

Cornerstone Financial Corp
Form 10-Q
May 11, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2012

-OR-

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

CORNERSTONE FINANCIAL CORPORATION

(Exact name of registrant, as specified in its charter)

New Jersey

(State or other jurisdiction of incorporation
or organization)

80-0282551

(I.R.S. Employer
Identification No.)

6000 Midlantic Drive, Suite 120 S, Mount Laurel, New Jersey 08054

(Address of principal executive offices)

Zip Code

Registrant's telephone number, including area code: (856) 439-0300

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Securities registered pursuant to Section 12(b) of the Act: None

(Title of Class)

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

Common stock, no par value

(Title of Class)

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

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

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

Large accelerated filer []

Accelerated filer []

Non-accelerated filer []

Smaller reporting company [X]

(Do not check if a smaller reporting company)

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) YES ___ NO X

As of May 11, 2012, there were 1,954,302 outstanding shares of the registrant's Common stock.



CORNERSTONE FINANCIAL CORPORATION

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CORNERSTONE FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)

	31-Mar-12	31-Dec-11
	(Unaudited)	
Assets:		
Cash and due from banks	\$5,736	\$5,039
Federal funds sold	36,500	32,800
Cash and cash equivalents	42,236	37,839
Investment securities:		
Available for sale (amortized cost 2012- \$87,008; 2011 - \$83,232)	86,608	83,727
Loans receivable	234,316	241,917
Less allowance for loan losses	6,425	4,995
Loans receivable, net	\$227,891	\$236,922
Federal Home Loan Bank stock	763	1,438
Premises and equipment, net	7,912	7,710
Accrued interest receivable	1,768	1,577
Bank owned life insurance	6,257	6,206
Deferred taxes	2,128	1,233
Other real estate owned	6,062	5,262
Other assets	1,559	1,871
Total Assets	\$383,184	\$383,785
Liabilities:		
Non-interest bearing deposits	38,001	29,963
Interest bearing deposits	204,238	201,066
Certificates of deposit	99,634	99,279
Total deposits	341,873	330,308
Advances from the Federal Home Loan Bank	10,000	25,000
Line of credit	5,000	5,000
Subordinated debt	3,000	3,000
Other liabilities	1,178	1,410
Unsettled Investment Security payable	4,000	-
Total Liabilities	365,051	364,718
Stockholders' Equity:		

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Preferred Stock Series A: \$0 par value; \$1,000 per share stated value, authorized 1,000,000 shares; issued and outstanding 1,900 at March 31, 2012 and December 31, 2011, respectively.	1,900	1,900
Preferred Stock Series B: \$0 par value; \$20 per share stated value, authorized 10,000 shares; issued and outstanding 10,000 at March 31, 2012 and December 31, 2011, respectively.	200	200
Common stock: \$0 par value: authorized 10,000,000 shares; issued and outstanding 1,954,302 at March 31, 2012 and December 31, 2011, respectively	-	-
Additional paid-in capital	17,770	17,735
Accumulated other comprehensive (loss) income	(240)	297
Retained deficit	(1,497)	(1,065)
Total Shareholders' Equity	18,133	19,067
Total Liabilities and Shareholders' Equity	\$383,184	\$383,785

See accompanying notes to consolidate financial statements

CORNERSTONE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended

(In thousands, except per share data)

	March 31, 2012 (Unaudited)	March 31, 2011 (Unaudited)
Interest Income		
Interest and fees on loans	\$ 3,183	\$ 3,385
Interest on investment securities	784	886
Interest on federal funds	4	3
Total interest income	3,971	4,274
Interest Expense		
Interest on deposits	717	905
Interest on borrowings	121	176
Total interest expense	838	1,081
Net interest income	3,133	3,193
Provision for loan losses	1,403	953
Net interest income after loan loss provision	1,730	2,240
Non-Interest Income		
Service charges on deposit accounts	36	43
Bank owned life insurance income	51	40
Gain on sale of loans	82	156
Miscellaneous fee income	94	54
Total non-interest income	263	293
Non-Interest Expense		
Salaries and employee benefits	1,503	1,377
Net occupancy	388	367
Data processing and other service costs	129	119
Professional services	219	158
Advertising and promotion	43	37
Other real estate owned expense	49	29
FDIC expense	115	133
Other operating expenses	219	148
Total non-interest expense	2,665	2,368
(Loss) income before income taxes	(672)	165
Income tax (benefit) expense	(277)	56

Interest Income

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Net (Loss) income	(395)	109
Preferred stock dividends	37	33
Net (loss) income available to common shareholders		
	\$ (432)	\$ 76
 <i>Earnings (loss) per share</i>		
Basic	\$ (0.22)	\$ 0.04
Diluted	\$ (0.22)	\$ 0.04
<i>Weighted average shares outstanding</i>		
Basic	1,954	