

Minnesota Surety and Trust Company in Liquidation
Statement of Affairs
As of November 22, 2011

| | Estimated Realizable Value |
|--|-------------------------------|
| ASSETS | |
| Cash on Hand | 25 |
| Cash in Sterling State Bank | 4,295 |
| Cash in Home Federal Checking | 78 |
| Surety Agent Balances Receivable | 6,711 |
| Investments (note 4) | 1,600,718 |
| Accrued Interest | 9,915 |
| Bail Agent Balances Receivables (note 5) | 26,771 |
| Other Receivables | 4,043 |
| Furniture and Equipment (note 6) | 9,459 |
| Cash Surrender Life Insurance | 7,162 |
| Agent's Build-Up Funds & Assets Held in Trust for the Benefit of Others | 6,191,122 |
| Total Assets | <u><u>7,860,299</u></u> |
| LIABILITIES | |
| Agent's Build-Up Funds Liabilities & Trust Liabilities for the Benefit of Others | 6,191,122 |
| Subd. 4 Loss Claims | 96,380 |
| Subd. 4a Unearned Premium Claims | 30,875 |
| Subd. 6 Other Residual Claims | 491,451 |
| Subd. 10 Preferred ownership claims | 1,212,000 |
| Subd. 11 Proprietary claims | 600,000 |
| Total Liabilities | <u><u>8,621,828</u></u> |
| EQUITY | |
| Excess (Deficiency) of Assets over Liabilities | <u><u>(761,529)</u></u> |
| Total Liabilities and Equity | <u><u>7,860,299</u></u> |

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NOTES TO FINANCIAL STATEMENTS

1 **Estate Information.** Minnesota Surety and Trust Company was a property and casualty insurer domiciled in Minnesota, and placed in liquidation on November 22, 2011.

2 **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting. The assets are stated at their estimated realizable value, while the liabilities are stated at their estimated ultimate amounts. Please note that the statements do not provide accruals for future administrative costs to liquidate the insurer or costs to pursue or litigate claims against others.

3 **Unaudited.** The accompanying financial statements have not been audited by an independent certified accountant and no opinion is expressed on their compliance with generally accepted or statutory accounting principles.

4 **Investments Pledged.** The investments are stated at fair value, which approximates market value. Market values are those provided by the depository trust institution in possession of the securities at the balance sheet date or through brokerage institutions. Where market values are not readily determinable, market value represents management's best estimate of the investment's fair value.

5 **Agent's Build-Up Funds and Assets Held in Trust for the Benefit of Others.** The Assets and liabilities of the trusted funds consist of the following accounts:

| ASSETS | Cost Value | Market Value |
|-----------------------------|--------------------|--------------------|
| Cash | \$410,231 | \$410,231 |
| Common Stock | 1,393,299 | 1,183,844 |
| Private Stock | 1,077,000 | 1,077,000 |
| Preferred Stock | 111,128 | 122,309 |
| Equity Unit Trusts | 57,895 | 49,923 |
| Corporate Bonds | 90,562 | 98,393 |
| Corporate Bond Mutual Funds | 355,378 | 308,401 |
| U.S. Treasury Notes & Bonds | 243,787 | 266,644 |
| Certificates of Deposit | 141,000 | 141,000 |
| Interest Bearing Accounts | 88,039 | 88,039 |
| Real Estate | 1,150,004 | 1,786,600 |
| Loans & Notes Receivable | 14,000 | 14,000 |
| Broker Portfolio | 778,082 | 644,738 |
| Total | \$5,910,405 | \$6,191,122 |

| LIABILITIES | Cost Value | Market Value |
|------------------------------|--------------------|--------------------|
| Revocable Trust | \$804,946 | \$689,383 |
| Charitable Foundation Trust | 427,765 | 192,845 |
| Irrevocable Trust | 1,589,622 | 2,120,450 |
| Trust Under Will | 103,640 | 116,895 |
| Agency – Personal | 2,148,530 | 2,142,143 |
| Traditional IRA | 431,978 | 467,213 |
| SEP IRA | 144,783 | 146,626 |
| Self-Directed Rollover IRA | 15,686 | 15,393 |
| Guardianship | 37,048 | 39,916 |
| Court Appointed Guardianship | 200,112 | 254,053 |
| Guardianship - Minor | 6,295 | 6,205 |
| Total Liabilities | \$5,910,405 | \$6,191,122 |

6 **Furniture and Equipment.** The furniture and equipment are reported at fair value based upon estimated net value obtained by auction.

7 **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.