

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Keystone Insurance Company in Liquidation
Statement of Affairs
As of June 30, 2011

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$8,103,403.33
Accrued Interest Receivable	16,288.01
Marshaled Inventory	1,813,300.00
Advance to Guaranty Associations	<u>3,300,000.00</u>
Total Assets	<u><u>\$13,232,991.34</u></u>

LIABILITIES	
Mortgage Payable	1,144,266.87
Administrative Claims (Class 1)	
- Guaranty Associations	467,473.94
Loss Claims (Class 2)	
- Guaranty Associations	1,782,289.45
- Other	2,800.00
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	7,855,821.62
- Other	758,800.00
General Creditor Claims (Class 6)	
- Other	10,968,094.05
Late Filed Claims (Class 8)	<u>351,489.00</u>
Total Liabilities	<u>\$23,331,034.93</u>

EQUITY	
Contributed Equity - State of Florida	42,009.02
Estate Equity	<u>(10,140,052.61)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$10,098,043.59)</u>
Total Liabilities and Equity	<u><u>\$13,232,991.34</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Keystone Insurance Company 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
CASH RECEIPTS		
Premium Collections	\$0.00	\$121,087.02
Agents' Balances Recoveries	165,046.56	941,457.00
Subrogation and Salvage Recoveries	0.00	425.00
Other Collections / Recoveries	57.76	307.38
Rental Income	228,560.25	382,312.68
Receipts Before Investment Activities	393,664.57	1,445,589.08
Interest and Dividend Receipts	278,993.00	468,927.70
Sale of Short Term Investment	0.00	13,073,017.88
Receipts From Investment Activities	278,993.00	13,541,945.58
Total Cash Receipts	672,657.57	14,987,534.66
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	390,719.18	1,211,738.56
Salaries and Fringe Benefits	272,583.88	799,651.80
Employee Welfare	364.63	661.48
Travel Expenses	1,482.96	12,225.31
Admin Expenses	12,051.67	150,101.02
Loan Disbursements	4,808.86	4,808.86
Loan Payments	52,651.80	89,560.20
Equipment and Furniture Expenses	35,814.87	106,676.40
Rent, Building and Equipment	7,181.60	20,510.91
Taxes	68,332.67	68,333.84
Disbursements	845,992.12	2,464,268.38
Distributions		
Early Access-Guaranty Associations	3,300,000.00	3,300,000.00
Total Distributed	3,300,000.00	3,300,000.00
Disbursements & Distributions Before Investment Activities	4,145,992.12	5,764,268.38
Financial Expenses	77,948.63	147,584.06
Purchase Short Term Investment	0.00	4,137,149.77
Disbursements for Investment Activities	77,948.63	4,284,733.83
Total Cash Disbursements & Distributions	4,223,940.75	10,049,002.21
Net Increase (Decrease) in Cash	(3,551,283.18)	4,938,532.45
Beginning Cash Balance:		
Beginning Cash	11,654,686.51	3,118,360.45
Adjustments to Beginning Cash	0.00	46,510.43
Adjusted Beginning Cash Balance	11,654,686.51	3,164,870.88
Ending Cash Balance	8,103,403.33	8,103,403.33

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Keystone Insurance Co., in Liquidation
Schedule of Accrued Interest Receivable
For the Twelve Months Ended June 30, 2011

Accrued Interest Receivable

Description		Balance 7/1/10	Accrued	Received	Balance 6/30/11
State Treasury	SPIA, 4-20-0-010000-00000	23,288.30	268,461.95	(275,462.24)	16,288.01
Totals:		<u>23,288.30</u>	<u>0.00</u>	<u>(275,462.24)</u>	<u>16,288.01</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Keystone Insurance Co., in Liquidation
Schedule of Fixed Assets
For the Twelve Months Ended June 30, 2011

Marshaled Inventory

<u>Description</u>	<u>Balance</u> <u>7/1/10</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/11</u>
Office Building: 1888 Hillview, Sarasota, FL	1,813,300.00	0.00	1,813,300.00
	<u>1,813,300.00</u>	<u>0.00</u>	<u>1,813,300.00</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Keystone Insurance Co., in Liquidation
Schedule of Advance to Guaranty Association
For the Six Months Ended December 31, 2010

Advance to Guaranty Association

Description	Balance 7/1/10	Advanced	Recovered	Balance 6/30/11
Florida Insurance Guaranty Association	0.00	3,300,000.00	0.00	3,300,000.00
Totals:	0.00	3,300,000.00	0.00	3,300,000.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Keystone Insurance Co., in Liquidation
Schedule of Accounts Payable
For the Twelve Months Ended June 30, 2011

Mortgage Payable

Description	Balance 7/1/10	Principal Paid	Adjustment	Balance 6/30/11
Wachovia 15 years @ 5.42% with 3 year balloon	1,201,727.53	57,460.66	0.00	1,144,266.87
Totals:	<u>1,201,727.53</u>	<u>57,460.66</u>	<u>0.00</u>	<u>1,144,266.87</u>

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
American Keystone Insurance Co. in Liquidation
Notes to Financial Statements

Dated June 30, 2011

1. **Estate Information.** American Keystone Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on October 9, 2009.
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. **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 to/from the Admin Fund".
5. **Marshaled Inventory.** Represents real and personal property such as vacant land and computer equipment and are valued based on appraisals. The inventory in this estate is an office building located in Sarasota, FL.
6. **Advance to Guaranty Association(s).** Represents funds advanced to guaranty associations for the payment of covered claims and expenses. The guaranty association is obligated to promptly return any or all of these funds if the Receiver determines that repayment of claims of equal or superior priority is necessary.
7. **Mortgage Payable.** This mortgage is payable to Wachovia Bank on the office building located in Sarasota, FL. The terms of the mortgage are 15 years @ 5.42% with a 3 year balloon.
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.
 - Proofs of claim forms have been mailed.
 - All return premium claims are "deemed filed".
 - One Secured Claim has been filed with the Receiver in the amount of \$1,238,835.98. This claim is an additional liability exposure to the estate which is not reflected in the claim liability numbers. The claimant is Wachovia Bank.
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.