

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Champion Healthcare, Inc. in Liquidation**  
**Statement of Affairs**  
**As of June 30, 2011**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Cash-Restricted	\$3,696.26
Pooled Cash Due from the Admin Fund	1,342,120.05
Accrued Interest Receivable	2,714.67
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Total Assets	<u><u>\$1,348,530.98</u></u>

<b>LIABILITIES</b>	
Secured Claims	3,696.26
Administrative Claims (Class 1)	
- Guaranty Associations	276,972.99
Loss Claims (Class 2)	
- Other	25,614.82
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	9,742.27
- Other	3,621.80
Federal Government Claims (Class 4)	1,110.00
General Creditor Claims (Class 6)	
- Guaranty Associations	1,765,104.22
- Other	4,560,691.73
Late Filed Claims (Class 8)	290,867.06
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Total Liabilities	\$6,937,421.15

<b>EQUITY</b>	
Contributed Equity - State of Florida	108,408.36
Estate Equity	(5,697,298.53)
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Excess (Deficiency) of Assets over Liabilities	(\$5,588,890.17)
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Total Liabilities and Equity	<u><u>\$1,348,530.98</u></u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Champion Healthcare, Inc. in Liquidation**  
**Statement of Cash Receipts and Disbursements**  
**From the Date of Liquidation through June 30, 2011**

	Fiscal Year to Date	Since Date of Liquidation
<b>CASH RECEIPTS</b>		
Premium Collections	\$0.00	\$41,564.64
Reinsurance Recoveries	0.00	451,802.08
Subrogation and Salvage Recoveries	0.00	8,931.67
Litigation Recoveries	0.00	2,682.00
Other Collections / Recoveries	4.83	142,851.12
Sale of Personal Property Inventory	0.00	6,618.00
Sale of Other Assets	0.00	56.18
Receipts Before Investment Activities	4.83	654,505.69
Interest and Dividend Receipts	22,927.53	705,641.65
Sale of Long Term Investment	0.00	4,895.04
Receipts From Investment Activities	22,927.53	710,536.69
<b>Total Cash Receipts</b>	<b>22,932.36</b>	<b>1,365,042.38</b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	78.24	732,116.36
Salaries and Fringe Benefits	19,034.81	921,020.03
Employee Welfare	28.48	1,774.50
Travel Expenses	23.77	28,088.94
Admin Expenses	175.56	54,952.24
Equipment and Furniture Expenses	164.16	16,831.70
Rent, Building and Equipment	1,502.66	98,575.03
Taxes	0.07	42.95
Reinsurance Premium Ceded	0.00	9,082.74
Disbursements	21,007.75	1,862,484.49
Distributions		
Secured Claims	0.00	195,589.65
Total Distributed	0.00	195,589.65
Disbursements & Distributions Before Investment Activities	21,007.75	2,058,074.14
Financial Expenses	2,681.58	17,813.49
Disbursements for Investment Activities	2,681.58	17,813.49
<b>Total Cash Disbursements &amp; Distributions</b>	<b>23,689.33</b>	<b>2,075,887.63</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(756.97)</b>	<b>(710,845.25)</b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	1,346,573.28	2,056,661.56
Adjustments to Beginning Cash	0.00	0.00
<b>Adjusted Beginning Cash Balance</b>	<b>1,346,573.28</b>	<b>2,056,661.56</b>
<b>Ending Cash Balance</b>	<b>1,345,816.31</b>	<b>1,345,816.31</b>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Champion Healthcare, Inc. in Liquidation**  
**Schedule of Cash - Restricted**  
**For the Twelve Months Ended June 30, 2011**

**Cash - Restricted**

<b>Description</b>	<b>Account</b>	<b>Balance 7/1/10</b>	<b>Interest Earned</b>	<b>Deposits</b>	<b>Fees</b>	<b>Adjustments</b>	<b>Balance 6/30/11</b>
Bank of America	AHCA Funds	494,181.98	255.93	0.00	0.00	(490,741.65)	3,696.26
Total Cash Restricted:		494,181.98	255.93	0.00	0.00	(490,741.65)	3,696.26

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Champion Healthcare, Inc. in Liquidation**  
**Schedule of Accrued Interest Receivable**  
For the Twelve Months Ended June 30, 2011

**Accrued Interest Receivable**

<b>Due from</b>	<b>Account</b>	<b>Balance 7/1/10</b>	<b>Accrued</b>	<b>Received</b>	<b>Balance 6/30/11</b>
State Treasury	SPIA, 4-20-0-010000-00000	1,679.45	23,128.96	(22,093.74)	2,714.67
Totals:		<u>1,679.45</u>	<u>23,128.96</u>	<u>(22,093.74)</u>	<u>2,714.67</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Champion Healthcare, Inc. in Liquidation**  
**Schedule of Secured Claims**  
**For the Twelve Months Ended June 30, 2011**

**Secured Claims Against Estate**

<u>Description</u>	<u>Balance 7/1/10</u>	<u>Interest</u>	<u>Fees</u>	<u>Adjustments</u>	<u>Balance 6/30/11</u>
Agency for Health Care Administration	494,181.98	255.93	0.00	(490,741.65)	3,696.26
Totals:	494,181.98	255.93	0.00	0.00	3,696.26

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation  
Champion Healthcare, Inc. in Liquidation  
Notes to Financial Statements  
Dated June 30, 2011**

1. **Estate Information.** Champion Healthcare, Inc. was a health maintenance organization domiciled in Florida and placed in liquidation on July 24, 1998.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting using a fiscal year of July 1, 2010 through June 30, 2011. The assets are stated at their estimated realizable values, while the liabilities are stated at their ultimate (gross filed) amounts and are periodically adjusted as evaluated, adjudicated and/or paid. In addition, the statements do not provide accruals for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.
3. **Unaudited.** The accompanying financial statements have not been audited by an independent certified public accountant and no opinion is expressed on their compliance with generally accepted accounting principles.
4. **Statement Format Changes.** On July 1, 2001, the Receiver converted accounting systems, which resulted in the historical accounting data being presented differently in this set of financial statements than the previously prepared statements for this estate. Because the new system uses a more detailed chart-of-accounts and summarizes data into categories different than previously used, the 'Since Date of Liquidation' column of historical data on the 'Statement of Cash Receipts and Disbursements' may not correspond directly to previous statement presentations. Users of this "Liquidation to-date" information should solicit additional information from the Receiver before making assumptions about the data.
5. **Pooled Investments.** The majority of the invested assets of the estates are combined into two main pooled accounts: the Receiver's operating account held at the Bank of America and the Special Purpose Investment Account held at the State of Florida Treasury. Each estate's share of the pooled investments is presented on the accompanying financial statements as "Pooled Cash Due from the Admin Fund".
6. **Cash - Restricted.** Cash, which is restricted in accordance with Florida statute, by court order, by loan or security agreement, by escrow agreement, or by any other legal means is generally unavailable for administrative expenses and is presented on the Statement of Affairs as "Cash-Restricted". The restricted cash for this estate consists of funds reserved for a potential Agency for Health Care Administration (AHCA) secured claim. On April 13, 2011 the Receiver entered into an agreement to pay 100% of AHCA's claim (\$3,621.80) and release the remainder of the funds (approximately \$490,000) to the general assets of this estate.
7. **Secured Claims.** This secured claim represents the Agency for Health Care Administration's 100% claim to be paid per agreement with the Receiver dated April 13, 2011 when the estate's assets are distributed..
8. **Claims.** Unless otherwise noted, the Statement of Affairs contains claim liabilities by priority class pursuant to 631.271, Florida Statutes. Unless otherwise stated, the claim liabilities reported are gross filed, unadjudicated, and have not been reduced by any early access payments from the Florida Receiver. Claims liability numbers are based upon information and documentation provided to the Receiver as of March 31, 2011.
  - The claim filed by the HMOCAP has been prioritized pursuant to the court order entered on 11/07/03.
  - The Claims Liabilities reported have not been reduced by the amount of secured claims.
  - All filed claims were evaluated except for class VIII. Class VIII claims are being reported as gross filed.
  - The Interim Claims Report audit was approved by Estate Trust. Notices of Determinations were mailed on January 26, 2010.
  - The claimants' deadline for filing objection to the receiver's recommendation was March 5, 2010. No objections were filed and the objection deadline has passed.
  - The claims evaluation process has been completed.
  - The Final Claims and Distribution Report have been submitted to Estate Management for audit and approval. A 100% distribution is expected to be paid to claimants that are classified as I, II or III.
  - AHCA's claim was resolved by court order and will be paid in an upcoming distribution.

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Notes to Financial Statements**

**Dated June 30, 2011**

9. **Contributed Equity – State of Florida.** The Receiver will, from time to time, expend public funds to carry out certain duties during the course of liquidating an insurance company. The Division accounts for these expenditures as a contribution of equity by the State.
10. **Excess (Deficiency) of Assets over Liabilities.** The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. This excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.