

**AMERICAN YARN SPINNERS  
SELF-INSURERS FUND**

**Statement of Recorded Cash Receipts  
and Disbursements**

**Year ended December 31, 2007**

**(With Independent Auditors' Report Thereon)**

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**Independent Auditors' Report**

The Honorable James E. Long,  
Commissioner of Insurance  
State of North Carolina:

We have audited the accompanying statement of recorded cash receipts and disbursements of American Yarn Spinners Self-Insurers Fund (the "Fund") for the year ended December 31, 2007. This financial statement is the responsibility of the Fund's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the statement of recorded cash receipts and disbursements presents a summary of cash activity, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the statement referred to above presents fairly, in all material respects, the recorded cash receipts and disbursements of American Yarn Spinners Self-Insurers Fund for the year ended December 31, 2007 and its cash and short-term investment balances as of December 31, 2007 and 2006.

*Batchelor, Tillery & Roberts, LLP*

September 24, 2008

AMERICAN YARN SPINNERS SELF-INSURERS FUND

Statement of Recorded Cash Receipts and Disbursements

Year ended December 31, 2007

Operating activities:

Receipts:

Assessments	\$ 534,181
Reinsurance recoverable	-
Miscellaneous income	<u>2,009</u>
Total operating receipts	<u>536,190</u>

Disbursements:

Salaries and benefits	49,107
Accounting and legal fees	13,480
Bank service fees	198
Claims paid	-
Rent	26,078
Office expense	4,821
Consultants services	23
Computer expense	1,101
Miscellaneous expense	<u>7</u>
Total operating disbursements	<u>94,815</u>

Net cash provided by operating activities 441,375

Investing activities:

Receipts:

Interest income	17,477
Proceeds from liquidation of statutory deposit	<u>-</u>

Net cash provided by investing activities 17,477

Net increase in cash and short-term investments 458,852

Cash and short-term investments, December 31, 2006 253,282

Cash and short-term investments, December 31, 2007 \$ 712,134

See accompanying notes to financial statement.

# AMERICAN YARN SPINNERS SELF-INSURERS FUND

## Notes to Financial Statement

Year ended December 31, 2007

### (1) Organization and Basis of Presentation

**Organization** - American Yarn Spinners Self-Insurers Fund (the "Fund") was placed into liquidation by the Wake County Superior Court on October 14, 2004. Accordingly, the Fund is under the control of the Commissioner of Insurance of the State of North Carolina, who is the receiver of the Fund. It is the Receiver's responsibility to recover and liquidate assets and to investigate the events that led to the insolvency of the fund.

**Basis of presentation** - The accompanying statement of recorded cash receipts and disbursements has been prepared on the cash basis of accounting without regard to any revenue or expense accruals which may have existed at the beginning or end of the year.

### (2) Cash and Short-Term Investments

Cash and short-term investments consist of the following:

	<u>2007</u>	<u>2006</u>
BB&T operating account	\$ 2,495	235
BB&T money market account	699,639	243,047
Deposit with RAD Trust	<u>10,000</u>	<u>10,000</u>
	<u>\$ 712,134</u>	<u>253,282</u>

Cash and short-term investments consist of accounts held with one North Carolina bank, and are carried at cost which equals market value. As of December 31, 2007 and 2006, the amount held in the bank accounts exceeded the federally insured limit of \$100,000 by \$602,134 and \$143,282, respectively.