

B26 (Official Form 26) (12/08)

United States Bankruptcy Court

Southern District of Indiana

In re TWG Capital, Inc.,

Case No. 12-11019-BHL-11

Debtor

Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF
ENTITIES IN WHICH THE ESTATE OF TWG Capital, Inc.
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of 10/22/12 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of ~~[Name of Debtor]~~ holds a substantial or controlling interest in the following entities: TWG Capital, Inc.

Name of Entity	Interest of the Estate	Tab #
see attached for listing of entities		

This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

**THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR IN
POSSESSION.**

The undersigned, having reviewed the above listing of entities in which the estate of [Debtor] holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

B26 (Official Form 26) (12/08) – Cont.

2

Date: 10/23/12

Mark Nardorf
Signature of Authorized Individual

Mark Nardorf
Name of Authorized Individual

President
Title of Authorized Individual

[If the Debtor is an individual or in a joint case]

Signature(s) of Debtor(s) (Individual/Joint)

Signature of Debtor

Signature of Joint Debtor

Attachment to Form B26

TWG Capital, Inc.

Name of Entity	Interest of the Estate	Tab #
IR Finance 1, LLC		1
Insurance Receivables 1, LLC		2
Insurance Receivables 2, LLC		3
Insurance Receivables 3, LLC		4
Insurance Receivables 5, LLC		5
Insurance Receivables 6, LLC		6
Insurance Receivables 7, LLC		7
Professional Benefits, Inc.		See Note Below
Senior Health Division, Inc.		See Note Below
Marketing General Agents, Inc.		8
Nord Advertising, Inc.		See Note Below
AIM Neighbors, LLC		See Note Below
American Insurance Marketing Corp. Inc.		See Note Below
Senior First of Texas, Inc.		See Note Below
AIMC, LLC		See Note Below

Note: These insurance agencies were acquired in connection with the acquisition of insurance commission receivables and had all agency operations wound down shortly after purchase and prior to January 1, 2011. As a result, the entities have no on-going operations and have no financial information to report (e.g. Balance Sheet, Income Statement, etc).

Tab 1

Exhibit A

Valuation Estimate for IR Finance 1, LLC

The debtor owns 100% of IR Finance 1, LLC and the estimated value of that interest is \$222,791.

The valuation is an internal estimate prepared in July 2012 using projected value of remaining equity assuming the portfolio of loans was serviced by debtor until maturity. Estimated servicing costs and portfolio defaults were included in the run-off analysis.

Tab 1

Exhibit B

Financial Statement for IR Finance 1, LLC

The following internally prepared exhibits follow for this entity:

Exhibit B-1 - Balance Sheet

Exhibit B-2 – Statement of Income (Loss)

The following exhibits are omitted as they are only prepared on a consolidated basis.

Exhibit B-3 – Statement of Cash Flows

Exhibit B-4 – Statement of Changes in Shareholders/Partners Equity (Deficit)

11:05 AM

10/22/12

Accrual Basis

IR Finance 1, LLC

Balance Sheet

As of June 30, 2012

Unaudited

	Dec 31, 11	Jun 30, 12
ASSETS		
Current Assets		
Checking/Savings		
1010 · Huntington Collateral Account	95,443.50	95,467.23
1011 · Huntington Disbursement	334,132.43	282,742.64
Total Checking/Savings	429,575.93	378,209.87
Other Current Assets		
1499 · *Undeposited Funds	0.00	17,128.98
1500 · Accrued Interest Income	11,074.64	8,094.22
Total Other Current Assets	11,074.64	25,223.20
Total Current Assets	440,650.57	403,433.07
Other Assets		
1215 · Broker Loan Receivable	30,861.86	0.00
1250 · Term Loans	1,898,214.09	1,383,122.75
1251 · Allowance for Loan loss	-89,133.20	-58,283.88
Total Other Assets	1,839,942.75	1,324,838.87
TOTAL ASSETS	2,280,593.32	1,728,271.94
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2500 · Accrued Interest Expense	6,999.23	3,879.86
2600 · Due to TWG Capital	74,811.32	5,419.47
Total Other Current Liabilities	81,810.55	9,299.33
Total Current Liabilities	81,810.55	9,299.33
Long Term Liabilities		
2020 · Loan Payable - Huntington	1,448,472.20	1,027,691.09
2021 · Loan Payable - LOC with Hunting	174,860.69	136,265.87
Total Long Term Liabilities	1,623,332.89	1,163,956.96
Total Liabilities	1,705,143.44	1,173,256.29
Equity		
1110 · Retained Earnings	93,810.36	177,592.83
3145 · Class A Investment	397,857.05	347,857.05
Net Income	83,782.47	29,565.77
Total Equity	575,449.88	555,015.65
TOTAL LIABILITIES & EQUITY	2,280,593.32	1,728,271.94

Source: Debt - prepared.

10:23 AM

10/22/12

Accrual Basis

IR Finance 1, LLC

Profit & Loss YTD Comparison

January 2011 through June 2012

Unaudited

Jan - Dec 11

Jan - Jun 12

Ordinary Income/Expense		
Income		
4000 · Loan Interest Income	310,322.68	97,861.35
4010 · Fees	2,880.92	0.00
4020 · Prepayment Penalty Income	9,799.98	3,755.89
Total Income	323,003.58	101,617.24
Expense		
6050 · Service Fee Expense	122,538.80	39,347.44
6120 · Bank Service Charges	272.67	106.72
6200 · Interest Expense		
6220 · Loan Interest	0.00	32,371.04
6200 · Interest Expense - Other	107,543.70	0.00
Total 6200 · Interest Expense	107,543.70	32,371.04
6230 · Licenses and Permits	821.75	250.00
6250 · Postage and Delivery	0.00	0.00
6270 · Professional Fees		
6280 · Legal Fees	7,988.14	0.00
6281 · Credit Searches	145.44	0.00
Total 6270 · Professional Fees	8,133.58	0.00
Total Expense	239,310.50	72,075.20
Net Ordinary Income	83,693.08	29,542.04
Other Income/Expense		
Other Income		
7010 · Interest Income	89.39	23.73
Total Other Income	89.39	23.73
Net Other Income	89.39	23.73
Net Income	83,782.47	29,565.77

Source: Debtor prepared.

Tab 1

Exhibit C

Description of Operations for IR Finance 1, LLC.

IR Finance 1, LLC is a wholly owned subsidiary of the debtor. IR Finance 1, LLC provides a source of capital to insurance agents by lending to the agents using the agent's future renewal commissions as the primary collateral for the loans. IR Finance 1, LLC is the holder of these loans and has contracted with the debtor for servicing of the loan portfolio.

Tab 2

Exhibit A

Valuation Estimate for Insurance Receivables 1, LLC

The debtor owns a minority interest in Insurance Receivables 1, LLC. (80% of the Class B Shares). The estimated value of that interest is \$45,981.

The valuation is an internal estimate prepared in September 2012 using the projected value of future commissions to be received by Insurance Receivables 1, LLC, discounted to a present value. The discount rate applied was determined based on estimated servicing costs necessary to collect on those commissions and an estimated rate of return that would be required by a third party investor for that type asset risk and duration.

Tab 2

Exhibit B

Financial Statement for Insurance Receivables 1, LLC.

The following internally prepared exhibits follow for this entity:

Exhibit B-1 - Balance Sheet

Exhibit B-2 – Statement of Income (Loss)

The following exhibits are omitted as they are only prepared on a consolidated basis.

Exhibit B-3 – Statement of Cash Flows

Exhibit B-4 – Statement of Changes in Shareholders/Partners Equity (Deficit)

Balance Sheet

As of June 30, 2012

Unaudited

Dec 31, 11

Jun 30, 12

Tab 2
B-1

ASSETS

Current Assets

Checking/Savings

1000 · Cash and Equivalents

1005 · CIB Checking

Total 1000 · Cash and Equivalents

Total Checking/Savings

Accounts Receivable

1200 · Accounts Receivable

1201 · TWG-IC Receivable

1200 · Accounts Receivable - Other

Total 1200 · Accounts Receivable

Total Accounts Receivable

Total Current Assets

Other Assets

1710 · Loan Origination Costs

1712 · Accumulated Amortization-Loan

1740 · Origination Costs

1742 · Accumulated Amortization-Orig

1760 · Purchased Commissions

1762 · Accumulated Amortization-Purch

Total Other Assets

TOTAL ASSETS

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Accounts Payable

2001 · Inter-Company Payable TWG

2007 · IR7-IC Payable

2000 · Accounts Payable - Other

Total 2000 · Accounts Payable

Total Accounts Payable

Other Current Liabilities

2100 · Accrued Expenses

2101 · Accrued Accounting Expenses

2110 · Cancellation Reserve

Total 2100 · Accrued Expenses

Total Other Current Liabilities

Total Current Liabilities

Total Liabilities

Equity

3110 · Retained Earnings

3135 · Class A Capital Account

3145 · Class A Draws

3155 · Class A Investments

Total 3135 · Class A Capital Account

3170 · Class B Equity

3180 · Class B Draws

3190 · Class B Investments

Total 3170 · Class B Equity

Net Income

Total Equity

TOTAL LIABILITIES & EQUITY

Debt Prepared

10:20 AM

Insurance Receivables 1

10/22/12

Profit & Loss Prev Year Comparison

Accrual Basis

January 2011 through June 2012

Unaudited

TAB 2

B-2

	Jan - Dec 11	Jan - Jun 12
Ordinary Income/Expense		
Income		
4000 · Commission Income		
4001 · Comm Inc - Add'l Gross	7,909.20	1,431.93
4000 · Commission Income - Other	158,657.53	74,533.87
Total 4000 · Commission Income	166,566.73	75,965.80
Total Income	166,566.73	75,965.30
Expense		
6040 · Amortization Expense	72,243.57	33,116.06
6120 · Bank Service Charges	646.05	265.12
6125 · Cancellation Reserve Expense	5,391.93	-2,835.45
6230 · Licenses and Permits	0.00	135.00
6232 · Management Fees	13,402.31	6,209.12
6265 · Investment Banking	5,770.00	2,826.00
Total Expense	97,453.86	39,715.85
Net Ordinary Income	69,112.87	36,249.95
Net Income	69,112.87	36,249.95

Debtor Prepared

Tab 2

Exhibit C

Description of Operations for Insurance Receivables 1, LLC.

Insurance Receivables 1, LLC is a minority owned subsidiary of the debtor. Insurance Receivables 1, LLC is a financing vehicle that has purchased future insurance commissions from agents. The debtor is the current servicer of these assets and the manager of the Insurance Receivables 1, LLC.

Tab 3

Exhibit A

Valuation Estimate for Insurance Receivables 2, LLC

The debtor owns 100% of the membership interests of Insurance Receivables 2, LLC. This entity is a financing vehicle that purchased future insurance commissions from agents and has since been refinanced into a subsequent special purpose vehicle, Insurance Receivables 7, LLC ("IR7"). This entity may receive insurance commissions periodically but has assigned any rights to those commissions to IR7 as part of the refinancing.

The estimated value of the membership interest in Insurance Receivables 2, LLC is \$0 and is based on the book value of the entity less cost to close the legal entity.

Tab 3

Exhibit B

Financial Statement for Insurance Receivables 2, LLC

The following internally prepared exhibits follow for this entity:

Exhibit B-1 - Balance Sheet

Exhibit B-2 – Statement of Income (Loss)

The following exhibits are omitted as they are only prepared on a consolidated basis.

Exhibit B-3 – Statement of Cash Flows

Exhibit B-4 – Statement of Changes in Shareholders/Partners Equity (Deficit)

10:51 AM

10/22/12

Accrual Basis

Insurance Receivables 2

Balance Sheet

As of June 30, 2012

TAB 3
B-1

	Dec 31, 11	Jun 30, 12
ASSETS		
Current Assets		
Checking/Savings		
1000 · Cash and Equivalents		
1005 · ONB Checking	150.00	150.00
Total 1000 · Cash and Equivalents	150.00	150.00
Total Checking/Savings	150.00	150.00
Accounts Receivable		
1200 · Accounts Receivable	540.66	342.95
Total Accounts Receivable	540.66	342.95
Total Current Assets	690.66	492.95
TOTAL ASSETS	690.66	492.95
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable		
2007 · IR7 - IC Payable	540.66	342.95
Total 2000 · Accounts Payable	540.66	342.95
Total Accounts Payable	540.66	342.95
Total Current Liabilities	540.66	342.95
Total Liabilities	540.66	342.95
Equity		
3110 · Retained Earnings	644,808.80	644,808.80
3135 · Class A Capital Account		
3145 · Class A Draws	-1,144,658.80	-1,144,658.80
3155 · Class A Investments	500,000.00	500,000.00
Total 3135 · Class A Capital Account	-644,658.80	-644,658.80
Total Equity	150.00	150.00
TOTAL LIABILITIES & EQUITY	690.66	492.95

9:47 AM

10/22/12

Accrual Basis

Insurance Receivables 2

Profit & Loss YTD Comparison

January 2011 through July 2012

TAB 3
B-2

	Jan - Dec 11	Jan - Jul 12
Ordinary Income/Expense		
Income		
4000 - Commission Income	0.00	0.00
Total Income	0.00	0.00
Net Ordinary Income	0.00	0.00
Net Income	0.00	0.00

Tab 3

Exhibit C

Description of Operations for Insurance Receivables 2, LLC

Insurance Receivables 2, LLC is a wholly owned subsidiary of the debtor. Insurance Receivables 2, LLC is a financing vehicle that has purchased future insurance commissions from agents.

Tab 4

Exhibit A

Valuation Estimate for Insurance Receivables 3, LLC

The debtor owns 100% of the membership interests of Insurance Receivables 3, LLC. This entity is a financing vehicle that purchased future insurance commissions from agents and has since been refinanced into a subsequent special purpose vehicle, Insurance Receivables 7, LLC ("IR7"). This entity may receive insurance commissions periodically but has assigned any rights to those commissions to IR7 as part of the refinancing.

The estimated value of the membership interest in Insurance Receivables 3, LLC is \$0 and is based on the book value of the entity less cost to close the legal entity.

Tab 4

Exhibit B

Financial Statement for Insurance Receivables 3, LLC

The following internally prepared exhibits follow for this entity:

Exhibit B-1 - Balance Sheet

Exhibit B-2 – Statement of Income (Loss)

The following exhibits are omitted as they are only prepared on a consolidated basis.

Exhibit B-3 – Statement of Cash Flows

Exhibit B-4 – Statement of Changes in Shareholders/Partners Equity (Deficit)

10:45 AM

10/22/12

Accrual Basis

Insurance Receivables 3

Balance Sheet Prev Year Comparison

As of June 30, 2012

Unaudited

Dec 31, 11

Jun 30, 12

ASSETS

Current Assets

Checking/Savings

1000 · Cash and Equivalents

1002 · ONB Checking

201.26

254.64

Total 1000 · Cash and Equivalents

201.26

254.64

Total Checking/Savings

201.26

254.64

Accounts Receivable

1200 · Accounts Receivable

3,783.78

2,804.02

Total Accounts Receivable

3,783.78

2,804.02

Total Current Assets

3,985.04

3,058.66

TOTAL ASSETS

3,985.04

3,058.66

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Accounts Payable

2008 · IR7-IC Payable

3,785.04

2,858.66

Total 2000 · Accounts Payable

3,785.04

2,858.66

Total Accounts Payable

3,785.04

2,858.66

Total Current Liabilities

3,785.04

2,858.66

Total Liabilities

3,785.04

2,858.66

Equity

3110 · Retained Earnings

1,569,402.37

1,569,242.37

3135 · Class A Capital Account

3145 · Class A Draws

-1,569,042.37

-1,569,042.37

Total 3135 · Class A Capital Account

-1,569,042.37

-1,569,042.37

Net Income

-160.00

0.00

Total Equity

200.00

200.00

TOTAL LIABILITIES & EQUITY

3,985.04

3,058.66

TAB 4
B-1*Debt-Prepared*

11:11 AM

10/22/12

Accrual Basis

Insurance Receivables 3

Profit & Loss

January 2011 through June 2012

*Unaudited**TAB 4
B-2*

	Jan - Dec 11	Jan - Jun 12
Ordinary Income/Expense		
Income		
4000 · Commission income	0.00	0.00
4100 · First Year Commission	0.00	0.00
Total Income	0.00	0.00
Expense		
6120 · Bank Service Charges	160.00	0.00
Total Expense	160.00	0.00
Net Ordinary Income	-160.00	0.00
Net Income	-160.00	0.00

Debt Prepared

Tab 4

Exhibit C

Description of Operations for Insurance Receivables 3, LLC

Insurance Receivables 3, LLC is a wholly owned subsidiary of the debtor. Insurance Receivables 3, LLC is a financing vehicle that has purchased future insurance commissions from agents.

Tab 5

Exhibit A

Valuation Estimate for Insurance Receivables 5, LLC

The debtor owns 100% of the membership interests of Insurance Receivables 5, LLC. This entity is a financing vehicle that purchased future insurance commissions from agents and has since been refinanced into a subsequent special purpose vehicle, Insurance Receivables 7, LLC ("IR7"). This entity may receive insurance commissions periodically but has assigned any rights to those commissions to IR7 as part of the refinancing.

The estimated value of the membership interest in Insurance Receivables 5, LLC is \$0 and is based on the book value of the entity less cost to close the legal entity.

Tab 5

Exhibit B

Financial Statement for Insurance Receivables 5, LLC

The following internally prepared exhibits follow for this entity:

Exhibit B-1 - Balance Sheet

Exhibit B-2 – Statement of Income (Loss)

The following exhibits are omitted as they are only prepared on a consolidated basis.

Exhibit B-3 – Statement of Cash Flows

Exhibit B-4 – Statement of Changes in Shareholders/Partners Equity (Deficit)

10:54 AM

Insurance Receivables 5

10/22/12

Accrual Basis

Balance Sheet

As of June 30, 2012

*Unaudited**Tab 5
B-1*

	Dec 31, 11	Jun 30, 12
ASSETS	0.00	0.00
LIABILITIES & EQUITY		
Equity		
3110 · Retained Earnings	409,335.76	409,335.76
3135 · Class A Capital Account		
3145 · Class A Draws	-410,335.76	-410,335.76
3155 · Class A Investments	1,000.00	1,000.00
Total 3135 · Class A Capital Account	-409,335.76	-409,335.76
Total Equity	0.00	0.00
TOTAL LIABILITIES & EQUITY	0.00	0.00

Debtor Prepared

10:29 AM

Insurance Receivables 5

10/22/12

Profit & Loss YTD Comparison

Accrual Basis

January 2011 through June 2012

Unaudited

TAB 5
B-2

	Jan - Dec 11	Jan - Jun 12
Net Income	0.00	0.00

Debtor Prepared

Tab 5

Exhibit C

Description of Operations for Insurance Receivables 5, LLC

Insurance Receivables 5, LLC is a wholly owned subsidiary of the debtor. Insurance Receivables 5, LLC is a financing vehicle that has purchased future insurance commissions from agents.

Tab 6

Exhibit A

Valuation Estimate for Insurance Receivables 6, LLC

The debtor owns 100% of the membership interests of Insurance Receivables 6, LLC. This entity is a financing vehicle that purchased future insurance commissions from agents and has since been refinanced into a subsequent special purpose vehicle, Insurance Receivables 7, LLC ("IR7"). This entity may receive insurance commissions periodically but has assigned any rights to those commissions to IR7 as part of the refinancing.

The estimated value of the membership interest in Insurance Receivables 6, LLC is \$0 and is based on the book value of the entity less cost to close the legal entity.

Tab 6

Exhibit B

Financial Statement for Insurance Receivables 6, LLC

The following internally prepared exhibits follow for this entity:

Exhibit B-1 - Balance Sheet

Exhibit B-2 – Statement of Income (Loss)

The following exhibits are omitted as they are only prepared on a consolidated basis.

Exhibit B-3 – Statement of Cash Flows

Exhibit B-4 – Statement of Changes in Shareholders/Partners Equity (Deficit)

11:00 AM

10/22/12

Accrual Basis

Insurance Receivables 6, LLC

Balance Sheet

As of June 30, 2012

*Unaudited*TAB 6
B-1

	Dec 31, 11	Jun 30, 12
ASSETS		
Current Assets		
Checking/Savings		
1000 · Cash and Equivalents		
1001 · PNC Operating	-307.23	0.00
Total 1000 · Cash and Equivalents	-307.23	0.00
Total Checking/Savings	-307.23	0.00
Accounts Receivable		
1200 · Accounts Receivable		
1207 · Insurance Receivables IR7	494.10	0.00
1200 · Accounts Receivable - Other	90.89	271.91
Total 1200 · Accounts Receivable	584.99	271.91
Total Accounts Receivable	584.99	271.91
Total Current Assets	277.76	271.91
TOTAL ASSETS	277.76	271.91
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable		
2007 · IC - IR7	277.76	271.91
Total 2000 · Accounts Payable	277.76	271.91
Total Accounts Payable	277.76	271.91
Other Current Liabilities		
Accrued Expenses		
2119 · Gilliam Reserve for New Busines	18,034.28	18,034.28
Total Accrued Expenses	18,034.28	18,034.28
Total Other Current Liabilities	18,034.28	18,034.28
Total Current Liabilities	18,312.04	18,306.19
Total Liabilities	18,312.04	18,306.19
Equity		
3110 · Retained Earnings	6,691,296.82	6,691,296.82
3135 · Class A Capital Account		
3145 · Class A Distributions	-49,772,771.59	-49,772,771.59
3155 · Class A Investments	43,063,440.49	43,063,440.49
Total 3135 · Class A Capital Account	-6,709,331.10	-6,709,331.10
Total Equity	-18,034.28	-18,034.28
TOTAL LIABILITIES & EQUITY	277.76	271.91

Debtor Prepared

10:00 AM

Insurance Receivables 6, LLC

10/22/12

Profit & Loss Prev Year Comparison

Accrual Basis

January 2011 through June 2012

*Unaudited**TAB 6
B-2*

	Jan - Dec 11	Jan - Jun 12
Ordinary Income/Expense		
Income		
4000 · Commission Income	0.00	0.00
Total Income	0.00	0.00
Expense		
6120 · Bank Service Charges	0.00	0.00
Total Expense	0.00	0.00
Net Ordinary Income	0.00	0.00
Net Income	0.00	0.00

Deb to Prepared

Tab 6

Exhibit C

Description of Operations for Insurance Receivables 6, LLC

Insurance Receivables 6, LLC is a wholly owned subsidiary of the debtor. Insurance Receivables 6, LLC is a financing vehicle that has purchased future insurance commissions from agents.

Tab 7

Exhibit A

Valuation Estimate for Insurance Receivables 7, LLC

The debtor owns 100% of the membership interests of Insurance Receivables 7, LLC. This entity is a financing vehicle that purchased future insurance commissions from agents.

The debtor prepared valuation is \$0 and is based on a August 2012 projected cash flow model that projects no residual value to the debtor after repayment of the outstanding senior and subordinated debt.

Tab 7

Exhibit B

Financial Statement for Insurance Receivables 7, LLC

The following internally prepared exhibits follow for this entity:

Exhibit B-1 - Balance Sheet

Exhibit B-2 – Statement of Income (Loss)

The following exhibits are omitted as they are only prepared on a consolidated basis.

Exhibit B-3 – Statement of Cash Flows

Exhibit B-4 – Statement of Changes in Shareholders/Partners Equity (Deficit)

11:02 AM

10/22/12

Accrual Basis

Insurance Receivables 7, LLC

Balance Sheet

As of June 30, 2012

*Unaudited*TAB 7
B-1 1/2

	Dec 31, 11	Jun 30, 12
ASSETS		
Current Assets		
Checking/Savings		
1000 · Cash and Equivalents		
1001 · US Bank Trust Collection Account	558,403.95	569,701.53
1002 · US Bank Expense Reserve	22,157.73	21,425.00
1005 · IR7 US Bank Operating Account	109,178.82	61,188.31
Total 1000 · Cash and Equivalents	689,740.50	652,314.84
Total Checking/Savings	689,740.50	652,314.84
Accounts Receivable		
1200 · Accounts Receivable		
1201 · IR1 IC Receivable	4,791.10	9,731.03
1202 · IR2 IC Receivable	540.66	342.95
1203 · IR3 IC Receivable	3,785.04	2,858.66
1206 · IR6 IC Receivable	277.76	834.01
1208 · TWG IC Receivable	58,673.21	55,539.86
1200 · Accounts Receivable - Other	480,745.80	382,954.85
Total 1200 · Accounts Receivable	548,813.57	452,261.36
Total Accounts Receivable	548,813.57	452,261.36
Other Current Assets		
1500 · Advance Downlines and FY	-18,677.80	-3,733.44
Total Other Current Assets	-18,677.80	-3,733.44
Total Current Assets	1,219,876.27	1,100,842.76
Other Assets		
1710 · Loan Origination Costs	2,792,811.86	2,792,811.86
1712 · Accum Amortization-Loan	-2,749,131.07	-2,786,863.14
1740 · Origination Costs	3,574,120.54	3,574,120.54
1742 · Accum Amortization-Orig	-1,893,061.01	-2,022,605.08
1760 · Purchased Commissions	104,922,354.82	104,922,354.82
1761 · Valuation Allowance of PC	-23,319,932.00	-23,319,932.00
1762 · Accum Amortization-Purch	-53,182,163.55	-57,120,973.63
1800 · Notes Rec - White Settlement	2,250,000.00	2,250,000.00
Total Other Assets	32,394,999.59	28,288,913.37
TOTAL ASSETS	33,614,875.86	29,389,756.13
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable		
2006 · IC - IR6	494.10	562.10
2007 · IC-TWG	65,209.47	62,382.73
2000 · Accounts Payable - Other	28,225.67	37,307.60
Total 2000 · Accounts Payable	93,929.24	100,252.43
Total Accounts Payable	93,929.24	100,252.43
Other Current Liabilities		
Accrued Expenses		
2014 · Accrued Interest		
2015 · Accrued Exp - Fifth Third	168,446.86	152,888.54
2016 · Accrued Exp - National City	25,078.46	22,980.98
2017 · Accrued Exp - Cardinal Jr Debt	7,776,522.22	9,667,342.13
Total 2014 · Accrued Interest	7,970,047.54	9,843,211.65
2101 · Accrued Acct Exp	20,871.25	30,246.25
2110 · Cancellation Reserve	118,435.91	186,134.03
Total Accrued Expenses	8,109,354.70	10,059,591.93

Debtor Prepared

11:02 AM

Insurance Receivables 7, LLC

10/22/12

Balance Sheet

Accrual Basis

As of June 30, 2012

*Unaudited**TAB 7
B-1 2/2*

	Dec 31, 11	Jun 30, 12
Total Other Current Liabilities	8,109,354.70	10,059,591.93
Total Current Liabilities	8,203,283.94	10,159,844.36
Long Term Liabilities		
2600 · Notes Payable		
2601 · Fifth Third Debt	34,550,598.40	32,328,284.35
2602 · National City Debt	5,167,345.13	4,834,978.62
2603 · Cardinal Jr. Debt	16,423,217.79	16,589,975.82
2604 · Cardinal Jr. Debt - 2008	14,614,461.42	14,762,853.73
2605 · Fifth Third SWAP	3,317,983.31	3,317,983.31
Total 2600 · Notes Payable	74,073,606.05	71,834,075.83
Total Long Term Liabilities	74,073,606.05	71,834,075.83
Total Liabilities	82,276,889.99	81,993,920.19
Equity		
3135 · Class A Capital Account		
3155 · Class A Investments	926,798.47	926,798.47
Total 3135 · Class A Capital Account	926,798.47	926,798.47
3900 · Retained Earnings	-37,948,469.96	-49,588,812.60
Net Income	-11,640,342.64	-3,942,149.93
Total Equity	-48,662,014.13	-52,604,164.06
TOTAL LIABILITIES & EQUITY	<u>33,614,875.86</u>	<u>29,389,756.13</u>

Debt - Prepared

Insurance Receivables 7, LLC

Profit & Loss Prev Year Comparison

January 2011 through June 2012

*Unaudited*TAB 7
B-2

	Jan - Dec 11	Jan - Jun 12
Ordinary Income/Expense		
Income		
4000 · Commission Income		
4001 · Comm Inc - Add'l Gross	192,314.00	30,738.61
4000 · Commission Income - Other	1,748,949.08	961,628.32
Total 4000 · Commission Income	1,941,263.08	992,366.93
4020 · Commission Income - IR2	59,537.84	24,396.40
4030 · Commission Income - IR3	304,010.64	155,702.27
4050 · Commission Income - IR5	499,710.93	191,433.39
4060 · Commission Income - IR6	2,748,349.76	1,092,930.06
4070 · Commission Income - Hanson	636,501.29	221,779.27
4080 · 4080 · MGA Income		
4081 · MGA Commission Income	555,788.80	250,229.46
4082 · MGA Downline Payments	-229,073.38	-81,292.30
Total 4080 · 4080 · MGA Income	326,715.42	168,937.16
4090 · Nord Income		
4091 · Nord Commission Income	149,565.68	48,549.22
4220 · Nord Downline Payment	-29,068.33	-11,392.15
Total 4090 · Nord Income	120,497.35	37,157.07
4095 · AIMC Income		
4096 · AIMC Commission Income	3,187,155.77	1,109,876.16
4097 · AIMC New Business	983.23	0.00
Total 4095 · AIMC Income	3,188,139.00	1,109,876.16
4100 · First Year Commission	0.00	-911.95
4200 · Downline Payments		
4210 · Enoch Downline Payment	-50,509.15	-24,656.56
Total 4200 · Downline Payments	-50,509.15	-24,656.56
Total Income	9,774,216.16	3,969,010.20
Gross Profit	9,774,216.16	3,969,010.20
Expense		
6040 · Amortization Expense	9,122,984.23	4,106,086.22
6041 · Impairment of Purchased Commiss	4,557,282.00	0.00
6120 · Bank Service Charges	40,644.98	19,874.40
6125 · Cancellation Reserve Expense	41,925.52	98,436.73
6200 · 6200 · Interest Expense		
6220 · Loan Interest	7,974,853.17	3,302,025.61
Total 6200 · 6200 · Interest Expense	7,974,853.17	3,302,025.61
6230 · Licenses and Permits	1,370.25	18,411.00
6232 · Management Fees	882,669.73	332,794.92
6240 · 6240 · Miscellaneous	0.00	0.00
6270 · Professional Fees		
6276 · Investment Banking Fees	1,300.00	0.00
6280 · Legal Fees	1,774.92	0.00
6650 · Accounting	18,750.00	30,031.25
6270 · Professional Fees - Other	0.00	3,500.00
Total 6270 · Professional Fees	21,824.92	33,531.25
Total Expense	22,643,554.80	7,911,160.13
Net Ordinary Income	-12,869,338.64	-3,942,149.93
Other Income/Expense		
Other Income		
7020 · Change in Market Value of Swap	1,228,996.00	0.00
Total Other Income	1,228,996.00	0.00
Net Other Income	1,228,996.00	0.00
Net Income	-11,640,342.64	-3,942,149.93

Debt Prepared

Tab7

Exhibit C

Description of Operations for Insurance Receivables 7, LLC

Insurance Receivables 7, LLC is a wholly owned subsidiary of the debtor. Insurance Receivables 7, LLC is a financing vehicle that has purchased future insurance commissions from agents. The debtor is the manager of Insurance Receivables 7, LLC.

Tab 8

Exhibit A

Valuation Estimate for Managing General Agents, Inc

The debtor owns 100% of the stock of Managing General Agents, Inc. This entity is an insurance agency acquired in connection with the acquisition of insurance commission receivables. All agency operations wound down shortly after purchase and prior to January 1, 2011. This entity may receive insurance commissions periodically but has assigned the majority of those rights to those commissions to IR7 as part of the refinancing. Certain commissions, for a small number of policies written post October 25, 2005, continue to be earned by Managing General Agents, Inc. and were not assigned to IR7.

The estimated value of the ownership of Managing General Agents, Inc. is \$0 based on the book value of the entity and likely impairment of its primary asset which is a receivable from the debtor.

Tab 8

Exhibit B

Financial Statement for Managing General Agents, Inc

The following internally prepared exhibits follow for this entity:

Exhibit B-1 - Balance Sheet

Exhibit B-2 – Statement of Income (Loss)

The following exhibits are omitted as they are only prepared on a consolidated basis.

Exhibit B-3 – Statement of Cash Flows

Exhibit B-4 – Statement of Changes in Shareholders/Partners Equity (Deficit)

11:04 AM

10/22/12

Accrual Basis

Marketing General Agents, Inc.

Balance Sheet

As of June 30, 2012

TAB 8
B-1

	Dec 31, 11	Jun 30, 12
ASSETS		
Current Assets		
Checking/Savings		
115 · Key Bank Operating Account	11,132.75	11,129.75
Total Checking/Savings	11,132.75	11,129.75
Accounts Receivable		
120 · Accounts Receivable		
123 · Accounts Receivables TWG	24,312.03	26,507.77
Total 120 · Accounts Receivable	24,312.03	26,507.77
Total Accounts Receivable	24,312.03	26,507.77
Total Current Assets	35,444.78	37,637.52
Fixed Assets		
147 · Furniture/Fixtures/Equipement	70,726.42	70,726.42
148 · Vehicles	15,236.23	15,236.23
160 · Accumulated Depreciation	-85,962.65	-85,962.65
Total Fixed Assets	0.00	0.00
TOTAL ASSETS	35,444.78	37,637.52
LIABILITIES & EQUITY		
Equity		
280 · Retained Earnings	-11,419.09	-5,931.99
281 · Paid in Capital	30,000.00	30,000.00
286 · Distributions		
287 · Duane Tresham	-154,191.36	-154,191.36
288 · Jon Akin	-154,049.23	-154,049.23
286 · Distributions - Other	308,240.59	308,240.59
Total 286 · Distributions	0.00	0.00
290 · Opening Bal Equity	11,376.77	11,376.77
Net Income	5,487.10	2,192.74
Total Equity	35,444.78	37,637.52
TOTAL LIABILITIES & EQUITY	35,444.78	37,637.52

Debtor Prepared

10:14 AM

Marketing General Agents, Inc.

10/22/12

Profit & Loss YTD Comparison

Accrual Basis

January 2011 through June 2012

TAB 8
B-2

	Jan - Dec 11	Jan - Jun 12
Ordinary Income/Expense		
Income		
300 · New Business Commission/Renewal	5,478.90	2,195.74
Total Income	5,478.90	2,195.74
Expense		
540 · Bank Service Charges	0.00	3.00
Total Expense	0.00	3.00
Net Ordinary Income	5,478.90	2,192.74
Other Income/Expense		
Other Income		
700 · Miscellaneous Income	8.20	0.00
Total Other Income	8.20	0.00
Net Other Income	8.20	0.00
Net Income	5,487.10	2,192.74

Debt Prepared

Tab 8

Exhibit C

Description of Operations for Managing General Agents, Inc.

Managing General Agents, Inc. is a wholly owned subsidiary of the debtor. Managing General Agents, Inc is an insurance agency that was acquired in connection with the acquisition of insurance commission receivables. All agency operations wound down shortly after original purchase and prior to January 1, 2011.