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CENTRAL FEDERAL CORP
Form 8-K/A
August 12, 2004

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

FORM 8-K/A

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 10, 2004

CENTRAL FEDERAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware -----	0-25045 -----	34-1877137 -----
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification Number)

2923 Smith Road Fairlawn, Ohio -----	44333 -----	(330) 666-7979 -----
(Address of principal executive office)	(Zip Code)	(Registrant's Telephone Number)

This Current Report on Form 8-K/A amends the Form 8-K filed by the registrant on June 16, 2004 to report that it had entered into a definitive agreement to acquire RJO Financial Services, Inc. This amendment includes financial statements and pro forma information required to be filed in connection with that acquisition.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) Financial Statements of Businesses Acquired:

(1) audited balance sheets of RJO Financial Services, Inc. as of December 31, 2003 and 2002, and the related statements of operations, changes in equity and cash flows for the years then ended.

INDEPENDENT AUDITORS' REPORT

To the Stockholder
RJO Financial Services, Inc.
dba Reserve Mortgage Services
Akron, Ohio

We have audited the accompanying balance sheets of RJO Financial Services, Inc. dba Reserve Mortgage Services (the Company) as of December 31, 2003 and 2002, and the related statements of operations, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these

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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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RJO Financial Services, Inc. dba Reserve Mortgage Services as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

BOBER, MARKEY, FEDOROVICH & COMPANY

March 5, 2004

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES BALANCE SHEETS December 31, 2003 and 2002

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 343,205	\$ 179,311
Accounts receivable	1,522,606	940,071
Investments, fair value	128,965	13,364
	1,994,776	1,132,746
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	282,575	212,123
Accumulated depreciation	(171,201)	(139,390)
	111,374	72,733
NET PROPERTY AND EQUIPMENT		
	111,374	72,733
OTHER ASSETS		
	12,627	5,918
	12,627	5,918
TOTAL ASSETS		
	\$ 2,118,777	\$ 1,211,397
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Lines of credit	\$ 1,148,413	\$ 823,451
Current portion of long-term debt	15,255	14,492

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Cash overdraft	567,768	216,848
Accounts payable	46,995	23,903
Commissions payable	5,100	21,753
Accrued and withheld payroll taxes	1,755	11,166
Accrued expenses	6,943	9,330
	-----	-----
TOTAL CURRENT LIABILITIES	1,792,229	1,120,943
NONCURRENT LIABILITIES		
Equipment note payable	10,554	25,842
	-----	-----
TOTAL LIABILITIES	1,802,783	1,146,785
	-----	-----
STOCKHOLDER'S EQUITY		
Common stock, 750 shares authorized, 1 issued and outstanding, \$500 per share stated value	500	500
Additional paid-in capital	915,207	915,207
Accumulated other comprehensive income (loss)	10,924	(2,511)
Retained deficit	(610,637)	(848,584)
	-----	-----
TOTAL STOCKHOLDER'S EQUITY	315,994	64,612
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 2,118,777	\$ 1,211,397
	=====	=====

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

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
STATEMENTS OF OPERATIONS
December 31, 2003 and 2002

	2003	2002
	-----	-----
INCOME	\$ 1,753,104	\$ 1,319,024
COST OF SERVICES RENDERED	528,592	489,516
	-----	-----
GROSS PROFIT	1,224,512	829,508
	-----	-----
OPERATING EXPENSES		
Compensation and benefits	417,882	258,660
Payroll and other taxes	45,882	37,981
Advertising	69,334	97,782
Depreciation and amortization	32,019	20,996
Professional fees	18,127	13,226
Meals and entertainment	16,769	14,929
Dues and subscriptions	4,844	2,725
Automobile expenses	5,797	4,505
Insurance	17,893	15,169

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Postage and delivery	1,670	1,536
Repairs and maintenance	15,186	11,884
Office supplies and expense	44,805	40,460
Telephone and utilities	46,652	33,657
Lease	49,536	44,864
Other operating expenses	41,165	38,125
	-----	-----
TOTAL OPERATING EXPENSES	827,561	636,499
	-----	-----
INCOME FROM OPERATIONS	396,951	193,009
OTHER INCOME (EXPENSE)		
Interest expense	(1,792)	(2,584)
Other income (expense), net	22,171	(7,307)
	-----	-----
TOTAL OTHER INCOME (EXPENSE)	20,379	(9,891)
	-----	-----
NET INCOME	\$ 417,330	\$ 183,118
	=====	=====

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

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
 STATEMENTS OF CHANGES IN EQUITY
 December 31, 2003 and 2002

	Total	Comprehensive Income (Loss)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)
	-----	-----	-----	-----	-----
Balance at January 1, 2002	\$ 105,631		\$ 500	\$ 915,207	\$ 2,456
Comprehensive income (loss)					
Net income	183,118	\$ 183,118	-	-	-
Other comprehensive income (loss):					
Unrealized gain on securities, net	(4,967)	(4,967)	-	-	(4,967)

Comprehensive income		178,151			

Shareholder distributions	(219,170)		-	-	-

Balance at December 31, 2002	64,612		500	915,207	(2,511)
	-----		-----	-----	-----
Comprehensive income (loss)					
Net income	417,330	417,330	-	-	-
Other comprehensive income (loss):					
Unrealized loss on securities, net	13,435	13,435	-	-	13,435

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Comprehensive income		\$	430,765				
			=====				
Shareholder distributions	(179,383)			-	-	-	

Balance at December 31, 2003	\$ 315,994	\$	500	\$	915,207	\$	10,924
			=====		=====		=====

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

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
STATEMENTS OF CASH FLOWS
December 31, 2003 and 2002

	2003	2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 417,330	\$ 183,118
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,811	20,996
Realized (gain) loss on the sale of investments	(2,166)	3,924
Loss on disposal of equipment	674	4,849
Changes in operating assets and liabilities:		
Accounts receivable	(582,535)	400,907
Other assets	(6,709)	(51)
Cash overdraft and accounts payable	374,012	(36,181)
Accrued expenses	(28,451)	(2,154)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	203,966	575,408
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(71,126)	(5,947)
Debt used to purchase property and equipment	-	(45,000)
Proceeds from the sale of investments	-	7,410
Payments for the purchase of investments	(100,000)	(7,196)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(171,126)	(50,733)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Shareholder distributions	(179,383)	(219,170)
Repayment on borrowings	(15,288)	(262,944)
Net borrowings on notes payable	325,725	45,000
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	131,054	(437,114)
	-----	-----
NET INCREASE IN CASH AND EQUIVALENTS	163,894	87,561
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	179,311	91,750
	-----	-----
CASH AND EQUIVALENTS AT END OF YEAR	\$ 343,205	\$ 179,311
	=====	=====
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 1,792	\$ 2,584
Cash paid for taxes	\$ 1,329	\$ 997

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

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

RJO Financial Services, Inc. dba Reserve Mortgage Services (the Company) was incorporated on February 7, 1994 and, since August 1998, has been in the business of originating mortgage loans (primarily conventional mortgages) and the subsequent placement with financial institutions at the time of closing.

Revenue Recognition

Substantially all of the Company's operating revenues are recognized at the time a mortgage loan is closed. These loans are then subsequently placed with financial institutions that have, prior to closing, committed to purchase the loans. The loans are sold without recourse.

Property and Equipment

Property and equipment are stated at cost or appraised value. Depreciation is provided using primarily double declining methods over the estimated useful lives of the assets that range from 5-7 years.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash and all highly liquid investments purchased with an original maturity of three months or less.

Concentration of Credit Risk

The Company is a mortgage banker located in northeast Ohio and grants credit to the purchasers of loans that it originates, substantially all of which are financial institutions.

The Company maintains cash balances at a financial institution located in Ohio. The Federal Deposit Insurance Corporation insures deposits up to \$100,000. The Company's uninsured cash balance was \$155,073 and \$30,691 at December 31, 2003, and 2002, respectively. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Use of Estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the 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 expense

Advertising costs are expensed as incurred. Advertising costs expensed during 2003 and 2002 amounted to \$69,334 and \$97,782, respectively.

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RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2003 and 2002

Investments

The Company's investments are comprised of equity securities, all classified as securities available for sale, which are carried at their approximate fair value based upon the market prices of those investments at December 31, 2003 and 2002, respectively. The net unrealized holding gains/losses are included as a component of accumulated comprehensive income until realized.

The following summarizes cost and market value at December 31:

	2003		2002	
	Market Value	Cost	Market Value	Cost
Equity securities	\$ 128,964	\$ 118,040	\$ 13,364	\$

Market value exceeded cost by \$10,924 and \$2,511 at December 31, 2003 and 2002, respectively.

NOTE 2 - INCOME TAXES

The Company has elected to be taxed as an S Corporation as provided under Section 1362 of the Internal Revenue Code and as a result, income is taxed at the shareholder level. Accordingly, no provision for federal income tax has been made. Also in this regard, comprehensive income is only reported on a before tax basis.

NOTE 3 - RELATED PARTY TRANSACTIONS

As of June 1, 2002, the Company entered into a 5-year lease for office space from the sole shareholder. Rent is \$3,333 per month for the first year of the lease and then increases 3% each year. Rent expense paid by the Company under this lease was \$36,667 for 2003 and \$23,333 for 2002.

NOTE 4 - DEBT OBLIGATIONS

The Company has a revolving credit agreement with a bank. Interest on the outstanding balance is payable monthly at the prime rate (4.0% and 4.25% at December 31, 2003 and 2002, respectively) plus 0.25%. Maximum borrowing under the agreement is \$4,000,000. The outstanding principal balance was \$675,362 and \$356,562 at December 31, 2003 and 2002, respectively. The debt is collateralized by the corresponding pledged loans that have not yet been funded through a third party financial institution. On January 17, 2002 this revolving credit agreement was modified to allow for maximum borrowings of \$3,000,000. No other terms were amended.

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2003 and 2002

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The Company has a note payable with a bank. Interest on the outstanding balance is calculated at prime rate (4.0% and 4.25% at December 31, 2003 and 2002, respectively) plus 1.0%. Maximum borrowing under the original agreement was \$250,000. This agreement was amended on January 17, 2002 to allow for maximum borrowings of \$500,000. No other terms of the note were amended. The outstanding principal balance was \$473,051 and \$466,889 at December 31, 2003 and 2002, respectively. The debt is collateralized by the corresponding pledge loans that have not yet been funded through a third party financial institution.

In August 2002, the Company entered into a term note with a bank. The note bears interest at the prime rate (4.25% at 4.75% at December 31, 2003 and 2002, respectively) plus 0.5%, and is payable in monthly installments of principal and interest of \$1,355. This note is secured by equipment and accounts receivable and matures in August 2005. The outstanding balance was \$25,809 and \$40,334 at December 31, 2003 and 2002, respectively.

Future maturities of long-term debt as of December 31, 2003 are as follows:

2004	\$	15,255
2005		10,554

	\$	25,809
		=====

NOTE 5 - OPERATING LEASES

The Company leases automobiles and its office space. Rental expense for these leases amounted to \$49,536 and \$44,864 as of December 31, 2003 and 2002, respectively. This amount includes the related party lease described in Note 3.

Future minimum lease payments are as follows:

2004	\$	62,057
2005		55,120
2006		46,737
2007		18,760

	\$	182,674
		=====

NOTE 6 - SUBSEQUENT EVENT

In February 2004, the Company established a tax deferred savings plan (401(k) plan) that covers eligible employees. The Company will make matching contributions of 50% for the first 6% of salary deferrals.

(2) unaudited balance sheet of RJO Financial Services, Inc. as of March 31, 2004 and the related statements of operations, changes in equity and cash flows for the three months ended March 31, 2004 and 2003.

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
BALANCE SHEET (unaudited)
March 31, 2004

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ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 10,221
Accounts receivable	1,248,569
Investments, fair value	128,965

TOTAL CURRENT ASSETS	1,387,755
NET PROPERTY AND EQUIPMENT	102,186
OTHER ASSETS	8,034

TOTAL ASSETS	\$ 1,497,975
	=====

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES	
Lines of credit	\$ 957,700
Current portion of long-term debt	16,152
Cash overdraft	263,479
Accounts payable	14,911
Commissions payable	1,579
Accrued and withheld payroll taxes	3,835
Accrued expenses	6,943

TOTAL CURRENT LIABILITIES	1,264,599
NONCURRENT LIABILITIES	
Equipment note payable	4,755

TOTAL LIABILITIES	1,269,354
STOCKHOLDER'S EQUITY	
Common stock, 750 shares authorized, 1 issued and outstanding, \$500 per share stated value	500
Additional paid-in capital	915,207
Accumulated other comprehensive income	10,925
Retained deficit	(698,011)

TOTAL STOCKHOLDER'S EQUITY	228,621

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 1,497,975
	=====

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

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
STATEMENTS OF OPERATIONS (unaudited)
For the three months ended March 31, 2004 and 2003

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	For the three months ended March 31,	
	2004	2003
	-----	-----
INCOME	\$ 249,063	\$ 437,625
COST OF SERVICES RENDERED	85,277	124,422
	-----	-----
GROSS PROFIT	163,786	313,203
OPERATING EXPENSES		
Compensation and benefits	73,696	87,614
Payroll and other taxes	8,108	13,757
Advertising	18,870	17,543
Depreciation and amortization	8,059	6,167
Professional fees	4,562	2,375
Meals and entertainment	1,383	1,865
Dues and subscriptions	1,040	665
Automobile expenses	852	1,401
Insurance	619	5,003
Postage and delivery	(306)	278
Repairs and maintenance	6,220	8,900
Office supplies and expense	5,955	4,034
Telephone and utilities	5,893	9,710
Lease	10,200	10,000
Other operating expenses	6,231	4,954
	-----	-----
TOTAL OPERATING EXPENSES	151,382	174,266
	-----	-----
INCOME FROM OPERATIONS	12,404	138,937
OTHER INCOME (EXPENSE)		
Interest expense	(1,170)	(432)
Other income (expense), net	33	(964)
	-----	-----
TOTAL OTHER INCOME (EXPENSE)	(1,137)	(1,396)
	-----	-----
NET INCOME	\$ 11,267	\$ 137,541
	=====	=====

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

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
STATEMENT OF CHANGES IN EQUITY (unaudited)
For the three months ended March 31, 2004

Accumula
Additional Other

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	Total	Comprehensive Income	Common Stock	Paid-in Capital	Comprehen Income
	-----	-----	-----	-----	-----
Balance at December 31, 2003	\$ 315,994		\$ 500	\$ 915,207	\$ 10
Comprehensive income					
Net Income	11,267	\$ 11,267			
Other comprehensive income:					
Unrealized gain on securities, net	1	1			
Comprehensive income		\$ 11,268			
Shareholder distributions	(98,641)				
Balance at March 31, 2004	\$ 228,621		\$ 500	\$ 915,207	\$ 10

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

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES
STATEMENTS OF CASH FLOWS (unaudited)
For the three months ended March 31, 2004 and 2003

	For the three months ended March 31,	
	2004	2003
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 11,267	\$ 137,541
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,059	6,167
Changes in operating assets and liabilities:		
Accounts receivable	274,037	(2,022,096)
Other assets	4,558	850
Cash overdraft and accounts payable	(336,373)	(110,049)
Accrued expenses	(1,441)	(9,756)
Other	1,165	-
NET CASH (USED IN) OPERATING ACTIVITIES	(38,728)	(1,997,343)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase or property and equipment	-	(17,273)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	(17,273)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Shareholder distributions	(98,641)	(82,417)
Proceeds from (repayments on) borrowings	(195,615)	2,057,425
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(294,256)	1,975,008
NET (DECREASE) IN CASH AND EQUIVALENTS	(332,984)	(39,608)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	343,205	179,311
CASH AND EQUIVALENTS AT END OF YEAR	\$ 10,221	\$ 139,703

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SUPPLEMENTAL DISCLOSURES:

Cash paid for interest	\$	1,170	\$	432
Cash paid for taxes		-		293

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

RJO FINANCIAL SERVICES, INC. DBA RESERVE MORTGAGE SERVICES

NOTES TO FINANCIAL STATEMENTS

For the three months ended March 31, 2004

NOTE 1 - BASIS OF PRESENTATION

In the opinion of the management of RJO Financial Services, Inc. dba Reserve Mortgage Services (the Company), the accompanying financial statements for the three months ended March 31, 2004 and 2003 include all adjustments necessary for a fair presentation of the financial condition and the results of operations for those periods. The financial performance reported for the Company for the three months ended March 31, 2004 is not necessarily indicative of the results to be expected for the full year. The accompanying financial statements should be read with the Company's audited financial statements for the period ended December 31, 2003 and reference is made to the Company's accounting policies described in Note 1 of the Notes to Financial Statements contained in the audited financial statements. The Company has consistently followed those policies in preparing the accompanying financial statements.

NOTE 2 - PENDING BUSINESS COMBINATION

On June 10, 2004, the Company entered into a definitive agreement with Central Federal Corporation whereby the Company will sell all of the outstanding common stock of RJO Financial Services, Inc. for 153,846 shares of Central Federal Corporation Common Stock. Based on the \$14.06 average closing price of Central Federal Corporation Common Stock during the week before and after the announcement on June 10, 2004, the value of the sale of the Company was approximately \$2.2 million. The transaction is subject to regulatory approval and is expected to be completed during the third quarter of 2004.

(b) Pro Forma Financial Information

(1) Following is the unaudited pro forma condensed combined consolidated balance sheet of Central Federal Corporation as of March 31, 2004, assuming the acquisition of RJO Financial Services, Inc. was completed at that date.

Central Federal Corporation
 RJO Financial Services, Inc.
 Pro Forma Condensed Combined Consolidated Balance Sheet (unaudited)
 March 31, 2004

	At March 31

Historical	P
-----	Ad

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	Central Federal Corporation	RJO Financial Services, Inc.	i (d)
	-----	-----	-----
Assets			
Cash and cash equivalents	\$ 9,560	\$ 10	
Interest-bearing deposits in other financial institutions	1,587		
Securities available for sale	25,335	129	
Accounts receivable	-	1,056	
Loans, net	65,459	193	
Premises and equipment, net	2,263	102	
Goodwill			
Intangible assets			
Other assets	9,954	8	
	-----	-----	
	\$ 114,158	\$ 1,498	\$
	=====	=====	=====
Liabilities and shareholders' equity			
Deposits	\$ 74,882	-	
Federal Home Loan Bank advances and other debt	18,705	1,242	
Other liabilities	962	27	
	-----	-----	
Total liabilities	94,549	1,269	
Shareholders' equity			
Preferred stock	-	-	
Common stock	23	1	
Additional paid-in capital	11,932	915	
Retained earnings	10,504	(698)	
Accumulated other comprehensive income	408	11	
Unearned stock based incentive plan shares	(386)	-	
Treasury stock	(2,872)	-	
	-----	-----	
Total shareholders' equity	19,609	229	
	-----	-----	
	\$ 114,158	\$ 1,498	\$
	=====	=====	=====

See accompanying notes to pro forma condensed combined consolidated financial statements.

(2) Following is the unaudited pro forma condensed combined consolidated statement of operations of Central Federal Corporation for the year ended December 31, 2003, assuming the acquisition of RJO Financial Services, Inc. was completed at the beginning of the year then ended.

Central Federal Corporation
RJO Financial Services, Inc.
Pro Forma Condensed Combined Consolidated Statement of Operations (unaudited)

Year ended December 31, 2003		

Historical		

Central	RJO Financial	Pro Forma Adjustments

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	Federal Corporation	Services, Inc.	increase (decrease)	Footnote Reference	P C
	-----	-----	-----	-----	
Interest and dividend income					
Loans, including fees	\$ 4,203				\$
Securities	939				
Federal Home Loan Bank stock dividends	141				
Federal funds sold and other	152				

	5,435				
Interest expense					
Deposits	1,570				
Debt	1,951	2			
	-----	-----			
	3,521	2			
Net interest income	1,914	(2)			
Provision for loan losses	102				
	-----	-----			
Net interest income after provision for loan losses	1,812	(2)			
Noninterest income					
Service charges on deposit accounts	165				
Net gain on sales of loans	429	1,225			
Earnings on bank owned life insurance	188				
Other	148	22			
	-----	-----			
	930	1,247			
Noninterest expense					
Salaries and employee benefits	3,549	464			
Occupancy and equipment	224	65			
Data processing	246				
Franchise taxes	301				
Professional fees	673	18			
Director fees	119				
Supplies	173	45			
Depreciation and amortization	350	32	135	(4)	
Other	469	204			
	-----	-----	-----		
	6,104	828	135		
	-----	-----	-----		
Income (loss) before income taxes	(3,362)	417	(135)		
Income tax expense (benefit)	(988)		96	(5)	
	-----	-----	-----		
Net income (loss)	\$ (2,374)	\$ 417	\$ (231)		\$
	=====	=====	=====		
Loss per share					
Basic	\$ (1.31)			(6)	\$
Diluted	(1.31)			(6)	

See accompanying notes to pro forma condensed combined consolidated financial statements.

(3) Following is the unaudited pro forma condensed combined consolidated statement of operations of Central Federal Corporation for the quarter ended March 31, 2004, assuming the acquisition of RJO Financial Services, Inc. was completed at the beginning of the quarter then ended.

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Central Federal Corporation
RJO Financial Services, Inc.

Pro Forma Condensed Combined Consolidated Statement of Operations (unaudited)

	Quarter ended March 31, 2004			Footnote Reference	P C
	Historical	RJO Financial Services, Inc.	Pro Forma Adjustments increase (decrease)		
Interest and dividend income					
Loans, including fees	\$ 970				\$
Securities	242				
Federal Home Loan Bank stock dividends	36				
Federal funds sold and other	23				

	1,271				
Interest expense					
Deposits	324				
Debt	76	1			
	-----	-----			
	400	1			
Net interest income	871	(1)			
Provision for loan losses	36				
	-----	-----			
Net interest income after provision for loan losses	835	(1)			
Noninterest income					
Service charges on deposit accounts	31				
Net gain on sales of loans	17	164			
Earnings on bank owned life insurance	34				
Other	10				
	-----	-----			
	92	164			
Noninterest expense					
Salaries and employee benefits	726	82			
Occupancy and equipment	54	18			
Data processing	114				
Franchise taxes	56				
Professional fees	65	4			
Director fees	40				
Supplies	31	5			
Depreciation and amortization	69	8	34	(4)	
Other	200	35			
	-----	-----	-----		
	1,355	152	34		
	-----	-----	-----		
Income (loss) before income taxes	(428)	11	(34)		
Income tax expense (benefit)	(160)		(8)	(5)	
	-----	-----	-----		
Net income (loss)	\$ (268)	\$ 11	\$ (26)		\$
	=====	=====	=====		
Loss per share					
Basic	\$ (0.13)			(7)	\$
Diluted	(0.13)			(7)	

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See accompanying notes to pro forma condensed combined consolidated financial statements.

Central Federal Corporation
RJO Financial Services, Inc.

Notes to Pro Forma Condensed Combined Consolidated Financial Statements

- (1) Represents the estimate of the excess of the total direct acquisition costs over the estimated fair value of the net assets acquired. For purposes of these pro forma condensed combined consolidated financial statements, Central Federal Corporation is assumed to acquire 100% of the outstanding shares of RJO Financial Services, Inc. by issuing 153,846 shares of Central Federal Corporation common stock valued at \$2.2 million.
- (2) Represents elimination of RJO Financial Services, Inc. equity and issuance of Central Federal Corporation shares.
- (3) Represents accrual of certain acquisition costs totaling \$60,000 and deferred federal income tax liability associated with identified intangible assets totaling \$121,000.
- (4) Represents fair value of identified intangible associated with prior owner retention and fair value of noncompete agreement. The intangible asset associated with prior owner retention totaling \$331,000 is assumed to be expensed to amortization expense over 3 years. The value of the noncompete agreement totaling \$25,000 is assumed to be expensed to amortization expense over 1 year.
- (5) Represents federal income tax on RJO Financial Services, Inc. income at 34%. Prior to the acquisition by Central Federal Corporation, RJO Financial Services, Inc. was an S-Corp and, as such, income was not taxed at the corporate level.
- (6) Pro forma basic and diluted loss per share is based on 1,969,056 weighted average shares outstanding for the year ended December 31, 2003.
- (7) Pro forma basic and diluted loss per share is based on 2,144,092 weighted average shares outstanding for the quarter ended March 31, 2004.

(c) Exhibits

2.0 Stock Purchase Agreement by and among Central Federal Corporation and CFBank and RJO Financial Services, Inc. and Richard J. O'Donnell dated June 10, 2004

23.1 Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Central Federal Corporation

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Therese Ann Liutkus

Date: August 12, 2004

By: /s/ Therese Ann Liutkus

Therese Ann Liutkus, CPA
Chief Financial Officer