans are considered performing if all payments are made as agreed. Loans are considered non-performing if the loan is 60 days past due. The Company’s policy is to charge off as bad debts loans that are 120 days past due.

Rio Grande Valley Multibank Corporation
Notes to Financial Statements

NOTE 5: ALLOWANCE FOR LOAN LOSSES (Continued)

Pooled Mortgage Loans Receivable and Interim Construction Loans - Because of the credit quality of the borrowers and the underlying collateral, all residential loans and interim construction loans are considering fully collateralized and no losses are anticipated.

	Residential			Small Dollar	Total
	CASA	CDCB	RCLP		
Allowance for Credit Losses					
Beginning Balance	\$ -	\$ -	\$ -	\$ 87,678	\$ 87,678
Charge-offs	-	-	-	(169,469)	(169,469)
Recoveries	-	-	-	21,237	21,237
Provision	-	-	-	193,452	193,452
Ending Balance	\$ -	\$ -	\$ -	\$ 132,898	\$ 132,898
Financing Receivables					
Ending Balance: individually evaluated for impairment	\$ 6,026,693	\$ 190,316	\$ 31,153	\$ -	\$ 6,248,162
Ending Balance: collectively evaluated for impairment	-	-	-	2,797,998	2,797,998
Ending Balance: loans acquired with deteriorated credit quality	-	-	-	-	-
Ending Balance	\$ 6,026,693	\$ 190,316	\$ 31,153	\$ 2,797,998	\$ 9,046,160

Creditworthiness Category and Internally Assigned Grade – The Company considers a loan Excellent if all payments are being made as agreed, the collateral value underlying the loans exceeds the amount of the receivable and the borrower’s financial condition reflects its ability to meet its financial obligations. A loan is considered Special Mention if payments are over 90 days past due. A loan is considered Substandard if the receivable balance exceeds the estimated fair market value of the underlying collateral.

The Company has no impaired loans, loans with modifications or loans on a non-accrual status.

Rio Grande Valley Multibank Corporation
Notes to Financial Statements

NOTE 5: ALLOWANCE FOR LOAN LOSSES (Continued)

Corporate Credit Exposure –

Credit risk profiled by credit worthiness category and internally assigned grade.

	CASA	CDCB	RCLP	Total
Excellent	\$ 5,963,913	\$ 190,316	\$ 31,153	\$ 6,185,382
Special Mention	62,780	-	-	62,780
Substandard	-	-	-	-
Ending Balance	\$ 6,026,693	\$ 190,316	\$ 315,152	\$ 6,248,162

Small Dollar Loan –

Credit Risk profile based on payment activity:

Performing	\$ 2,762,110
Non-performing	35,888
Ending Balance	\$ 2,797,998

The following chart represents the Age Analysis of Past Due Financing Receivables at December 31, 2017:

	Past Due			Total Past Due	Current	Total
	31-60 Days	61-90 Days	Over 90 Days			
Residential Loans						
CDCB	\$ -	\$ -	\$ -	\$ -	\$ 190,316	\$ 190,316
RCLP	-	-	-	-	31,153	31,153
CASA	742,155	241,935	62,780	1,046,870	4,979,823	6,026,693
Small Dollar Loans	31,660	22,739	13,149	67,548	2,730,450	2,797,998
	\$ 773,815	\$ 264,674	\$ 75,929	\$1,114,418	\$ 7,931,742	\$ 9,046,160

Rio Grande Valley Multibank Corporation Notes to Financial Statements

NOTE 6: LOANS PAYABLE

Loans payable at December 31, 2017 totaled \$8,246,380. Because loans among the RCLP program do not have fixed payment amounts, maturity figures on those instruments are estimates.

On June 24, 2011 an agreement between the Federal Home Loan Bank (FHLB) and the Company was made to establish a line of credit, whereby the FHLB provides advances to the company for qualifying affordable home loans. The FHLB will be assigned the first lien on mortgaged property in exchange for funding of 85-90% of each loan. Each advance made by the Company creates its own amortization and repayment schedule with a fixed rate assigned at the time of the advance. Included in the loans payable balances above are the outstanding balances of the FHLB note as of December 31, 2017 of \$4,850,656. The schedule of principal repayments can be found in the above totals in note payables.

On December 4, 2013, a promissory note between Community Development Corporation of Brownsville and Rio Grande Valley Multibank was signed whereby Rio Grande Valley Multibank borrowed \$665,603 at zero percent interest in an unsecured loan. The principal amount is due and payable on December 4, 2043. This payable amount is also included in the total loans payable listed below.

Notes Payable at December 31, 2017 are as follows:

	<u>Due in one year</u>	<u>Due after one year</u>
BBVA Compass Bank , payable in monthly installments of \$3,815.02 including interest at 7%; secured by real estate lien notes against the underlying collateral.	\$ 20,766	\$ -
Wells Fargo Bank , payable in monthly installments of \$5,243.43 including interest at 7%; secured by real estate lien notes against the underlying collateral.	11,426	-
International Bank of Commerce , payable in monthly Installments of \$1,784.22 including interest at 7%; secured by real estate lien notes against the underlying collateral.	7,352	-
Wells Fargo Bank , payable in monthly installments of \$2,591.17 including interest at 7%; secured by real estate lien notes against the underlying collateral.	26,647	48,946

Rio Grande Valley Multibank Corporation
Notes to Financial Statements

Federal Home Loan Bank of Dallas , payable in monthly installments ranging from \$28,000 to \$30,000 and at an average interest rate of 3.106%; secured by real estate lien notes.	199,519	4,651,137
Community Development Corporation of Brownsville , principal & interest on note deferred for 30 years at 0%; Unsecured.	-	665,603
Community Development Financial Institution Fund , Principal & interest on note deferred for 30 years at 0% Unsecured.	-	665,603
International Bank of Commerce , revolving line of credit In the amount of \$1,500,000; interest rate at prime minus 1%.	189,381	-
Opportunity Finance Network (OFN) deferred principal until 12/31/23; payable interest only at 3%, unsecured.	-	1,250,000
WKKF Kellogg Foundation – deferred principal until September 30, 2023; payable interest only at 1%, unsecured.	-	500,000
	<u>\$ 465,091</u>	<u>\$ 7,781,288</u>

Scheduled maturities are as follows:

Total Notes Payable by Shareholder Bank, by Participant

	CDCB	Total
Wells Fargo	\$ 87,019	\$ 87,019
BBVA/Compass Bank	20,766	20,766
IBC – Brownsville	17,352	17,352
Total	\$ 125,137	\$ 125,137

Rio Grande Valley Multibank Corporation Notes to Financial Statements

Total Notes Payable By Year:

	2018	2019	2020	2021	2022	Thereafter
Wells Fargo	\$ 38,073	\$ 28,573	\$ 20,373	\$ -	\$ -	\$ -
BBVA – Compass Bank	20,766	-	-	-	-	-
IBC - Brownsville	17,352	-	-	-	-	-
FHLB	199,519	205,805	212,289	218,977	\$ 225,876	3,788,186
CDCB	-	-	-	-	-	665,603
CDFI	-	-	-	-	-	665,603
IBC – Line of Credit	189,381	-	-	-	-	189,381
OFN	-	-	-	-	-	1,250,000
Kellogg Foundation	-	-	-	-	-	500,000
Total	\$ 465,091	\$ 234,378	\$ 232,662	\$ 218,977	\$ 225,876	\$ 6,869,395

NOTE 7: STOCKHOLDERS' EQUITY

During the year, the Company issued an additional 429,922 shares of its authorized common stock. CDCB purchased 95,538 shares for \$200,000 and BBVA Compass purchased 334,384 shares for \$700,000. Current stock outstanding and ownership percentages at December 31, 2017 are as follows:

Bank	Shares	Par Value	Ownership Percentage
Bank of America	250,000	\$ 250,000	13.662%
Community Development Corporation Brownsville	95,538	95,538	5.221%
Frost National Bank	100,000	100,000	5.465%
International Bank of Commerce – Brownsville	250,000	250,000	13.662%
International Bank of Commerce – McAllen	100,000	100,000	5.465%
International Bank of Commerce – Zapata	100,000	100,000	5.465%
Lone Star National Bank	100,000	100,000	5.465%
National Cooperative Development	100,000	100,000	5.465%
BBVA/Compass Bank	434,384	434,384	23.737%
Wells Fargo Bank	300,000	300,000	16.393%
	2,129,922	\$ 2,129,922	100.000%

Rio Grande Valley Multibank Corporation Notes to Financial Statements

NOTE 8: RELATED PARTY TRANSACTIONS

CDCB is contracted annually to provide administrative services to the Company. Administrative fees totaled \$294,627 for the year ended December 31, 2017. At the close of the year, the Company owed CDCB \$25,327 in administrative fees. All related party transactions were consummated on terms equivalent to those that prevail in arms' length transactions.

NOTE 9: DEFERRED REVENUE

The Deferred Revenue CASA loan is made up of funds from the CDFI grant and lent to borrowers under the CASA Loan Program. These funds have been deferred until payment is received by the Company from borrower, which will then result in recognition of income. Deferred revenue – CASA balances for the year ending December 31, 2017 was \$249,421.

NOTE 10: INCOME TAXES

The Company recognizes deferred tax assets and liabilities for future tax consequences of events that have been previously recognized in the Company's financial statements or tax returns. The measurement of deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated.

For the year ended December 31, 2017, the Company recorded a net income tax expense of \$(37,818), on earnings before income taxes.

The Company's total deferred tax assets and liabilities at December 31, 2017 are as follows:

Total deferred tax assets	\$	23,670
Total deferred tax (liability)		-
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Net deferred tax (liability)	\$	23,670

NOTE 11: CLC SERVICE AND ADMINISTRATIVE FEES

The company has over the past several years franchised its software to be used by other Community Loan Centers across the country. The Small Dollar Lending Program (SDLP) software is considered a Software As A Service System (SAAS) and is designed to provide a user friendly graphical interface for the origination and servicing of small loans serviced by Community Loan Center lenders. There are currently twelve CLC centers using this software. Each center has signed a franchise agreement which provides that the CLC will, in exchange for the use of the software, pay the Community Loan Center Corporation (subsidiary of RGVMB) a monthly loan servicing fee calculated by multiplying the month-end open loan balance on the Franchisee's loan portfolio times the loan servicing rate of 0.45%. In addition, a loan origination fee of \$10.00 will be remitted for every new loan added during the month. During the 2017 year, total service and administrative fees totaled \$360,386.