US Alliance Corporation
(A Development Stage Company)

Consolidated Financial Statements
December 31, 2012 and 2011
(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors
US Alliance Corporation
Topeka, Kansas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of US Alliance Corporation and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the years then ended and for the period from April 24, 2009 (Inception) through December 31, 2012 and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of US Alliance Corporation and its subsidiaries as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended and the period from April 24, 2009 (Inception) through December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Omaha, Nebraska
February 20, 2013

US Alliance Corporation
(A Development Stage Company)

Consolidated Balance Sheets
December 31, 2012 and 2011

Assets	**2012**	**2011**
Assets		
Cash and cash equivalents	$ 6,735,561	$ 3,617,100
Investments in available-for-sale securities, at fair value	722,568	362,660
Investments in held-to-maturity securities, at amortized cost	1,018,892	908,928
Prepaid expenses	11,493	17,240
Restricted cash	400,000	400,000
Property and equipment, net of accumulated depreciation	179,138	96,592
Total assets	**$ 9,067,652**	**$ 5,402,520**
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable	$ 26,240	$ 37,503
Total liabilities	**26,240**	**37,503**
Shareholders' Equity:		
Preferred Stock, $5.00 par value. Authorized 1,000,000 shares; none issued or outstanding	-	-
Common Stock, $0.10 par value. Authorized 4,300,000 shares; issued and outstanding 4,082,800 shares as of December 31, 2012 and 3,046,660 shares as of December 31, 2011	408,280	304,660
Additional paid-in capital	10,733,402	6,218,358
Deficit accumulated during the development stage	(2,132,269)	(1,174,641)
Accumulated other comprehensive income	31,999	16,640
Total shareholders' equity	**9,041,412**	**5,365,017**
Total liabilities and shareholders' equity	**$ 9,067,652**	**$ 5,402,520**

See Notes to Consolidated Financial Statements.

US Alliance Corporation
(A Development Stage Company)

Consolidated Statements of Operations and Comprehensive Loss
Years Ended December 31, 2012 and 2011 and the Period from April 24, 2009 (Inception) to December 31, 2012

	Year Ended December 31,		Period from April 24, 2009 (Inception) to December 31,
	2012	**2011**	**2012**
Income:			
Investment income	$ 67,729	$ 12,596	$ 81,886
Net realized losses on sale of securities	(17,202)	-	(17,202)
Total Income	**50,527**	**12,596**	**64,684**
Expenses:			
Management salaries & benefits	472,393	313,227	1,008,596
Office and general administration	127,769	97,582	264,919
Professional fees	97,284	232,915	361,140
Insurance	18,432	11,129	40,498
Travel	18,023	20,641	70,743
Directors fees	59,150	23,150	110,950
Advertising	183,857	12,621	282,953
Rent	24,000	12,250	47,563
Depreciation and amortization	7,247	1,969	10,029
Total Expense	**1,008,155**	**725,484**	**2,197,391**
Loss before income taxes	**(957,628)**	**(712,888)**	**(2,132,707)**
Provision for income tax expense	**-**	-	-
Net loss	**$ (957,628)**	**$ (712,888)**	**$ (2,132,707)**
Unrealized net holding (losses) gains arising during the period	(1,843)	16,640	14,797
Reclassification adjustment for losses included in net loss	17,202	-	17,202
Other comprehensive income	15,359	16,640	31,999
Comprehensive loss	**$ (942,269)**	**$ (696,248)**	**$ (2,100,708)**

See Notes to Consolidated Financial Statements.

US Alliance Corporation
(A Development Stage Company)

Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2012 and 2011 and the Period from April 24, 2009 (Inception) to December 31, 2012

	Number of Shares	Common Stock	Preferred Stock	Additional Paid-in Capital	Deficit Accumulated During Development Stage	Other Comprehensive Income	Total
Balance at April 24, 2009 (Inception)	-	$ -	$ -	$ -	$ -	$ -	$ -
Private offering, $.20 per share	1,200,000	120,000	-	120,000	-	-	240,000
Private offering, $1.50 per share	500,000	50,000	-	700,000	-	-	750,000
Public offering, $5.00 per share	624,000	62,400	-	3,057,600		-	3,120,000
Costs associated with public offering	-	-	-	(765,586)		-	(765,586)
Net loss	-	-	-	-	(461,753)	-	(461,753)
Balance, December 31, 2010	2,324,000	$ 232,400	$ -	$ 3,112,014	$ (461,753)	$ -	$ 2,882,661
Public offering, $5.00 per share	722,600	72,260	-	3,540,740	-	-	3,613,000
Costs associated with public offering	-	-	-	(434,396)	-	-	(434,396)
Other comprehensive income	-	-	-	-	-	16,640	16,640
Net loss	-	-	-	-	(712,888)	-	(712,888)
Balance, December 31, 2011	3,046,600	$ 304,660	$ -	$ 6,218,358	$ (1,174,641)	$ 16,640	$ 5,365,017
Public offering, $5.00 per share	1,036,200	103,620	-	5,077,380	-	-	5,181,000
Costs associated with public offering	-	-	-	(562,336)	-	-	(562,336)
Other comprehensive income	-	-	-	-	-	15,359	15,359
Net loss	-	-	-	-	(957,628)	-	(957,628)
Balance, December 31, 2012	**4,082,800**	**$ 408,280**	**$ -**	**$ 10,733,402**	**$ (2,132,269)**	**$ 31,999**	**$ 9,041,412**

See Notes to Consolidated Financial Statements.

US Alliance Corporation
(A Development Stage Company)

Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011 and the Period from April 24, 2009 (Inception) to December 31, 2012

	Year Ended December 31, 2012	Year Ended December 31, 2011	Period from April 24, 2009 (Inception) to December 31, 2012
Cash Flows from Operating Activities:			
Net loss	$ (957,628)	$ (712,888)	$ (2,132,707)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:			
Depreciation and amortization	7,247	1,969	10,029
Net realized losses on the sale of securities	17,202	-	17,202
Amortization of investment securities	(11,119)	(5,161)	(16,280)
(Increase) decrease in operating assets:			
Prepaid expenses	5,747	(17,240)	(11,493)
Increase (decrease) in operating liabilities:			
Accounts payable and other current liabilities	(11,263)	20,735	25,962
Net cash (used in) operating activities	**(949,814)**	**(712,585)**	**(2,107,287)**
Cash Flows from Investing Activities:			
Available for sale securities			
Purchase of investments	(577,575)	(346,020)	(923,595)
Proceeds from sales	215,643	-	215,644
Held to maturity securities			
Purchase of investments	(248,664)	(903,767)	(1,152,431)
Proceeds from maturity	150,000	-	150,000
Withdrawal from/(deposit into) escrow	-	1,201,561	-
Restricted deposit with insurance department	-	(400,000)	(400,000)
Purchase of property and equipment	(89,793)	(96,663)	(189,167)
Net cash (used in) investing activities	**(550,389)**	**(544,889)**	**(2,299,549)**
Cash Flows from Financing Activities:			
Sale of common stock, net of costs of issuance	4,618,664	3,178,604	11,142,397
Net cash provided by financing activities	**4,618,664**	**3,178,604**	**11,142,397**
Net increase in cash and cash equivalents	**3,118,461**	**1,921,130**	**6,735,561**
Cash and Cash Equivalents:			
Beginning	3,617,100	1,695,970	-
Ending	**$ 6,735,561**	**$ 3,617,100**	**$ 6,735,561**

See Notes to Consolidated Financial Statements.

Note 1. Description of Business and Significant Accounting Policies

Description of business: US Alliance Corporation ("the Company") is a Kansas corporation located in Topeka, Kansas. The Company was incorporated April 24, 2009, primarily as a holding company to form, own, operate and manage a life insurance company. On June 9, 2011, the wholly owned subsidiary, US Alliance Life and Security Company was incorporated. US Alliance Life and Security Company received its Certificate of Authority from the Kansas Insurance Department (KID) effective January 2, 2012. On April 23, 2012, US Alliance Investment Corporation and US Alliance Marketing Corporation were incorporated as wholly-owned subsidiaries of the Company to provide investment management and insurance product sales services to US Alliance Life and Security Company.

Basis of presentation: The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America.

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated from the consolidated financial statements.

Development stage company: Neither the Company nor its subsidiaries have any operations. US Alliance Life and Security Company is currently developing its insurance products. Therefore, the Company is considered to be in the development stage, pursuant to Financial Accounting Standards Board (FASB) ASC 915-10, *Development Stage Entities*.

Cash and cash equivalents: For purposes of the statement of cash flows, the Company considers demand deposits and highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. The Company maintains its cash balances in one financial institution located in Topeka, Kansas. As of December 31, 2012, the FDIC insured the total balance of non-interest bearing accounts held at the financial institution. Effective January 1, 2013, the FDIC will insure aggregate balances, including interest-bearing and noninterest-bearing accounts, of $250,000 per depositor per insured institution. The Company has no amounts uninsured as of December 31, 2012. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation. Expenditures for additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to income currently. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Computers and equipment are depreciated over a 5 year period. Furniture and equipment are depreciated over a 5 to 10 year period.

Investments: Investments in available-for-sale securities are carried in the financial statements at fair value with the net unrealized holding gains (losses) included in accumulated other comprehensive income. Held-to-maturity securities are carried in the financial statements at amortized cost. Bond premiums and discounts are amortized using the scientific-yield method over the term of the bonds. Realized gains and losses on securities sold during the year are determined using the specific identification method and included in investment income.

Note 1. Description of Business and Significant Accounting Policies (Continued)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and whether we have the intent to sell the security and it is more likely than not we will have to sell the security before recovery of its cost basis.

Income taxes: The Company is subject to U.S. federal and Kansas state income taxes. The provision for income taxes is based on income as reported in the financial statements. The income tax provision is calculated using the asset and liability method. Deferred income taxes are recorded based on the differences between the financial statement and tax basis of assets and liabilities at the enacted rates expected to apply to taxable income in the years in which the differences are expected to reverse. A valuation allowance is established for the amount of any deferred tax asset that exceeds the amount of the estimated future taxable income needed to utilize the future tax benefits.

All of the Company's returns are subject to U.S. federal, state and local income tax examinations by tax authorities. The Company follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10-65-1. The Company recognized no liability for unrecognized tax benefits and has identified no uncertain tax positions.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Development Stage Company

The Company has been and continues to be a development stage company and has incurred net operating losses since inception (April 24, 2009). The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplates continuation of the Company as a going concern, which is dependent upon the Company's ability to establish itself as a profitable business.

Due to the start-up nature of its business, the Company expects to incur losses as it expands. To date, the Company's cash flow requirements have been primarily met by equity financings. Management believes the Company has sufficient cash flow to meet its capital requirements for at least the next twelve months.

To date, management has devoted substantially all of its efforts to raising capital at the holding company level to form, own, operate and manage a life insurance company and to product development, training and licensing insurance agents and developing the marketing plan for US Alliance Life and Security Company. The Company plans to conclude its public equity raising effort in February 2013 and management will focus on the development of its life insurance subsidiary in order to expand the range and scope of its business operations. Management believes that the current available cash will be sufficient during the initial stages of the life insurance subsidiary.

Note 3. Investments

The amortized cost and fair value of available for sale and held to maturity investments as of December 31, 2012 and 2011, is as follows:

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Equity securities	$ 498,169	$ 27,902	$ (26,958)	$ 499,113
Other equity investments	94,542	10,533	-	105,075
Limited partnership interests	97,858	25,721	(5,199)	118,380
Total available for sale	690,569	64,156	(32,157)	722,568
Held to maturity:				
US Treasury securities	1,018,892	39,219	-	1,058,111
Total held to maturity	$ 1,018,892	$ 39,219	$ -	$ 1,058,111

	December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Equity securities	$ 169,788	$ 5,302	$ (990)	$ 174,100
Other equity investments	111,473	4,936	(1,299)	115,110
Limited partnership interests	64,759	8,691	-	73,450
Total available for sale	346,020	18,929	(2,289)	362,660
Held to maturity:				
US Treasury securities	908,928	14,183	-	923,111
Total held to maturity	$ 908,928	$ 14,183	$ -	$ 923,111

Unrealized losses occur from market price declines that may be due to a number of factors, including economic downturns, competitive forces within an industry, issuer specific events, operational difficulties, lawsuits, and market pricing anomalies caused by factors such as temporary lack of liquidity.

Note 3. Investments (Continued)

The amortized cost and fair value of debt securities held to maturity as of December 31, 2012, by contractual maturity, are shown below. Equity securities, which comprise the entire balance of the available for sale investments, do not have a stated maturity dates and therefore are not included in the following maturity summary.

	Held to Maturity	
	Amortized Cost	Fair Value
Amounts maturing in:		
One year or less	$ 249,972	$ 250,430
After one year through five years	514,218	528,060
After five years through ten years	-	-
More than 10 years	254,702	279,621
	$ 1,018,892	$ 1,058,111

Realized gains and losses related to the sale of securities are summarized as follows:

	For the Year Ended December 31,		For the Period from April 24, 2009 (Inception) to
	2012	2011	December 31, 2012
Gross gains	$ 11,432	$ -	$ 11,432
Gross losses	(28,634)	-	(28,634)
Net security gains (losses)	$ (17,202)	$ -	$ (17,202)

Note 3. Investments (Continued)

Gross unrealized losses by duration are summarized as follows:

	Less than 12 months				Total			
	Fair Value		Unrealized Loss		Fair Value		Unrealized Loss	
	December 31, 2012							
Available for sale:								
Equity securities	$	72,100	$	(26,958)	$	72,100	$	(26,958)
Limited partnership interest		27,900		(5,199)		27,900		(5,199)
	$	**100,000**	**$**	**(32,157)**	**$**	**100,000**	**$**	**(32,157)**
	December 31, 2011							
Available for sale:								
Equity securities	$	58,700	$	(990)	$	58,700	$	(990)
Other equity investments		47,880		(1,299)		47,880		(1,299)
	$	**106,580**	**$**	**(2,289)**	**$**	**106,580**	**$**	**(2,289)**

The total number of securities in the investment portfolio in an unrealized loss position as of December 31, 2012 was 3, which represented a loss of $32,157 of the aggregate carrying value of those securities. The unrealized gains on the remainder of the portfolio as of December 31, 2012 were $64,156 and $39,219 for the available for sale and held to maturity securities, respectively, for a total of $103,375. The unrealized losses at December 31, 2012 are predominantly related to one equity security, whose stock price is largely influenced by the performance of certain energy commodities with highly volatile prices; and, therefore, management does not believe the decline is an indication of a deterioration of the underlying fundamentals of the equity security. The Company does not intend to sell the securities and it is more likely than not that the Company will recover the amortized cost prior to being required to sell the securities. Therefore, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2012.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and whether we have the intent to sell the security and it is more likely than not we will have to sell the security before recovery of its cost basis.

Note 4. Fair Value Measurements

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. FASB ASC Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement rate.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable for the asset or liability and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Investments, available for sale: Investments in securities that are classified as available for sale are recorded at fair value utilizing Level 1 measurements.

The table below presents the amounts of assets measured at fair value on a recurring basis as of December 31, 2012 and 2011:

	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Available for sale:				
Equity securities	$ 499,113	$ 499,113	$ -	$ -
Other equity investments	105,075	105,075	-	-
Limited partnership interests	118,380	118,380	-	-
Total	**$ 722,568**	**$ 722,568**	**$ -**	**$ -**

	December 31, 2011			
	Total	Level 1	Level 2	Level 3
Available for sale:				
Equity securities	$ 174,100	$ 174,100	$ -	$ -
Other equity investments	115,110	115,110	-	-
Limited partnership interests	73,450	73,450	-	-
Total	**$ 362,660**	**$ 362,660**	**$ -**	**$ -**

Note 4. Fair Value Measurements (Continued)

FASB ASC Topic 825 requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The estimated fair value approximates carrying value for accrued interest. The methodologies for other financial assets and financial liabilities are discussed below:

Cash, cash equivalents, and restricted cash: The carrying amounts approximate fair value because of the short maturity of these instruments.

Investments, held to maturity: Investments in securities that are classified as held to maturity have fair value determined utilizing Level 1 measurements.

There were no financial liabilities as of December 31, 2012 or 2011. The estimated fair values of the Company's financial assets at December 31 are as follows:

	December 31, 2012		December 31, 2011	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets:				
Cash and cash equivalents	$ 6,735,561	$ 6,735,561	$ 3,617,100	$ 3,617,100
Investments, at fair value	722,568	722,568	362,660	362,660
Investments, at amortized cost	1,018,892	1,058,111	908,928	923,111
Restricted cash	400,000	400,000	400,000	400,000
	$ 8,877,021	**$ 8,916,240**	**$ 5,288,688**	**$ 5,302,871**

Note 5. Income Tax Provision

No income tax expense or (benefit) has been reflected for the years ended December 31, 2012 and 2011 or for the period from April 24, 2009 (Inception) through December 31, 2012 due to the lack of taxable net income generated by the Company and the 100% valuation allowance pertaining to the deferred tax asset.

The significant components of deferred tax assets and liabilities are as follows:

	2012	2011
Noncurrent deferred tax liability:		
Deferred income tax related to other comprehensive income	$ 12,800	$ 6,656
Noncurrent deferred tax asset:		
Net operating loss carryforwards	836,459	453,408
Deferred tax asset valuation allowance	(849,259)	(460,064)
Total current deferred tax asset	(12,800)	(6,656)
Net current deferred tax asset (liability)	$ -	$ -

The valuation allowance relating to the deferred tax asset was established due to the development stage of the Company and the uncertainty relating to the use of the tax loss carryforwards in future years. The valuation allowance increased $389,195 during 2012. The net operating loss and capital loss carryforwards will begin to expire in 2024.

Note 6. Lease Commitments

The Company leases its office from an unrelated third party under a three-year operating lease which commenced on October 11, 2011 with a termination date of December 31, 2014. Annual rent is $24,000. Total rent expense was $24,000, $12,250, and $47,563 for the years ended December 31, 2012 and 2011 and the period from April 24, 2009 (Inception) through December 31, 2012, respectively. The future minimum rent payments required under the lease are $24,000 annually in 2013 and 2014.

Note 7. Warrants

The Company conducted its public stock offering through the sale of units. Each unit was sold for $1,000 and consisted of 200 shares of common stock and a warrant to purchase an additional 200 shares of common stock at $6.00 per share. The warrant holder may exercise the warrant within three years of the termination of the public stock offering, which is scheduled to terminate on February 24, 2013. As of December 31, 2012, there were 11,914 warrants outstanding, representing 2,382,800 shares of common stock. Management believes that none of the public stock offering proceeds should be allocated from additional paid-in capital to the warrants, which would be a separate subcomponent of shareholders' equity, due to the nature of a development stage company and the uncertainty of future profits that would increase the fair value of the Company's stock past the $6.00 per share strike price.

Note 8. Restricted Funds

As of December 31, 2010, in accordance with the Prospectus dated February 24, 2010, the Company had placed proceeds from the issuance of common stock totaling $1,201,561 into an escrow account held at Capital City Bank for the future insurance company. These funds were transferred to US Alliance Life and Security Company in October 2011.

In order to continue formation of the life insurance company, US Alliance Life and Security Company entered into a trust agreement with the Kansas Insurance Department dated July 15, 2011 and deposited $400,000 in a jointly owned trust account at Capital City Bank and is shown on the December 31, 2012 and 2011 balance sheets as restricted cash.

Note 9. Subsequent Events

All of the effects of subsequent events that provide additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the consolidated financial statements, are recognized in the consolidated financial statements. The Company does not recognize subsequent events that provide evidence about conditions that did not exist at the balance sheet date but arose after, but before the consolidated financial statements are available to be issued. In some cases, unrecognized subsequent events are disclosed to keep the consolidated financial statements from being misleading.

The Company has evaluated subsequent events through February 20, 2013, the date on which the consolidated financial statements were available to be issued.