

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company in Liquidation**  
**Statement of Affairs**  
**As of June 30, 2011**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Cash-Company Operating	\$133,243.34
Pooled Cash Due from the Admin Fund	30,121,310.09
Accrued Interest Receivable	60,695.88
Accounts Receivable	5,974.81
Marshaled Inventory	760,000.00
Advance to Guaranty Associations	36,821,593.32
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Total Assets	<u><u>\$67,902,817.44</u></u>

<b>LIABILITIES</b>	
Security Deposits Payable	3,600.00
Administrative Claims (Class 1)	
- Guaranty Associations	5,818,323.38
Loss Claims (Class 2)	
- Guaranty Associations	35,239,962.16
- Other	22,700.00
Unearned Premium Claims	
under Non-assessable Policies (Class 3)	
- Guaranty Associations	45,528.85
- Other	100.00
Federal Government Claims (Class 4)	1,596.74
Employee Claims (Class 5)	15,964.53
General Creditor Claims (Class 6)	
- Other	6,006,406.50
State & Local Government Claims (Class 7)	719,119.57
Late Filed Claims (Class 8)	346,450.21
Shareholder Claims (Class 10)	2,541,194.42
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Total Liabilities	\$50,760,946.36

<b>EQUITY</b>	
Contributed Equity - State of Florida	60,987.28
Estate Equity	17,080,883.80
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Excess (Deficiency) of Assets over Liabilities	\$17,141,871.08
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Total Liabilities and Equity	<u><u>\$67,902,817.44</u></u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital 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
<b>CASH RECEIPTS</b>		
Premium Collections	\$2,040.79	\$20,550.69
Assessment Recoveries	2,650.00	2,650.00
Agents' Balances Recoveries	1,497,185.75	1,513,403.83
Subrogation and Salvage Recoveries	9,851.69	9,921.94
Tax Recoveries	45.27	45.27
Other Collections / Recoveries	952,016.10	1,450,011.39
Sale of Personal Property Inventory	70,860.00	70,860.00
Sale of Real Property Inventory	1,785,000.00	1,785,000.00
Rental Income	65,186.00	76,845.00
Receipts Before Investment Activities	4,384,835.60	4,929,288.12
Interest and Dividend Receipts	724,104.29	1,238,578.44
Sale of Short Term Investment	0.00	52,946,750.97
Receipts From Investment Activities	724,104.29	54,185,329.41
<b>Total Cash Receipts</b>	<b>5,108,939.89</b>	<b>59,114,617.53</b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	382,892.87	607,648.96
Salaries and Fringe Benefits	847,137.54	1,284,872.11
Employee Welfare	2,009.69	2,146.41
Travel Expenses	2,463.15	29,183.05
Admin Expenses	126,078.06	566,288.29
Equipment and Furniture Expenses	28,257.74	36,269.28
Rent, Building and Equipment	41,614.03	107,084.53
Taxes	50,292.82	50,292.82
Disbursements	1,480,745.90	2,683,785.45
Distributions		
Early Access-Guaranty Associations	5,336,387.92	36,821,593.32
Total Distributed	5,336,387.92	36,821,593.32
Disbursements & Distributions Before Investment Activities	6,817,133.82	39,505,378.77
Financial Expenses	108,799.60	176,692.88
Disbursements for Investment Activities	108,799.60	176,692.88
<b>Total Cash Disbursements &amp; Distributions</b>	<b>6,925,933.42</b>	<b>39,682,071.65</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(1,816,993.53)</b>	<b>19,432,545.88</b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	29,765,950.81	9,045,312.14
Adjustments to Beginning Cash	2,305,596.15	1,776,695.41
<b>Adjusted Beginning Cash Balance</b>	<b>32,071,546.96</b>	<b>10,822,007.55</b>
<b>Ending Cash Balance</b>	<b>30,254,553.43</b>	<b>30,254,553.43</b>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company**  
**Schedule of Cash - Company Operating**  
**For the Twelve Months Ended June 30, 2011**

**Cash - Company Operating**

<b>Description</b>		<b>Balance 7/1/10</b>	<b>Receipts/Adj</b>	<b>Disbursements/Adj</b>	<b>Balance 6/30/11</b>
Regions	Prem Trust #8310526341	255,113.22	26,478,358.09	(26,482,052.88)	251,418.43
Regions	Ret Prem #8310526440	(2,946,897.23)	2,584,337.58	(630,615.44)	(993,175.09)
Regions	Overnight Sweep	5,725,000.00	21,902,776.60	(26,752,776.60)	875,000.00
<b>Totals:</b>		<u>(2,691,784.01)</u>	<u>29,062,695.67</u>	<u>(27,112,668.32)</u>	<u>133,243.34</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company**  
**Schedule of Accrued Interest Receivable**  
**For the Twelve Months Ended June 30, 2011**

**Accrued Interest Receivable**

<b>Description</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	50,495.29	730,124.06	(719,923.47)	60,695.88
Totals:		<u>50,495.29</u>	<u>730,124.06</u>	<u>(719,923.47)</u>	<u>60,695.88</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company**  
**Schedule of Accounts Receivable - Net of Allowances**  
**For the Twelve Months Ended June 30, 2011**

**Accounts Receivable**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Adjustments</b>	<b>Recovered</b>	<b>Balance 6/30/11</b>
Agent Balance - Notes Receivable	45,192.37	0.00	(39,217.56)	5,974.81
<b>Totals:</b>	<u>45,192.37</u>	<u>0.00</u>	<u>(39,217.56)</u>	<u>5,974.81</u>

**Deposits Receivable**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Adjustments</b>	<b>Recovered</b>	<b>Balance 6/30/11</b>
Deposits Receivable	1,451.00	(899.00)	(552.00)	0.00
<b>Totals:</b>	<u>1,451.00</u>	<u>(899.00)</u>	<u>(552.00)</u>	<u>0.00</u>

Total Accounts Receivable	<u>5,974.81</u>
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**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company**  
**Schedule of Fixed Assets**  
**For the Twelve Months Ended June 30, 2011**

**Marshaled Inventory**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Proceeds</b>	<b>Market Adj.</b>	<b>Balance 6/30/11</b>
74 Hammond	270,000.00	0.00	(10,000.00)	260,000.00
Valencia Unit 202	500,000.00	0.00	0.00	500,000.00
Valencia Unit 204	445,000.00	(445,000.00)	0.00	0.00
Valencia Unit 206	445,000.00	(445,000.00)	0.00	0.00
Valencia Unit 402	500,000.00	(500,000.00)	0.00	0.00
<b>Totals:</b>	<u>2,160,000.00</u>	<u>(1,390,000.00)</u>	<u>(10,000.00)</u>	<u>760,000.00</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company**  
**Schedule of Other Assets**  
For the Twelve Months Ended June 30, 2011

**Advance to Guaranty Association**

<u>Description</u>	<u>Balance</u> <u>7/1/10</u>	<u>Advanced</u>	<u>Recovered/Adjusted</u>	<u>Balance</u> <u>6/30/11</u>
Florida Insurance Guaranty Association	31,485,205.40	5,528,298.20	(191,910.28)	36,821,593.32
Totals:	<u>31,485,205.40</u>	<u>5,528,298.20</u>	<u>(191,910.28)</u>	<u>36,821,593.32</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company**  
**Schedule of Accounts Payable**  
**For the Twelve Months Ended June 30, 2011**

**Security Deposits Payable**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Paid</b>	<b>Refunded</b>	<b>Balance 6/30/11</b>
Paychex	0.00	3,600.00	0.00	3,600.00
Totals:	<u>0.00</u>	<u>3,600.00</u>	<u>0.00</u>	<u>3,600.00</u>

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation**  
**Northern Capital Insurance Co. in Liquidation**  
**Notes to Financial Statements**  
**Dated June 30, 2011**

1. **Estate Information.** Northern Capital Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on May 1, 2010.
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. **Cash - Company Operating.** Represents the reconciled cash balances of all open estate bank accounts and petty cash as of June 30, 2011.
6. **Accounts Receivable.** Represents Agents Balances in process of collection and funds held as security deposits by Florida Power and Light Company.
7. **Marshaled Inventory.** Represents real property consisting of a single family home and residential condominium units and are valued based on appraisals.
8. **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. In this instance FIGA has verbally agreed that Return Premium checks the Receiver allows to clear post-liquidation are early access. When the account is closed and the numbers are finalized our Legal and Clams sections will draft an early access agreement for their signature.
9. **Security Deposit Payable.** Represents a security deposit pending release due to the tenant vacating Valencia Unit 202.
10. **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.
  - Proof of claim forms have been mailed.
11. **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.
12. **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.