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Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt From Income Tax

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0047

**2009**

**Open to Public Inspection**

A For the 2009 calendar year, or tax year beginning , 2009 , and ending , 20

B Check if applicable:
- [x] Address change
- [ ] Name change
- [ ] Initial return
- [ ] Termination
- [ ] Amended return
- [ ] Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization **Vernon Edda Mutual Fire Insurance Company**

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
451 2nd Street SW

City or town, state or country, and ZIP + 4
Blooming Prairie MN 55917

D Employer identification number **41-0592872**

E Telephone number (507) 583-4234

G Gross receipts $ 228,811

F Name and address of principal officer. Doug Streightiff
64750 310th Street, Dexter MN 55026

H(a) Is this a group return for affiliates? [ ] Yes [x] No

H(b) Are all affiliates included? [ ] Yes [ ] No
If "No," attach a list (see instructions)

H(c) Group Exemption Number ▶

I Tax-exempt status: [x] 501(c) ( 15 ) ◀ (insert no ) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ None

K Form of organization: [x] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation 1874

M State of legal domicile MN

## Part I Summary

1 Briefly describe the organization's mission or most significant activities. The organization writes fire and additional lines insurance coverages and pays claims on covered policyholder losses per IRC Section 501(c)(15)

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets

| | | | |
|---|---|---|---|
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 7 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 6 |
| 5 | Total number of employees (Part V, line 2a) | 5 | 2 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 0 |
| 7a | Total gross unrelated business revenue from Part VIII, column (C), line 12 | 7a | 0 |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0 |

| | | Prior Year | Current Year |
|---|---|---|---|
| 8 | Contributions and grants (Part VIII, line 1h) | | 0 |
| 9 | Program service revenue (Part VIII, line 2g) | 131,490 | 140,524 |
| 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 44,481 | 39,969 |
| 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 0 | 0 |
| 12 | Total revenue--add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 175,971 | 180,493 |
| 13 | Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 0 | 0 |
| 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 5,257 | 29,742 |
| 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 46,265 | 69,317 |
| 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| b | Total fundraising expenses (Part IX, column (D), line 25) ▶ | | |
| 17 | Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) | 51,726 | 46,522 |
| 18 | Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 103,248 | 145,581 |
| 19 | Revenue less expenses Subtract line 18 from line 12 | 72,723 | 34,912 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| 20 | Total assets (Part X, line 16) | 1,018,767 | 1,054,649 |
| 21 | Total liabilities (Part X, line 26) | 67,267 | 64,853 |
| 22 | Net assets or fund balances. Subtract line 21 from line 20 | 951,500 | 989,796 |

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MAR 23 2010
OGDEN, UT.

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

**Sign Here**

▶ Michelle Vigeland — Signature of officer — Date 3-16-10

▶ Michelle Vigeland, Manager — Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature — Date 3/9/2010 — Check if self-employed ▶ [ ] — Preparer's identifying number (see instructions) P00737655

Firm's name (or yours if self-employed), address, and ZIP + 4: Jim Barta CPA, 401 Sherman St, PO Box 1879, N Mankato, MN 56002-1879 — EIN ▶ 20-1991134 — Phone no ▶ (507) 625-4245

May the IRS discuss this return with the preparer shown above? (see instructions) [x] Yes [ ] No

**For Privacy Act and Paperwork Reduction Act Notice, see the separate Instructions.** Cat No 11282Y Form **990** (2009)

SCANNED APR 15 2010

R 12

**Part III Statement of Program Service Accomplishments**

1 Briefly describe the organization's mission:
The Company provides fire and additional lines insurance coverages to policyholders/members and pays claims on covered policyholder losses.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No
If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No
If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code _____) (Expenses $ 46,522 including grants of $ _____ ) (Revenue $ 180,493 )
We have provided property insurance for our members per section 501(c)(15).
Number of Members: 212
Insurance in Force: 93,772,780

4b (Code: _____) (Expenses $ _____ including grants of $ _____ ) (Revenue $ _____ )

4c (Code: _____) (Expenses $ _____ including grants of $ _____ ) (Revenue $ _____ )

4d Other program services (Describe in Schedule O )
(Expenses $ _____ including grants of $ _____ ) (Revenue $ _____ )

4e **Total program service expenses** ► 46,522

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | | X |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors? | 2 | | X |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | X |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II* | 4 | | X |
| 5 | **Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III* | 5 | | X |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | X |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | X |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | X |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | X |
| 10 | Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | | X |
| 11 | Is the organization's answer to any of the following questions "Yes"? *If so, complete Schedule D, Parts VI,* VII, VIII, IX, or X as applicable | 11 | X | |
| | • Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI* | | | |
| | • Did the organization report an amount for investments--other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII* | | | |
| | • Did the organization report an amount for investments--program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII* | | | |
| | • Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX* | | | |
| | • Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X* | | | |
| | • Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? *If "Yes," complete Schedule D, Part X.* | | | |
| 12 | Did the organization obtain a separate, independent audited financial statement for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII.* | 12 | | X |
| 12 A | Was the organization included in a consolidated, independent audited financial statement for the tax year? (Yes: , No: X) *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional.* | 12A | | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | X |
| 14 a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | X |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I* | 14b | | X |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the Unites States? *If "Yes," complete Schedule F, Part II* | 15 | | X |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Part III* | 16 | | X |
| 17 | Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I* | 17 | | X |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | X |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | X |
| 20 | Did the organization operate one or more hospitals? *If "Yes," complete Schedule H* | 20 | | X |

**Part IV Checklist of Required Schedules** *(continued)*

| | | | Yes | No |
|---|---|---|---|---|
| 21 | Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II* | 21 | | X |
| 22 | Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | 22 | | X |
| 23 | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | 23 | | X |
| 24 a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K If "No," go to question 25* | 24a | | X |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | N/A | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | N/A | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | N/A | |
| 25 a | **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | 25a | N/A | |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | 25b | N/A | |
| 26 | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | 26 | | X |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III* | 27 | | X |
| 28 | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| a | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | 28a | | X |
| b | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | 28b | | X |
| c | An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | 28c | | X |
| 29 | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | 29 | | X |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | 30 | | X |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | 31 | | X |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | 32 | | X |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | 33 | | X |
| 34 | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | 34 | | X |
| 35 | Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* | 35 | | X |
| 36 | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | 36 | | X |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | 37 | | X |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O. | 38 | X | |

## Part V Statements Regarding Other IRS Filings and Tax Compliance

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 a | Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U S. Information Returns. Enter -0- if not applicable | 1a | 8 | | |
| b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable | 1b | 0 | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | 1c | | X | |
| 2 a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return | 2a | 2 | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | 2b | | X | |
| | **Note:** If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* this return (see instructions) | | | | |
| 3 a | Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return? | 3a | | | X |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O.* | 3b | | N/A | |
| 4 a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | 4a | | | X |
| b | If "Yes," enter the name of the foreign country. ► ---------- See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. | | | | |
| 5 a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | 5a | | | X |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | | | X |
| c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction? | 5c | | N/A | |
| 6 a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? | 6a | | | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 6b | | N/A | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? | 7a | | | X |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | 7b | | N/A | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | 7c | | | X |
| d | If "Yes," indicate the number of Forms 8282 filed during the year | 7d | | | |
| e | Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | 7e | | | X |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 7f | | | X |
| g | For all contributions of qualified intellectual property, did the organization file Form 8899 as required? | 7g | | N/A | |
| h | For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? | 7h | | N/A | |
| 8 | **Sponsoring organization maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | 8 | | N/A | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | |
| a | Did the organization make any taxable distributions under section 4966? | 9a | | | X |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? | 9b | | | X |
| 10 | **Section 501(c)(7) organizations.** Enter. | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 | 10a | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | |
| 11 | **Section 501(c)(12) organizations.** Enter | | | | |
| a | Gross income from members or shareholders | 11a | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) | 11b | | | |
| 12 a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | 12a | | N/A | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year. | 12b | | | |

**Part VI** **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

## Section A. Governing Body and Management

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 a | Enter the number of voting members of the governing body | 1a | 7 | | |
| b | Enter the number of voting members that are independent | 1b | 6 | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | | | 2 | X | |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | | | 3 | | X |
| 4 | Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? | | | 4 | | X |
| 5 | Did the organization become aware during the year of a material diversion of the organization's assets? | | | 5 | | X |
| 6 | Does the organization have members or stockholders? | | | 6 | X | |
| 7 a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? | | | 7a | X | |
| b | Are any decisions of the governing body subject to approval by members, stockholders, or other persons? | | | 7b | | X |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | | | |
| a | The governing body? | | | 8a | X | |
| b | Each committee with authority to act on behalf of the governing body? | | | 8b | X | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* | | | 9a | | X |

## Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

| | | | Yes | No |
|---|---|---|---|---|
| 10 a | Does the organization have local chapters, branches, or affiliates? | 10a | | X |
| b | If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? | 10b | N/A | |
| 11 | Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? | 11 | | X |
| 11 A | Describe in Schedule O the process, if any, used by the organization to review this Form 990 | | | |
| 12 a | Does the organization have a written conflict of interest policy? *If "No," go to line 13* | 12a | | X |
| b | Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | N/A | |
| c | Does the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this is done.* | 12c | N/A | |
| 13 | Does the organization have a written whistleblower policy? | 13 | | X |
| 14 | Does the organization have a written document retention and destruction policy? | 14 | | X |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision. | | | |
| a | The organization's CEO, Executive Director, or top management official | 15a | X | |
| b | Other officers or key employees of the organization | 15b | X | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions ) | | | |
| 16 a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | 16a | | X |
| b | If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? | 16b | N/A | |

## Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► None

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available. Check all that apply.

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► Michelle Vigeland-451 2nd Street SW, Blooming Prairie MN 55917

## Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

### Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees. See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees; officers, key employees, highest compensated employees; and former such persons

☐ Check this box if the organization did not compensate any current officer, director, or trustee

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| Doug Streightiff<br>President | Part-Time | X | | X | | | | 950 | | |
| Oliver Thoe<br>Vice President | Part-Time | X | | X | | | | 14,450 | | |
| Danny Linbo<br>Secretary, Former Manager | Full-Time | X | | X | | X | | 43,299 | | |
| Diane Linbo<br>Treasurer | Part-Time | | | X | | | | 5,060 | | |
| Gary Dahle<br>Director | Part-Time | X | | | | | | 650 | | |
| Jerome Nelson<br>Director | Part-Time | X | | | | | | 500 | | |
| Robert Senjem<br>Director | Part-Time | X | | | | | | 650 | | |
| Darrel Janes<br>Director | Part-Time | X | | | | | | 300 | | |
| Michelle Vigeland<br>Manager | Full-Time | | | | X | | | - | | |
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**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
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| | | | | | | | | | | |
| | | | | | | | | | | |
| **1b Total** ▶ | | | | | | | | 65,859 | 0 | 0 |

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶

| | | | Yes | No |
|---|---|---|---|---|
| 3 | Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual* | 3 | | X |
| 4 | For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual* | 4 | | X |
| 5 | Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person* | 5 | | X |

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| **None** | | |
| | | |
| | | |
| | | |
| | | |

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶

## Part VIII Statement of Revenue

| | | | (A) Total Revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1a Federated campaigns | 1a | | | | |
| | b Membership dues | 1b | | | | |
| | c Fundraising events | 1c | | | | |
| | d Related organizations | 1d | | | | |
| | e Government grants (contributions) | 1e | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | |
| | g Noncash contributions included in lines 1a-1f $ | | | | | |
| | h **Total.** Add lines 1a-1f | | 0 | | | |
| Program Service Revenue | | Business Code | | | | |
| | 2a **Premium Income** | 524126 | 140,524 | 140524 | | |
| | b | | 0 | | | |
| | c | | 0 | | | |
| | d | | 0 | | | |
| | e | | 0 | | | |
| | f All other program service revenue | | 0 | | | |
| | g **Total.** Add lines 2a-2f | | 140,524 | | | |
| Other Revenue | 3 Investment income (including dividends, interest and other similar amounts) | | 39,387 | 39387 | | |
| | 4 Income from investment of tax-exempt bond proceeds | | 0 | | | |
| | 5 Royalties | | 0 | | | |
| | | (i) Real | (ii) Personal | | | |
| | 6a Gross Rents | | | | | |
| | b Less: rental expenses | | | | | |
| | c Rental income or (loss) | | | | | |
| | d Net rental income or (loss) | | 0 | | | |
| | | (i) Securities | (ii) Other | | | |
| | 7a Gross amount from sales of assets other than inventory | 47,736 | | | | |
| | b Less cost or other basis and sales expenses | 48,318 | | | | |
| | c Gain or (loss) | 582 | | | | |
| | d Net gain or (loss) | | 582 | | | |
| | 8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a | | | | | |
| | b Less: direct expenses b | | | | | |
| | c Net income or (loss) from fundraising events | | 0 | | | |
| | 9a Gross income from gaming activities. See Part IV, line 19 a | | | | | |
| | b Less. direct expenses b | | | | | |
| | c Net income or (loss) from gaming activities | | 0 | | | |
| | 10a Gross sales of inventory, less returns and allowances a | | | | | |
| | b Less: cost of goods sold b | | | | | |
| | c Net income or (loss) from sales of inventory | | 0 | | | |
| | Miscellaneous Revenue | Business Code | | | | |
| | 11a | | 0 | | | |
| | b | | 0 | | | |
| | c | | 0 | | | |
| | d All other revenue | | 0 | | | |
| | e **Total.** Add lines 11a-11d | | 0 | | | |
| | 12 **Total Revenue.** See instructions | | 180,493 | 179,911 | 0 | 0 |

## Part IX Statement of Functional Expenses

**Section 501(c)(3) and 501(c)(4) organization must complete all columns.**
**All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).**

| *Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.* | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|---|---|---|---|
| 1 Grants and other assistance to governments and organizations in the U S. See Part IV, line 21 | | | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U.S See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | 29,742 | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 65,859 | | | |
| 6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 0 | | | |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | | | | |
| 9 Other employee benefits | 0 | | | |
| 10 Payroll taxes | 3,458 | | | |
| 11 Fees for services (non-employees) | | | | |
| a Management | | | | |
| b Legal | | | | |
| c Accounting | 4,585 | | | |
| d Lobbying | | | | |
| e Professional fundraising services See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other | | | | |
| 12 Advertising and promotion | 2,056 | | | |
| 13 Office expenses | 6,149 | | | |
| 14 Information technology | | | | |
| 15 Royalties | | | | |
| 16 Occupancy | 3,000 | | | |
| 17 Travel | 3,258 | | | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 3,141 | | | |
| 20 Interest | 0 | | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 281 | | | |
| 23 Insurance | 5,312 | | | |
| 24 Other expenses. Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below ) | | | | |
| a State Taxes & Fees | 1,959 | | | |
| b Commissions | 2,382 | | | |
| c Adjusting and Inspecting | (50) | | | |
| d Reinsurance Premium | 14,449 | | | |
| e Real Estate Expense | 0 | | | |
| f All other expenses | | | | |
| 25 **Total functional expenses.** Add lines 1 through 24f | 145,581 | | | |
| 26 **Joint Costs.** Check here ► ☐ if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

## Part X Balance Sheet

| | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|
| Assets | 1 | Cash--non-interest-bearing | 28,122 | 1 | 29,939 |
| | 2 | Savings and temporary cash investments | 0 | 2 | 0 |
| | 3 | Pledges and grants receivable, net | | 3 | |
| | 4 | Accounts receivable, net | | 4 | |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | 5 | |
| | 6 | Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L | | 6 | |
| | 7 | Notes and loans receivable, net | | 7 | |
| | 8 | Inventories for sale or use | | 8 | |
| | 9 | Prepaid expenses and deferred charges | | 9 | |
| | 10 a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a | - | | |
| | b | Less: accumulated depreciation — 10b | - | 10c | |
| | 11 | Investments--publicly traded securities | 976,965 | 11 | 1,014,805 |
| | 12 | Investments--other securities See Part IV, line 11 | | 12 | |
| | 13 | Investments--program-related See Part IV, line 11 | | 13 | |
| | 14 | Intangible assets | | 14 | |
| | 15 | Other assets. See Part IV, line 11 | 13,682 | 15 | 9,905 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | 1,018,769 | 16 | 1,054,649 |
| Liabilities | 17 | Accounts payable and accrued expenses | 1,978 | 17 | 2,170 |
| | 18 | Grants payable | | 18 | |
| | 19 | Deferred revenue | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 20 | |
| | 21 | Escrow or custodial account liability. Complete Part IV of Schedule D | | 21 | |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | 23 | |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | 24 | |
| | 25 | Other liabilities Complete Part X of Schedule D | 65,291 | 25 | 62,683 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | 67,269 | 26 | 64,853 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117, check here ▶ ☐ and complete lines 27 through 29, and lines 33 and 34.** | | | |
| | 27 | Unrestricted net assets | | 27 | |
| | 28 | Temporarily restricted net assets | | 28 | |
| | 29 | Permanently restricted net assets | | 29 | |
| | | **Organizations that do not follow SFAS 117, check here ▶ ☑ and complete lines 30 through 34.** | | | |
| | 30 | Capital stock or trust principal, or current funds | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building, or equipment fund | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | 951,500 | 32 | 989,796 |
| | 33 | Total net assets or fund balances | 951,500 | 33 | 989,796 |
| | 34 | Total liabilities and net assets/fund balances | 1,018,769 | 34 | 1,054,649 |

## Part XI Financial Statements and Reporting

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Accounting method used to prepare the Form 990: ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O | | | |
| 2 a | Were the organization's financial statements compiled or reviewed by an independent accountant? | 2a | X | |
| b | Were the organization's financial statements audited by an independent accountant? | 2b | | X |
| c | If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O | 2c | | X |
| d | If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis | | | |
| 3 a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? | 3a | | N/A |
| b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits | 3b | | N/A |

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Vernon Edda Mutual Fire Insurance Company

Employer identification number
41 : 0592872

**Part I** **Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

| | | (a) Donor advised funds | (b) Funds and other accounts |
|---|---|---|---|
| 1 | Total number at end of year | | |
| 2 | Aggregate contributions to (during year) | | |
| 3 | Aggregate grants from (during year) | | |
| 4 | Aggregate value at end of year | | |

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

**Part II** **Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or pleasure)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of an historically important land area
☐ Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

| | | Held at the End of the Tax Year |
|---|---|---|
| a | Total number of conservation easements | 2a |
| b | Total acreage restricted by conservation easements | 2b |
| c | Number of conservation easements on a certified historic structure included in (a) | 2c |
| d | Number of conservation easements included in (c) acquired after 8/17/06 | 2d |

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ .....

4 Number of states where property subject to conservation easement is located ▶ .....

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ .....

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ .....

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III** **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ .....

(ii) Assets included in Form 990, Part X ▶ $ .....

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ $ .....

b Assets included in Form 990, Part X ▶ $ .....

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other .....

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? . . . ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

| | | Amount |
|---|---|---|
| c Beginning balance | 1c | |
| d Additions during the year | 1d | |
| e Distributions during the year | 1e | |
| f Ending balance | 1f | |

2a Did the organization include an amount on Form 990, Part X, line 21? . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

| | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|---|---|---|---|---|
| 1a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment ► ..... %
- b Permanent endowment ► ..... %
- c Term endowment ► ..... %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

| | | Yes | No |
|---|---|---|---|
| (i) unrelated organizations | 3a(i) | | |
| (ii) related organizations | 3a(ii) | | |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | | |

4 Describe in Part XIV the intended uses of the organization's endowment funds.

**Part VI Investments—Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

| Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | | | |
| b Buildings | | | | |
| c Leasehold improvements | | | | |
| d Equipment | | | | |
| e Other | | | | |
| **Total.** Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ► | | | | |

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|---|---|
| Financial derivatives | | |
| Closely-held equity interests | | |
| Other | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total. *(Column (b) must equal Form 990, Part X, col. (B) line 12.)* ▶ | | |

**Part VIII Investments—Program Related.** See Form 990, Part X, line 13.

| (a) Description of investment type | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total. *(Column (b) must equal Form 990, Part X, col. (B) line 13.)* ▶ | | |

**Part IX Other Assets.** See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶ | |

**Part X Other Liabilities.** See Form 990, Part X, line 25.

| 1. (a) Description of liability | (b) Amount |
|---|---|
| Federal income taxes | |
| **Accounts Payable Agency** | **9,796** |
| **Unpaid Losses** | **1,000** |
| **Unearned Premium** | **50,646** |
| **Reinsurance Premium Payable** | **1,241** |
| | |
| | |
| | |
| | |
| | |
| | |
| Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶ | **62,683** |

2. FIN 48 Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48.

## Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

| | | | |
|---|---|---|---|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | |
| 3 | Excess or (deficit) for the year. Subtract line 2 from line 1 | 3 | |
| 4 | Net unrealized gains (losses) on investments | 4 | |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV.) | 8 | |
| 9 | Total adjustments (net). Add lines 4 through 8 | 9 | |
| 10 | Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9 | 10 | |

## Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total revenue, gains, and other support per audited financial statements | | | 1 | |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12: | | | | |
| a | Net unrealized gains on investments | 2a | | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIV.) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | |
| 3 | Subtract line **2e** from line **1** | | | 3 | |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line **1**: | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIV.) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | |
| 5 | Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)* | | | 5 | |

## Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25: | | | | |
| a | Donated services and use of facilities | 2a | | | |
| b | Prior year adjustments | 2b | | | |
| c | Other losses | 2c | | | |
| d | Other (Describe in Part XIV.) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | |
| 3 | Subtract line **2e** from line **1** | | | 3 | |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line **1**: | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIV.) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | |
| 5 | Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)* | | | 5 | |

## Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

**Part XIV Supplemental Information** *(continued)*

**SCHEDULE O**
**(Form 990)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information to Form 990

**Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.**
▶ **Attach to Form 990**

OMB No 1545-0047

**2009**

**Open to Public Inspection**

| Name of the organization | Employer identification number |
|---|---|
| Vernon Edda Mutual Fire Insurance Company | 410592872 |

**Part VI:**

Line 6: The Company has policyholders who are also the owners of the Company. It is a mutual company.

Line 7a: The policyholder/owners elect the board members and officers.

Line 11. The Company hires a CPA firm the complete the Form 990 When the firm is finished preparing the form, it is reviewed by Company management and staff before filing. The form is then filed by company management

Line 15 a&b. Compensation is determined by the number of meetings attended by the board member. The board determines management and staff salaries based on experience and qualifications.

Line 19. Financial and governing documents are available to the public upon request.

| Name of the organization | Employer identification number |
| --- | --- |
| Vernon Edda Mutual Fire Insurance Company | 410592872 |

Vernon Edda Mutual Fire Insurance Company 41-0592872

**FORM 990-RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX**
**MODIFICATION OF GROSS RECEIPTS PER IRS NOTICE 2006-42**

**December 31, 2009**

The filing of this Form 990 has been prepared in accordance with guidance provided by IRS Notice 2006-42 (copy attached).

Gross Receipts as computed in accordance with the instructions to Form 990 (Page 1, Item G), has been modified pursuant to IRS Notice 2006-42 in determining the organizations status as exempt from corporate income taxes. The applicable computation of Gross Receipts is shown below:

| | | | |
|---|---|---|---|
| Gross Receipts per Form 990, Page 1, Item G | 228,811 | | |
| Modification per IRS Notice 2006-42: | | | |
| Form 990, Page 9, Line 7A, | (48,318) | | |
| Gross Receipts per IRS Notice 2006-42 (Amount meets the $600,000 limitation) | 180,493 | | |
| Premium Income per Form 990, Page 1, Line 9 | 140,524 | | |
| Gross Receipts per IRS Notice 2006-42 From Above | 180,493 | = | 77.9% |
| (Amount meets the more than 50% premium income test ) | | | |

Attachment to Form 990

**Schedule 1**

**Vernon Edda Mutual Fire Insurance Company** **EIN 41-0592872**

**FORM 990-RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX**

**December 31, 2009**

## Internal Revenue Service Notice 2006-42

Part III - Administrative, Procedural, and Miscellaneous

Determination of Gross Receipts for Purposes of Section 501(c)(15)

Notice 2006-42

SECTION 1. PURPOSE

This notice provides guidance as to the meaning of "gross receipts" for purposes of § 501(c)(15)(A) of the Internal Revenue Code.

SECTION 2. BACKGROUND

Section 501(a) of the Code provides generally that an organization described in § 501(c) shall be exempt from federal income taxation. An insurance company (as defined in § 816(a)), other than a life insurance company, is described in § 501(c)(15), and is therefore exempt from income tax under § 501(a), if its gross receipts for the taxable year do not exceed $600,000 and more than 50 percent of those gross receipts consist of premiums. Section 501(c)(15)(A)(i). A non-life mutual insurance company not meeting the requirements of the previous sentence is nonetheless described in § 501(c)(15) if its gross receipts for the taxable year do not exceed $150,000 and more than 35 percent of those gross receipts consist of premiums. Section 501(c)(15)(A)(ii). Amounts received by all members of the insurance company's controlled group (as defined in section 501(c)(15)(C)) are taken into account for purposes of these tests.

Section 501(c)(15)(B).

The gross receipts and percentage of income from premium requirements described above were added to the Code in 2004 by § 206 of the Pension Funding Equity Act, Pub. L. No. 108-218 (the "Act"). The legislative history of the Act states that "it is intended that the provision not permit the use of small companies . . . to shelter investment income". H.R. Conf. Rep. 108-457, at 48 (2004).

**Vernon Edda Mutual Fire Insurance Company** **EIN 41-0592872**

**FORM 990-RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX**
**December 31, 2009**

## Internal Revenue Service Notice 2006-42

SECTION 3. DETERMINATION OF GROSS RECEIPTS

This notice advises taxpayers that the Service will include amounts received from the following sources during the taxable year in "gross receipts" for purposes of § 501(c)(15)(A):

A. Premiums (including deposits and assessments), without reduction for return premiums or premiums paid for reinsurance;

B. Items described in § 834(b) (gross investment income of a non-life insurance company); and

C. Other items that are properly included in the taxpayer's gross income under subchapter B of chapter 1, subtitle A, of the Code.

Thus, gross receipts include both tax-free interest and the gain (but not the entire amount realized) from the sale or exchange of capital assets, because those items are described in § 834(b). Gross receipts do not, however, include amounts other than premium income or gross investment income unless those amounts are otherwise included in gross income. Accordingly, the term gross receipts does not include contributions to capital excluded from gross income under § 118, or salvage or reinsurance recovered accounted for as offsets to losses incurred under § 832(b)(5)(A)(i).

SECTION 4. DRAFTING INFORMATION

The principal author of this notice is Sarah R. Katz of TE/GE Division, Exempt Organizations. For further information regarding this notice, contact Ms. Katz at (202) 283-8934 (not a toll-free call).

# Annual Statement

For the Year Ended December 31, 2009

Of The Financial Condition and Affairs Of The

## Vernon Edda Mutual Fire Insurance Company

(Corporate Name of Insurer)

Filed with the Minnesota Department of Commerce pursuant to Minnesota Statutes Chapter 67-A

Incorporated 06/01/1874 Commenced Business 06/01/1874 Date of Annual Meeting 3/3/2010

Main Administrative Office 451 2nd Street SW, Blooming Prairie MN 55917

Business Telephone (507) 583-4234
(Area Code) Telephone #

Fax Telephone (507) 583-4250
(Area Code) Telephone #

E-Mail Address mmvigeland@frontiernet net

## Officers

| | | | |
|---|---|---|---|
| President | Doug Streightiff | Vice-President | Oliver Thoe |
| Secretary | Danny Linbo | Manager or Administrative Executive | Michelle Vigeland |
| Treasurer | Diane Linbo | | |

## Directors

| Name | (Street, City, State, Zip) | From (Mo./Yr) | To (Mo./Yr) |
|---|---|---|---|
| Doug Streightiff | 64750 310th Street, Dexter MN 55026 | Mar-09 | Mar-12 |
| Oliver Thoe | Box 42, Hayfield MN 55940 | Mar-08 | Mar-11 |
| Danny Linbo | 306 Willow Street SW, Sargeant MN 55973 | Mar-07 | Mar-10 |
| Gary Dahle | 606 4th Street NW, Hayfield MN 55940 | Mar-09 | Mar-12 |
| Jerome Nelson | 9317 80th Avenue SW, Stewartville MN 55976 | Mar-07 | Mar-10 |
| Robert Senjem | 25519 670th Street, Kasson MN 55944 | Mar-07 | Mar-10 |
| Darrel Janes | 71598 State Hwy 56, Hayfield MN 55940 | Mar-08 | Mar-11 |
| | | | |
| | | | |

State of Minnesota
County of Mower

Pursuant to the laws of Minnesota, and the rules and regulations amendatory thereto, the President, Secretary, and Treasurer or Chief Financial Officer of this Company, being duly sworn, each deposes and says that they are the above described officers of the said insurer, and that on the thirty-first day of December last, all of the herein described assets were the absolute property of the said insurer, free and clear from any liens or claims thereon except as herein stated, and that this annual statement, together with the related exhibits, schedules, and explanations therein contained, annexed or referred to are a full and true statement of all the assets and liabilities of the condition and affairs of the said insurer as of the thirty-first day of December last, and of its income and deductions therefrom for the year ended on that date, according to the best of their information, knowledge, and belief, respectively

Subscribed and sworn to before me this
_____ day of _____

**President**

**NOTARY PUBLIC** **SEAL**

**Secretary**

**Treasurer**

Print name, business address, and telephone number of person who prepared this statement

Jim Barta CPA, PO Box 1879, North Mankato MN 56002-1879 (507) 625-4245

*Name* *Address* *City, State, Zip Code* *(Area Code)Telephone #*

*Firm Name and Address* Jim Barta CPA 401 Sherman Street, PO Box 1879 North Mankato MN 56002-1879

2/4/2010

*Signature of Person Preparing Statement / Date*

Vernon Edda Mutual Fire Insurance Company

## Admitted Assets

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 1 | Cash in company's office<br>Exh 9, Ln 1, Col 4 | - | - |
| 2 | Cash deposited in checking account<br>Exh 9, Ln 2, Col 4 | 29,939 | 28,122 |
| 3 | Cash deposited at interest<br>Exh 9, Ln 3, Col 4 | 384,610 | 367,270 |
| 4 | Guarantee fund certificates<br>Exh 9, Ln 4, Col 4 | - | - |
| 5 | Bonds (at amortized cost)<br>Exh 9, Ln 5, Col 4 | 528,984 | 424,562 |
| 6 | Investment company shares<br>Exh 9, Ln 6, Col 4 | 99,711 | 183,633 |
| 7 | Common stock<br>Exh 9, Ln 7, Col 4 | 1,500 | 1,500 |
| 8 | Mortgage loans on real estate<br>Exh 9, Ln 8, Col 4 | - | - |
| 9 | Real Estate (cost less accumulated depreciation and encumbrances)<br>Exh 9, Ln 9, Col 4 | - | - |
| 10 | Agents' balances or uncollected premiums<br>Exh 9, Ln 10, Col 4 | 3,129 | 2,188 |
| 11 | Investment income due or accrued<br>Exh 9, Ln 11, Col 4 | 6,776 | 7,343 |
| 12 | Unpaid assessments receivable (under 90 days past due)<br>Exh 9, Ln 12, Col 4 | - | |
| 13 | Reinsurance recoverable on paid losses<br>Exh 9, Ln 13, Col 4 | - | - |
| 14 | Electronic data processing equipment-excluding software - (cost less accumulated depreciation) - Exh 9, Ln 14, Col 4 | - | |
| 15 | Funds due from reinsurance (other than losses)<br>Exh 9, Ln 15, Col 4 | - | - |
| 16 | Federal tax refund receivable<br>Exh 9, Ln 16, Col 4 | - | - |
| 17 | Premium tax refund receivable<br>Exh 9, Ln 17, Col 4 | - | - |
| 18 | Accounts receivable | - | 4,151 |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | Rounding | | |
| 23 | **Total Admitted Assets**<br>*(Must agree with Pg 3, Ln 18)* | 1,054,649 | 1,018,769 |

## Liabilities and Policyholders' Surplus

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 1 | Net losses unpaid - Exh 5 | 1,000 | 2,500 |
| 2 | Net expenses unpaid - Exh 8 | 2,169 | 1,978 |
| 3 | Unearned premiums - Exh 3 | 50,646 | 54,905 |
| 4 | Borrowed money unpaid | - | - |
| 5 | Funds payable on reinsurance (other than losses) | 1,241 | 1,289 |
| 6 | Federal income taxes payable | - | - |
| 7 | Amounts withheld for the account of others | - | 704 |
| 8 | Accounts payable-agency | 9,797 | 5,892 |
| 9 | Prepaid Premiums | - | - |
| 10 | Rounding | - | 1 |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | **Total Liabilities** | 64,853 | 67,269 |
| 17 | **Total Policyholders' Surplus** | 989,796 | 951,500 |
| 18 | Total liabilities and policyholders' surplus | 1,054,649 | 1,018,769 |

# Statement of Income

| | Underwriting Income | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|---|
| 1 | Net premiums earned - Exh 3, Col. 9 | | 130,334 | 117,636 |
| 2 | Net assessments earned - Exh 4, Col 9 | | - | - |
| 3 | Total premiums and assessments (Ln 1 + Ln 2) | | 130,334 | 117,636 |
| | **Deductions** | | | |
| 4 | Net losses incurred - Exh 5, Col 9 | | 29,742 | 5,257 |
| 5 | Operating expenses incurred - Exh. 8, Ln. 25, Col 4 | | 101,113 | 83,895 |
| 6 | Total losses and expenses (Ln 4 + Ln 5) | | 130,855 | 89,152 |
| | Net Underwriting Gain (loss)(Ln 3 minus Ln 6) | (A) | (521) | 28,484 |
| | **Investment Income** | | | |
| 7 | Net investment income earned - Exh. 1, Ln 10, Col 5 | | 39,111 | 42,947 |
| 8 | Net realized capital gains or (losses) - Exh 2, Ln 8, Col 3 | | 582 | 1,292 |
| 9 | Net Investment Gain or (loss) (Ln 7 + Ln 8) | (B) | 39,693 | 44,239 |
| | **Other Income** | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | Rounding | | (1) | - |
| 14 | Total Other Income or (loss) | (C) | (1) | - |
| 15 | Net income (loss) before income taxes (A + B + C) | | 39,171 | 72,723 |
| 16 | Federal income taxes incurred* | | - | - |
| 17 | **Net Income** (to Ln 19) | | 39,171 | 72,723 |

**Federal income tax paid in the current year plus federal income tax payable (Pg 3, Ln 6, Col 1) minus federal income tax payable previous year (Pg 3, Ln 6, Col 2)*

# Policyholders' Surplus Account

| | | | |
|---|---|---|---|
| 18 | Policyholders' surplus, December 31, previous year | 951,500 | 878,594 |
| | **Gains and (Losses) in Surplus** | | |
| 19 | Net income (from Ln 17) | 39,171 | 72,723 |
| 20 | Change in non-admitted assets<br>Exh 10, Ln. 18, Col. 3 | (875) | 183 |
| 21 | Net unrealized capital gains or losses<br>Exh 2, Ln 8, Col 4 | - | - |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | Change in policyholders' surplus for the year | 38,296 | 72,906 |
| 26 | Policyholders' surplus, December 31, current year | 989,796 | 951,500 |

## Exhibit 1
## Investment Income Earned

| | | 1<br>Received During Year Less Paid for Accrued on Purchases | 2<br>Amortization(-) of Bond Premium or Accrual (+) of Bond Discount | 3<br>Income Due and Accrued December 31 Current Year | 4<br>Income Due and Accrued December 31 Prior Year | 5<br>Investment Income Earned (Col. 1 + or - Col. 2 + Col 3 Less Col. 4) |
|---|---|---|---|---|---|---|
| 1 | Cash on deposit<br>Schedule B | 17,341 | | 4,319 | 5,198 | 16,462 |
| 2 | Guarantee fund certificates<br>Schedule C | - | | - | - | - |
| 3 | Bonds<br>Schedule D, Part 1 + Part 2 | 21,405 | 816 | 2,457 | 2,145 | 22,533 |
| 4 | Investment company shares<br>Schedule E, Part 1 + Part 2 | 391 | | - | - | 391 |
| 5 | Common stock<br>Schedule F, Part 1 + Part 2 | - | | - | - | - |
| 6 | Mortgage loans<br>Schedule G | - | | - | - | - |
| 7 | Real estate<br>Schedule H | - | | | | - |
| 8 | Totals | 39,137 | 816 | 6,776 | 7,343 | 39,386 |
| | | | | *Exh 9, Ln 11, Col 2* | *Pg 2, Ln 11, Col 2* | |
| 9 | Total investment expense incurred (Exh 8, Ln. 31, Col 4) | | | | | 275 |
| 10 | Net investment income earned (Ln. 8 minus Ln. 9) | | | | | 39,111 |
| | | | | | | *Pg 4, Ln 7 Col 1* |

**Exhibit 2**

## Capital Gains and Losses on Investments

| | 1<br>Profit on Sales or Maturity | 2<br>Losses on Sales or Maturity | 3<br>Net Gain or Loss[-] (Col. 1 minus Col 2) | 4<br>Net Gain or Loss [-] From Change in or Difference Between Book Value or Admitted Assets |
|---|---|---|---|---|
| 1 Bonds | 582 | - | 582 | - |
| 2 Guarantee fund certificates | | | - | |
| 3 Mortgage loans | | | - | |
| 4 Real estate | - | - | - | |
| 5 Investment company shares | - | - | - | - |
| 6 Common stock | - | - | - | - |
| 7 Other gains and losses - explain | | | - | |
| 8 Totals | 582 | - | 582 | - |
| | | | *Pg 4, Ln 8, Col 1* | *Pg 4, Ln 21, Col 1* |

## PREMIUM AND LOSS EXHIBITS

### Exhibit 3

### Written and Earned Premiums

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| Line of Business | Direct Written Premiums | Reinsurance Assumed | Paid Dividends | Reinsurance Ceded | Net Written Premiums | Unearned Premiums Dec 31, Prior Year | Unearned Premiums Dec 31, Current Year | Premiums Earned (Col 6 + 7 - 8) |
| Fire & other lines | 140,524 | | | 14,449 | 126,075 | 54,905 | 50,646 | 130,334 |
| | | | | | - | | | - |
| | | | | | - | | | - |
| Assumed reins. | | - | | - | - | | | - |
| Total all lines | 140,524 | - | - | 14,449 | 126,075 | 54,905 | 50,646 | 130,334 |
| | | | | | | *Pg 3, Ln 3, Col 2* | *Pg 3, Ln 3, Col 1* | *Pg 4, Ln 1, Col 1* |

Col 1 If no breakdown is made enter all under "Fire and other lines"
Col 2 Direct and written premiums include policy and survey fees minus return premiums Do not deduct agents' commissions - see instructions
Col 5 Include all reinsurance premiums paid plus or minus reinsurance adjustment-see instructions.
Col 6 equals Col 2 plus Col 3 minus Col 4 minus Col 5
Col. 8 See instructions-State pro-rata method used (50%, monthly, etc ) Monthly
Col 9 equals Col 6 plus Col 7 minus Col 8

### Exhibit 4

### Assessment Income and Receivable

(Use only for post paid assessments or premiums)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| Line of Business | Date When Assessment is Due | Rate | Amount of Base for Levied Assessment | Amount Levied (Col 3 Times Col 4) | Amount Received | Unpaid Balance Dec 31, Current Year | Unpaid Balance Dec 31, Prior Year | Net Assessment Income (Col 6 + 7 - 8) |
| | | | | - | | | | - |
| | | | | - | | | | - |
| | | | | - | | | | - |
| Total all lines | | | - | - | - | - | - | - |
| | | | | | | *Exh 9, Ln 12, Col 1* | | *Pg 4, Ln 2, Col 1* |

### Exhibit 5

### Paid and Incurred Losses

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| Line of Business (type of loss) | Losses Paid Less Salvage and Subrogation | Losses Paid on Reinsurance Assumed | Reinsurance Recovered on Losses Paid | Reinsurance Recoverable on Losses Paid | Net Losses Paid (Col 2 + 3 minus (4+5)) | Net Losses Unpaid Dec 31, Current Year | Net Losses Unpaid Dec. 31, Prior Year | Losses Incurred (Col 6 + 7 - 8) |
| Fire & fire depart. | 15,700 | | - | - | 15,700 | - | - | 15,700 |
| Lightning | 2,109 | | | | 2,109 | - | - | 2,109 |
| Other lines | 13,433 | | | | 13,433 | 1,000 | 2,500 | 11,933 |
| Assumed reins. | | - | | | - | - | - | - |
| Total all lines | 31,242 | - | - | - | 31,242 | 1,000 | 2,500 | 29,742 |
| | | | | *Exh 9, Ln 13, Col 1* | | *Pg 3, Ln 1, Col 1* | *Pg 3, Ln 1, Col 2* | *Pg 4, Ln 4, Col 1* |

## Exhibit 6
## Reinsurance Ceded

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|
| Name and Address of Reinsurer (assuming company) | Type of Contract | Number of Contract | Retention or Attachment Point | Reinsurer's Percent of Participation | Reinsurer's Maximum $ Limit | Reinsurance Recovered on Losses Paid | Reinsurance Recoverable on Losses Paid | Reinsurance Premium | Reinsurer's Unearned Premium |
| Grinnell Mutual Reinsurance Co. | Aggxs | 05-029 | 100,185 | 100 000% | Unlimited | - | - | 14,449 | |
| I 80 at Highway 146 | | | | | | | | | |
| PO Box 790 | | | | | | | | | |
| Grinnell Iowa 50112-0790 | | | | | | | | | |
| NAIC # 14117 | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | Totals | - | - | 14,449 | - |
| | | | | | These totals agree with | *Exh 5 Col 4* | *Exh 5, Col 5* | *Exh 3, Col 5* | |

### Interrogatories

| | |
|---|---|
| 1. Amount of commission received from reinsurer on reinsurance ceded | - |
| 2 (a) Largest single risk insured by your company that may be destroyed in a single occurrence* | 1,883,650 |
| (b) Amount reinsured | 1,783,465 |
| (c) Net at risk (a minus b) | 100,185 |

Is this the total farmstead? (Y/N) Yes

** Any structure or structures and personal property that could be destroyed in a single event or incident by fire, lightning, etc*

## Exhibit 7
## Reinsurance Assumed

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name and Address of Reinsurer /Pool | Type of Contract and Form Number | Premiums Received | Premiums Receivable | Total Premiums Assumed | Premiums Unearned | Expenses Paid and Payable | Losses Paid | Losses Payable | Salvage and Subrogation Received and Receivable | Percent of Participation | Total Liability of Your Company |
| None | | | | - | | | | | | | - |
| | | | | - | | | | | | | - |
| | | | | - | | | | | | | - |
| | | | | - | | | | | | | - |
| | Totals | - | - | - | - | - | - | - | - | | - |
| | | *Exh 3, Col 3* | *Exh 9, Ln 15, Col 1* | | | | *Exh 5, Col 3* | *Exh 5, Col 7* | | | |

## Exhibit 8
## Expenses

| | 1 | 2 | 3 | 4 | |
|---|---|---|---|---|---|
| Operating Expenses | Paid During Year | Unpaid Dec 31 Current Year | Unpaid Dec 31 Prior Year | Incurred Current Year Col 1+ 2 - 3 | |
| 1 Advertising | 1,056 | - | - | 1,056 | |
| 2 Boards, bureaus and associations | 2,223 | | | 2,223 | |
| 3 Commissions | 29,913 | 1,968 | 1,839 | 30,042 | |
| 3a Less commissions on reinsurance | - | | | - | |
| 3b Less commissions on general agency | (9,995) | | | (9,995) | |
| 4 Contributions | - | | | - | |
| 5 Conventions, meetings and education | 3,141 | | | 3,141 | |
| 6 Directors fees | 4,300 | | | 4,300 | |
| 7 Employee benefits | 1,092 | | | 1,092 | |
| 8 Inspection and loss prevention | 50 | | | 50 | |
| 9 Insurance and bonding | 5,312 | | | 5,312 | |
| 10 Interest expense on borrowed money | - | - | - | - | |
| 11 Legal and auditing | 4,585 | | | 4,585 | |
| 12 Loss adjustment expense | 590 | | | 590 | |
| 13 Office equipment and maintenance | - | | | - | |
| 14 Payroll taxes | 3,462 | 112 | 116 | 3,458 | |
| 15 Postage, telephone and exchange | 1,603 | - | - | 1,603 | |
| 16 Printing and stationery | 1,258 | - | - | 1,258 | |
| 17 Rent and lease expense | 3,000 | | | 3,000 | |
| 18 Salaries | 41,460 | | | 41,460 | |
| 19 State taxes and fees | 1,893 | 89 | 23 | 1,959 | |
| 20 Travel and travel items | 3,908 | | | 3,908 | |
| 21 Utilities | - | - | - | - | |
| 22 Depreciation on furniture and fixtures | 281 | | | 281 | |
| 23 Computer | 790 | | | 790 | |
| 24 Scholarships | 1,000 | | | 1,000 | |
| **25 Total - Operating Expenses** | 100,922 | 2,169 | 1,978 | 101,113 | * |
| Investment Expenses | | | | | |
| 26 Interest on real estate encumbrances | - | | | - | |
| 27 Depreciation on real estate | - | | | - | |
| 28 Property tax on real estate | - | | | - | |
| 29 Miscellaneous real estate expenses | 275 | | | 275 | |
| 30 Miscellaneous investment expenses | - | | | - | |
| **31 Total Investment Expenses** | 275 | - | - | 275 | ** |
| 32 Total Expenses | 101,197 | 2,169 | 1,978 | 101,388 | |
| | *Pg 12, Exh 11, Ln 13* | *Pg 3, Ln 2, Col 1* | *Pg 3, Ln 2, Col 2* | | |

** Total Operating Expenses Incurred Ln 25, Col 4 to Pg 4, Ln 5, Col 1*
*** Total Investment Expenses Incurred Ln 31, Col 4 to Exh 1, Ln 9, Col 5*

**Exhibit 9**
**Analysis of Assets**

| | | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| | | Ledger Assets | Non-Ledger Assets | Assets Not Admitted | Net Admitted Assets (Col 1 + 2 - 3) |
| 1 | Cash in company's office | - | | | - |
| 2 | Cash deposited in checking accounts - Schedule A, Total, Col. 6 | 29,939 | | | 29,939 |
| 3 | Cash deposited at interest - Schedule B, Total, Col. 8 | 384,610 | | | 384,610 |
| 4 | Guarantee fund certificates - Schedule C, Total, Col. 7 | - | | | - |
| 5 | Bonds (at amortized cost) - Schedule D-Part 1, Total, Col. 8 | 528,984 | | | 528,984 |
| 6 | Investment company shares - Schedule E-Part 1, Total, Col 5 | 99,711 | | - | 99,711 |
| 7 | Common stock - Schedule F-Part 1, Total, Col. 5 | 1,500 | | - | 1,500 |
| 8 | Mortgage loans on real estate - Schedule G, Total, Col 5 | - | | | - |
| 9 | Real estate (cost less accumulated depreciation and encumbrances) Schedule H-Part 1, Total, Col. 7 | - | | | - |
| 10 | **Agents' balances or uncollected premiums | 3,129 | | | 3,129 |
| 11 | Investment income due and accrued - Exh. 1, Total, Col. 3 | | 6,776 | | 6,776 |
| 12 | **Unpaid assessments receivable - Exh. 4, Total, Col. 7 | - | | | - |
| 13 | Reinsurance recoverable on losses paid - Exh. 5, Total, Col. 5 | - | | | - |
| 14 | *Electronic data processing equipment (cost less depreciation) | - | | - | - |
| 15 | Funds due from reinsurance (other than losses) - Exh 7, Total, Col 4 | - | | | - |
| 16 | Federal tax refund receivable | - | | | - |
| 17 | Premium tax refund receivable | - | | | - |
| 18 | Furniture, fixtures and automobiles | 1,411 | | 1,411 | - |
| 19 | Accounts receivable | - | | | - |
| 20 | | | | | - |
| 21 | Fire extinguishers | | | - | - |
| 22 | Fire alarms | | | - | - |
| 23 | Prepaid expenses | - | | - | - |
| 24 | Totals | 1,049,284 | 6,776 | 1,411 | 1,054,649 |
| | | *Exh 11, Ln 24, Col 1* | | | *Pg 2, Ln 23, Col 1* |

* Computers and related equipment which exceeded $25,000 initial cost

** Agents' balances, uncollected premiums, and assessments over 90 days past due should be shown under Col. 3, Assets Not Admitted.

**Exhibit 10**
**Analysis of Non-Admitted Assets**

| | | 1 | 2 | 3 |
|---|---|---|---|---|
| | | December 31, Prior Year | December 31, Current year | Change for Year Col. 1 Less Col. 2 |
| 1 | Deposits in suspended depositories, less estimated amounts recoverable | | | - |
| 2 | Agents' balances or uncollected premium/assessments over 90 days past due | | - | - |
| 3 | Bills receivable, past due, taken for premium/assessments | | | - |
| 4 | Furniture, fixtures, and automobiles | 536 | 1,411 | (875) |
| 5 | Fire extinguishers | | - | - |
| 6 | Fire alarms | | - | - |
| 7 | Prepaid expenses | - | - | - |
| 8 | EDP equipment | - | - | - |
| 9* | Agency | | | - |
| 10 | | | | - |
| 11 | | | | - |
| 12 | Investment company shares | - | - | - |
| 13 | Assurance partners bank stock | | - | - |
| 14 | Bonds in default | | - | - |
| 15 | | | | - |
| 16 | Totals (including net unrealized gains and losses on invested assets) | 536 | 1,411 | (875) |
| | | *Exh 10, Col 2, Prior Year* | *Exh 9, Col 3* | |
| 17 | Total of items in Col. 3 relating to invested asset write-in items (To Exh. 2, Col. 4) | | | - |
| 18 | Non-admitted assets (Ln. 16 minus Ln. 17) (To Pg. 4, Ln. 20, Col 1) | | | (875) |

*Itemize all other non-admitted assets including unrealized gains and losses on invested assets

## Exhibit 11
## Reconciliation of Ledger Assets

### Increase In Ledger Assets

| | | |
|---|---|---|
| 1 | Net written premiums-Exh 3, Col 6 | 126,075 |
| 2 | Assessment income received-Exh 4, Col 6 | - |
| 3 | From sale or maturity of ledger assets-Exh 2, Ln 8, Col 1 | 582 |
| 4 | Investment income received-Exh 1, Ln 8, Col 1 and 2 | 39,953 |
| 5 | Amounts withheld for the account of others | 3,201 |
| 6 | Borrowed money repaid [gross] | - |
| 7 | Funds payable on reinsurance | - |
| 8 | Federal taxes paid | - |
| 9 | Rounding | |
| 10 | | |
| 11 | Total (Items 1-10) | 169,811 |

### Decrease In Ledger Assets

| | | |
|---|---|---|
| 12 | Net losses paid-Exh 5, Col 6 | 31,242 |
| 13 | Expense paid-Exh 8, Ln 32, Col 1 | 101,197 |
| 14 | From sale or maturity of ledger assets-Exh 2, Ln 8, Col 2 | - |
| 15 | Amounts withheld for account of others | - |
| 16 | Borrowed money [gross] | - |
| 17 | Funds payable on reinsurance | 48 |
| 18 | Federal taxes paid | - |
| 19 | Rounding | |
| 20 | | |
| 21 | Total (Items 12-20) | 132,487 |

### Reconciliation Between Years

| | | |
|---|---|---|
| 22 | Total ledger assets at December 31 of prior year (Exh 9, Ln 22, Col 1, Prior Year) | 1,011,960 |
| 23 | Increase or decrease in ledger assets during the year (Ln 11 minus Ln 21) | 37,324 |
| 24 | Total ledger assets at December 31 of current year (Exh 9, Ln 24, Col 1) | 1,049,284 |

## Schedule A
## Cash Deposited in Checking Accounts

| | 1<br>Name of Financial Institution (followed by address) | 2<br>Actual Balance on Bank Statement December 31 | 3<br>Deduct Checks Outstanding | 4<br>Other Adjustment* Add | 5<br>Other Adjustment* Deduct | 6<br>Net Balance Per Books December 31 |
|---|---|---|---|---|---|---|
| 1 | First Farmers & Merchants State Bank (Fire Company)<br>Brownsdale MN 55918-0157 | 39,948 | 19,806 | | | 20,142 |
| 2 | First Farmers & Merchants State Bank (Agency)<br>Brownsdale MN 55918-0157 | 20,635 | 10,838 | | | 9,797 |
| 3 | | | | | | - |
| 4 | | | | | | - |
| 5 | | | | | | - |
| 6 | | | | | | - |
| | Total | | | | | 29,939 |

*Exh 9, Ln 2, Col 1*

*Please explain adjustments. (If deposit, give date deposit was made). _____

1. Does the Company have excess private deposit insurance for balances exceeding FDIC limits? (Y/N) No
2. Does the Company have an overnight repurchase agreement with the depository that handles the company's primary accounts per Minnesota Statute 67A.231(l)? (Y/N) No

**Schedule B**
**Cash Deposited at Interest**

Showing all banks, trust companies, savings and loan associations, etc., in which deposits were maintained by the Company at any time during the year and the balances, if any, on December 31 of the current year.

| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Name of Financial Institution (followed by address) | Certificate or Acct. # | *Type Account | Interest Rate | **Interest Payable | Date of Issue | Date of Maturity | Book Value December 31 | Interest Amount Received During Year | Interest Amount Due and Accrued December 31 |
| 1 | Associated Bank<br>222 Bush Street, Red Wing, MN 55066 | 2000023748 | CD | 4 910 | CQ | 02/27/06 | 02/27/11 | 50,201 | 2,390 | 230 |
| 2 | Citizens State Bank<br>216 1st Ave NE, PO Box 5, Hayfield, MN 55940-0005 | 85859 | CD | 4 500 | CA | 01/10/07 | 01/10/09 | - | 835 | - |
| 3 | Citizens State Bank<br>216 1st Ave NE, PO Box 5, Hayfield, MN 55940-0005 | 30622 | CD | 2 250 | CA | 01/10/09 | 01/10/11 | 19,331 | - | 423 |
| 4 | Eastwood Bank<br>109 South Mantorville Avenue, Kasson MN 55944 | 5430035678 | CD | 4.830 | CS | 10/09/07 | 08/09/09 | - | 2,296 | - |
| 5 | Eastwood Bank<br>109 South Mantorville Avenue, Kasson MN 55944 | 5430036219 | CD | 2.140 | CQ | 08/09/09 | 07/10/11 | 59,180 | 417 | 180 |
| 6 | Farmers State Bank of Elkton<br>105 Main Street, Elkton MN 55933 | 3156103 | CD | 2 050 | CS | 12/31/09 | 12/31/11 | 61,696 | 2,541 | - |
| 7 | First Farmers & Merchants State Bank<br>106 W Main St , PO Box 157, Brownsdale MN 55918-0157 | 8613 | CD | 3.750 | CA | 01/27/08 | 01/27/10 | 59,362 | 2,289 | 2,061 |
| 8 | First Farmers & Merchants State Bank<br>106 W Main St , PO Box 157, Brownsdale MN 55918-0157 | 8599 | CD | 4.600 | CA | 12/28/07 | 12/28/10 | 16,708 | 1,384 | - |
| 9 | First Security Bank of Byron<br>316 Byron Avenue N, PO Box 128, Byron MN 55920-0128 | 52261 | CD | 5 050 | CS | 02/08/06 | 02/08/11 | 35,213 | 1,713 | 706 |
| 10 | First Security Bank of Byron<br>316 Byron Avenue N, PO Box 128, Byron MN 55920-0128 | 58405 | CD | 4 000 | CS | 09/29/08 | 09/29/10 | 60,739 | 2,359 | 619 |
| 11 | Merchants Bank, National Association<br>1600 Greenview Dr SW, Rochester MN 55902 | 65003344 | CD | 1 700 | CS | 09/26/09 | 09/26/10 | 22,180 | 1,117 | 100 |
| 12 | | | | | | | | - | - | - |
| 13 | | | | | | | | - | - | - |
| 14 | | | | | | | | - | - | - |
| | Totals | | | | | | | 384,610 | 17,341 | 4,319 |
| | | | | | | | | *Exh 9, Ln 3, Col 1* | *Exh 1, Ln 1, Col 1* | *Exh 1, Ln 1, Col 3* |

* Type S=Savings, M=Money Market, CD=Certificate of Deposit

** Payable M=Monthly, Q=Quarterly, S=Semi-Annual, A=Annual

Does the Company have excess private deposit insurance for balances exceeding FDIC limit? (Y/N) No

**Schedule C**
**Guarantee Fund Certificates**

Showing all guarantee fund certificates owned by the Company at any time during the year and the balances, if any, on December 31 of the current year.

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| | Name of Issuing Financial Institution | Certificate # | Interest Rate | **Interest Payable | Date of Issue | Date of Maturity or Redemption | Book value December 31 | Interest Amount Received During Year | Interest Amount Due and Accrued December 31 |
| 1 | None | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |
| 11 | | | | | | | | | |
| 12 | | | | | | | | | |
| 13 | | | | | | | | | |
| 14 | | | | | | | | | |
| | Totals | | | | | | - | - | - |
| | | | | | | | *Exh 9, Ln 4, Col 1* | *Exh 1, Ln 2, Col 1* | *Exh 1, Ln 2, Col 3* |

** Payable M=Monthly, Q=Quarterly, S=Semi-Annual, A=Annual

## Schedule D-Part 1
## Showing all Bonds Owned December 31 of the Current Year

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Description (complete and accurate) | *Cusip # ID | ** Type | Interest Rate | *** Interest Payable | Date of Purchase | Date of Maturity | Book Amortized Value | Par Value | Market Value | Actual Cost | **** Interest Amount Received | Interest Accrued Dec 31 Current Year | Increase by Adjustment in Book Value During Year | Decrease by Adjustment in Book Value During Year |
| 1 | Household Finance Notes 6 8% | 44181EBF4 | C | 6 800 | S | 10/31/02 | 06/15/11 | 44,241 | 45,000 | 46,948 | 44,242 | 3,060 | 136 | 233 | - |
| 2 | Boeing Capital Corp Notes 6 5% | 097014AG9 | C | 6.500 | S | 02/24/04 | 02/15/12 | 10,514 | 10,000 | 10,937 | 10,485 | 650 | 246 | - | 232 |
| 3 | Bank of America Inter Notes 5 9% | 06050XGB3 | C | 5 900 | S | 05/09/05 | 06/15/12 | 9,229 | 9,000 | 9,412 | 9,203 | 531 | 24 | - | 90 |
| 4 | Amentech Capital Funding 6 45% | 030955AM0 | C | 6 450 | S | 04/13/05 | 01/15/18 | 5,401 | 5,000 | 5,261 | 5,382 | 323 | 149 | - | 49 |
| 5 | Certificate of Accrual (CAT) | 156883NG1 | G | 7 236 | CS | 08/23/96 | 02/15/12 | 17,219 | 20,000 | 19,381 | 17,175 | - | - | 1,181 | - |
| 6 | FICO Strips Series 5 | 31771CNG6 | G | 7 475 | CS | 08/23/96 | 02/08/16 | 3,202 | 5,000 | 3,902 | 3,186 | - | - | 227 | - |
| 7 | FHLMC CMO 2003 2695 | 31394L7G1 | M | 4 000 | M | 12/08/09 | 10/15/18 | 67,250 | 65,000 | 66,424 | 67,250 | (51) | 216 | - | 25 |
| 8 | FHR 2642 BE | 31393VVR9 | M | 5 000 | M | 12/17/04 | 07/15/23 | 64,280 | 65,000 | 66,264 | 64,280 | 3,250 | 271 | 80 | - |
| 9 | WAMU 2002-S8 1A5 | 929227B54 | M | 5 750 | M | 11/25/03 | 01/25/33 | 27,052 | 26,772 | 26,544 | 27,052 | 3,574 | 148 | - | 420 |
| 10 | MASTR 2003-9 2A2 | 55265KP52 | M | 5 500 | M | 09/25/03 | 10/25/33 | 50,000 | 50,000 | 50,165 | 50,000 | 2,749 | 229 | - | - |
| 11 | CWALT 2005-73CB 1A2 | 12668AT70 | M | 6 250 | M | 03/30/06 | 01/25/36 | 45,000 | 45,000 | 29,281 | 46,000 | 2,812 | 234 | - | - |
| 12 | FHR 3387 CC | 31397PF54 | M | 6 000 | M | 12/29/08 | 06/15/37 | 53,351 | 53,000 | 52,499 | 53,351 | 3,180 | 265 | - | 39 |
| 13 | FNMA CMO 2009 70 GD | 31396QXT1 | M | 5 000 | M | 12/15/09 | 03/25/39 | 66,113 | 65,000 | 64,041 | 66,113 | (262) | 271 | - | 25 |
| 14 | GNMA CMO 2009 93 DA | 38376KCY5 | M | 5 000 | M | 12/18/09 | 07/01/39 | 66,132 | 65,000 | 63,338 | 66,132 | (63) | 268 | - | 25 |
| 15 | | | | | | | | - | - | - | - | - | - | - | - |
| 16 | | | | | | | | - | - | - | - | - | - | - | - |
| 17 | | | | | | | | - | - | - | - | - | - | - | - |
| 18 | | | | | | | | - | - | - | - | - | - | - | - |
| 19 | | | | | | | | - | - | - | - | - | - | - | - |
| 20 | | | | | | | | - | - | - | - | - | - | - | - |
| | Totals | | | | | | | 528,984 | 528,772 | 514,397 | 529,851 | 19,753 | 2,457 | 1,721 | 905 |
| | | | | | | | | *Exh 9, Ln 5, Col 1* | | | | *Exh 1, Ln 3, Col 1* | *Exh 1, Ln 3, Col 3* | *Exh 1, Ln 3, Col 2* | *Exh 1, Ln 3, Col 2* |

* CUSIP # obtained from broker

**Type C=Corporate, CD=Broker CD (i e Tradable CD's), G=Municipal, City, State or Federal Bond M=Mortgage Backed Bond

*** Payable M=Monthly, Q=Quarterly, S=Semi-Annual, A=Annual, CS=Compound Semi-Annual

**** Gross amount of interest received during year less amount paid for accrual

**Schedule D- Part 2**
**Showing all Bonds Sold, Redeemed, or Otherwise Disposed of During the Year**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Description (complete and accurate) | Cusip # ID | Name of Purchaser | Disposal Date | Consideration Received | Book Value at Disposal Date | Par Value | Increase by Adjustment in Book Value During Year | Decrease by Adjustment in Book Value During Year | Profit on Disposal | Loss on Disposal | Interest Received During Year |
| 1 | GNMA 2006-62K | 38374N2G1 | Merrill Lynch | 08/21/09 | 9,662 | 9,662 | 9,662 | | | - | - | 179 |
| 2 | BOAMS 2004-3 1A1 | 05949AAA8 | Merrill Lynch | 09/28/09 | 3,656 | 3,656 | 3,656 | | | - | - | 135 |
| 3 | FICO Strips Series C | 31771JUW8 | Merrill Lynch | 11/11/09 | 10,000 | 9,418 | 10,000 | | | 582 | - | - |
| 4 | Dow Chemical | 26054LBV4 | Merrill Lynch | 11/16/09 | 25,000 | 25,000 | 25,000 | | | - | - | 1,338 |
| 5 | | | | | | | | | | - | - | - |
| 6 | | | | | | | | | | - | - | - |
| 7 | | | | | | | | | | - | - | - |
| 8 | | | | | | | | | | - | - | - |
| 9 | | | | | | | | | | - | - | - |
| 10 | | | | | | | | | | - | - | - |
| 11 | | | | | | | | | | - | - | - |
| 12 | | | | | | | | | | - | - | - |
| 13 | | | | | | | | | | - | - | - |
| 14 | | | | | | | | | | - | - | - |
| 15 | | | | | | | | | | - | - | - |
| 16 | | | | | | | | | | - | - | - |
| 17 | | | | | | | | | | - | - | - |
| 18 | | | | | | | | | | - | - | - |
| 19 | | | | | | | | | | - | - | - |
| 20 | | | | | | | | | | - | - | - |
| | Totals | | | | 48,318 | 47,736 | 48,318 | - | - | 582 | - | 1,652 |
| | | | | | | | | *Exh 1, Ln 3, Col 2* | *Exh 1, Ln 3, Col 2* | *Exh 2, Ln 1, Col 1* | *Exh 2, Ln 1, Col 2* | *Exh 1, Ln 3, Col 1* |

**Schedule E-Part 1**
**Showing all Investment Company Shares Owned December 31 of the Current Year**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Description (complete and accurate) | Cusip # ID | Number of Shares | Year First Acquired | *Actual Cost | Rate Per Share Used to Obtain Market Value | Market Value | Statement Value (lower of cost or market) | Dividends/ Amount Received During Year | Dividends/ Declared But Unpaid at December 31 |
| 1 | RMA Money Market Portfolio | 695990AC5 | 0 00 | 0/0/91 | - | 1 00 | - | - | 224 | - |
| 2 | Merrill Lynch | 990288946 | 99,710 86 | 02/24/09 | 99,711 | 1 00 | 99,711 | 99,711 | 167 | - |
| 3 | | | | | - | | - | - | - | - |
| 4 | | | | | - | | - | - | - | - |
| 5 | | | | | - | | - | - | - | - |
| 6 | | | | | - | | - | - | - | - |
| 7 | | | | | - | | - | - | - | - |
| 8 | | | | | - | | - | - | - | - |
| 9 | | | | | - | | - | - | - | - |
| 10 | | | | | - | | - | - | - | - |
| 11 | | | | | - | | - | - | - | - |
| 12 | | | | | - | | - | - | - | - |
| 13 | | | | | - | | - | - | - | - |
| 14 | | | | | - | | - | - | - | - |
| 15 | | | | | - | | - | - | - | - |
| 16 | | | | | - | | - | - | - | - |
| 17 | | | | | - | | - | - | - | - |
| 18 | | | | | - | | - | - | - | - |
| 19 | | | | | - | | - | - | - | - |
| 20 | | | | | - | | - | - | - | - |
| | Totals | | | | 99,711 | | 99,711 | 99,711 | 391 | - |
| | | | | | *Exh 9, Ln 6, Col 1* | | | *Exh 9, Ln 6, Col 4* | *Exh 1, Ln 4, Col 1* | *Exh 1, Ln 4, Col 3* |

* Investment company shares shall not exceed 20 percent of the Company's surplus

**Schedule E-Part 2**
**Showing all Investment Company Shares Sold, Redeemed, or Otherwise Disposed of During the Year**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Description (complete and accurate) | Cusip # ID | Name of Purchaser | Disposal Date | Number of Shares | Consideration Received | Actual Cost | Profit on Disposal | Loss on Disposal | Dividends Received During Year |
| 1 | None | | | | | | | - | - | - |
| 2 | | | | | | | | - | - | - |
| 3 | | | | | | | | - | - | - |
| 4 | | | | | | | | - | - | - |
| 5 | | | | | | | | - | - | - |
| 6 | | | | | | | | - | - | - |
| 7 | | | | | | | | - | - | - |
| 8 | | | | | | | | - | - | - |
| 9 | | | | | | | | - | - | - |
| 10 | | | | | | | | - | - | - |
| 11 | | | | | | | | - | - | - |
| 12 | | | | | | | | - | - | - |
| 13 | | | | | | | | - | - | - |
| 14 | | | | | | | | - | - | - |
| 15 | | | | | | | | - | - | - |
| 16 | | | | | | | | - | - | - |
| 17 | | | | | | | | - | - | - |
| 18 | | | | | | | | - | - | - |
| 19 | | | | | | | | - | - | - |
| 20 | | | | | | | | - | - | - |
| | Totals | | | | | - | - | - | - | - |
| | | | | | | | | *Exh 2, Ln 5, Col 1* | *Exh 2, Ln 5, Col 2* | *Exh 1, Ln 4, Col 1* |

## Schedule F-Part 1
## Showing all Common Stock Owned December 31 of the Current Year

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Description (complete and accurate) | Cusip # ID | Number of Shares | Year First Acquired | Actual Cost | Rate Per Share Used to Obtain Market Value | Market Value | Statement Value (lower of cost or market) | Dividends/Amount Received Dunng Year | Dividends/Declared But Unpaid at December 31 |
| 1 | Namico Stock Certificate # 553 | 62989*105 | 30 | 1988 | 1,500 | 187 76 | 5,633 | 1,500 | | |
| 2 | | | | | | | - | - | | |
| 3 | | | | | | | - | - | | |
| 4 | | | | | | | - | - | | |
| 5 | | | | | | | - | - | | |
| 6 | | | | | | | - | - | | |
| 7 | | | | | | | - | - | | |
| 8 | | | | | | | - | - | | |
| 9 | | | | | | | - | - | | |
| 10 | | | | | | | - | - | | |
| 11 | | | | | | | - | - | | |
| 12 | | | | | | | - | - | | |
| 13 | | | | | | | - | - | | |
| 14 | | | | | | | - | - | | |
| 15 | | | | | | | - | - | | |
| 16 | | | | | | | - | - | | |
| 17 | | | | | | | - | - | | |
| 18 | | | | | | | - | - | | |
| 19 | | | | | | | - | - | | |
| 20 | | | | | | | - | - | | |
| | Totals | | | | 1,500 | | 5,633 | 1,500 | - | - |
| | | | | | *Exh 9, Ln 7, Col 1* | | | *Exh 9, Ln 7, Col 4* | *Exh 1, Ln 5, Col 1* | *Exh 1, Ln 5, Col 3* |

**Schedule F-Part 2**
**Showing all Common Stock Sold, Redeemed, or Otherwise Disposed of During the Year**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Description (complete and accurate) | Cusip # ID | Name of Purchaser | Disposal Date | Number of Shares | Consideration Received | Actual Cost | Profit on Disposal | Loss on Disposal | Dividends Received During Year |
| 1 | None | | | | | | | - | - | |
| 2 | | | | | | | | - | - | |
| 3 | | | | | | | | - | - | |
| 4 | | | | | | | | - | - | |
| 5 | | | | | | | | - | - | |
| 6 | | | | | | | | - | - | |
| 7 | | | | | | | | - | - | |
| 8 | | | | | | | | - | - | |
| 9 | | | | | | | | - | - | |
| 10 | | | | | | | | - | - | |
| 11 | | | | | | | | - | - | |
| 12 | | | | | | | | - | - | |
| 13 | | | | | | | | - | - | |
| 14 | | | | | | | | - | - | |
| 15 | | | | | | | | - | - | |
| 16 | | | | | | | | - | - | |
| 17 | | | | | | | | - | - | |
| 18 | | | | | | | | - | - | |
| 19 | | | | | | | | - | - | |
| 20 | | | | | | | | - | - | |
| | Totals | | | | | - | - | - | - | - |
| | | | | | | | | *Exh 2, Ln 6, Col 1* | *Exh 2, Ln 6, Col 2* | *Exh 1, Ln 5, Col 1* |

## Schedule G

## Mortgage Loans Owned December 31 of the Current Year and all Mortgage Loans Made, Increased, Discharged, Reduced, or Disposed of During the Year

| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mortgagor (followed by address of property) | Date Given | Date Due | Original Amount of Loan | Unpaid Balance Dec 31 Current Year | Interest Dates Due | Interest Rate | *Interest Amount Received | Interest Accrued Dec 31 Current Year | Value of Lands Mortgaged | Value of Buildings | Amount of Fire Insurance Held by Company on Building |
| 1 | None | | | | | | | | | | | |
| 2 | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | |
| | Totals | | | - | - | | | - | - | - | - | - |
| | | | | | *Exh 9, Ln 8, Col 1* | | | *Exh 1, Ln 6, Col 1* | *Exh 1, Ln 6, Col 3* | | | |

*Gross amount of interest received during year less amount paid for accrual

## Schedule H-Part 1
## Real Estate Owned December 31 of the Current Year

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|
| | Description of Property (include location and year acquired) | Actual Cost | Amount of Encumbrances | Improvements to Home Office | Current year Depreciation | Accumulated Depreciation | Book Value Dec 31 Prior Year Col 7 | Book Value Dec 31 Current Year (Col 1 - 2 + 3) - 5 | Rental Income Received |
| 1 | None | | | | - | | | - | |
| 2 | | | | | | | | - | |
| 3 | | | | | | | | - | |
| 4 | | | | | | | | - | |
| 5 | | | | | | | | - | |
| 6 | | | | | | | | - | |
| 7 | | | | | | | | - | |
| 8 | | | | | | | | - | |
| 9 | | | | | | | | - | |
| 10 | | | | | | | | - | |
| | Totals | - | - | - | - | - | - | - | - |
| | | | | | | | | *Exh 9, Ln 9, Col 1* | *Exh 1, Ln 7, Col 1* |

**Schedule H-Part 2**
**Real Estate Sold or Otherwise Disposed of During the Year**

| | 1<br>Description of Property<br>(include location and year acquired) | 2<br>Disposal Date | 3<br>Name of Purchaser | 4<br>Book Value at Date of Sale, Less Encumbrances | 5<br>Amount Received | 6<br>Profit on Sale | 7<br>Loss on Sale | 8<br>Gross Income |
|---|---|---|---|---|---|---|---|---|
| 1 | None | | | | | - | - | |
| 2 | | | | | | - | - | |
| 3 | | | | | | - | - | |
| 4 | | | | | | - | - | |
| 5 | | | | | | - | - | |
| 6 | | | | | | - | - | |
| 7 | | | | | | - | - | |
| 8 | | | | | | - | - | |
| 9 | | | | | | - | - | |
| | Totals | | | - | - | - | - | - |
| | | | | | | *Exh 2, Ln 4, Col 1* | *Exh 2, Ln 4, Col 2* | *Exh 1, Ln 7, Col 1* |

Vernon Edda Mutual Fire Insurance Company

**Schedule I**

All salaries and other emoluments paid to directors, officers, employees of the Company and independent attorneys, accountants, adjusters, inspectors and consultants during the current year

| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Title | Name of Payee | Member of Company? Yes or No | Salary | Fringe Benefits | Commission | Loss Adjustment | Loss Prevention (inspection) | Director or Policy Fee Paid or Retained | All Other (footnote)* | Ref # | Total |
| 1 | President | Doug Streightiff | Yes | | | | | | 950 | 39 | 5 | 989 |
| 2 | Vice-President | Oliver Thoe | Yes | | | 13,850 | | | 600 | 120 | 5 | 14,570 |
| 3 | Secretary | Danny Linbo | Yes | | | | | | 650 | 3,000 | 4 | 3,650 |
| 4 | Treasurer | Diane Linbo | Yes | | | | | | | | | - |
| 5 | **Total Officers** | | | - | - | 13,850 | - | - | 2,200 | 3,159 | | 19,209 |
| 6 | Director | Gary Dahle | Yes | | | | | | 650 | 130 | 5 | 780 |
| 7 | Director | Jerome Nelson | Yes | | | | | | 500 | 180 | 5 | 680 |
| 8 | Director | Robert Senjem | Yes | | | | | | 650 | 208 | 5 | 858 |
| 9 | Director | Darrel Janes | Yes | | | | | | 300 | 66 | 5 | 366 |
| 10 | Director | | | | | | | | | | | - |
| 11 | Director | | | | | | | | | | | - |
| 12 | Director | | | | | | | | | | | - |
| 13 | Director | | | | | | | | | | | - |
| 14 | Director | | | | | | | | | | | - |
| 15 | **Total Directors** | | | - | - | - | - | - | 2,100 | 584 | | 2,684 |
| 16 | Manager | Michelle Vigeland | No | | | | | | | | | - |
| 17 | Employee | Diane Linbo | Yes | 5,060 | | | | | | | | 5,060 |
| 18 | Employee | Danny Linbo-Retired 12/31/2009 | Yes | 36,400 | 1,092 | 3,817 | 360 | 330 | 650 | 1,960 | 5 | 44,609 |
| 19 | Agent | | | | | | | | | | | - |
| 20 | Agent | | | | | | | | | | | - |
| 21 | Agent | | | | | | | | | | | - |
| 22 | Agent | | | | | | | | | | | - |
| 23 | Agent | Vernon Edda Agency | | | | 4,999 | | | | | | 4,999 |
| 24 | Agent | CO Brown | | | | 310 | | | | | | 310 |
| 25 | Agent | Safeway Agency | | | | 4,837 | | | | | | 4,837 |
| 26 | Agent | Claremont Agency | | | | 2,100 | | | | | | 2,100 |
| 27 | **Total Employees and Agents** | | | 41,460 | 1,092 | 16,063 | 360 | 330 | 650 | 1,960 | | 61,915 |
| 28 | Legal | | | | | | | | | | | - |
| 29 | Accounting | | | | | | | | | | | - |
| 30 | Auditing | Jim Barta CPA | | | | | | | | 3,820 | 2 | 3,820 |
| 31 | Adjusting | Dodge Vet Clinic | | | | | 230 | | | | | 230 |
| 32 | Inspecting | | | | | | | | | | | - |
| 33 | Consulting | | | | | | | | | | | - |
| 34 | **Total for Independent Services** | | | | | | 230 | - | | 3,820 | | 4,050 |
| 35 | **Total Lines 5, 15, 27, and 34** | | | | | | | | | | | 87,858 |

*FOOTNOTES (reference #)

(1) General agency commission
(2) Audit & Accounting
(3) Legal
(4) Rent
(5) Travel
(6)
(7)
(8)
(9)
(10)
(11)
(12)

**Management Ratios**

| | | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|
| | | Current Year | Prior Year | Next Prior Year | Next Prior Year | Next Prior Year | Next Prior Year |
| | **Gross Written Premium Ratio** | | | | | | |
| 1 | Gross written premium (Exh 3, Col 2, plus 3) | 140,524 | 131,490 | 129,034 | 138,032 | 139,956 | 131,529 |
| | divided by policyholder's surplus (Pg 3, Ln 17) | 989,796 | 951,500 | 878,594 | 819,233 | 816,767 | 796,462 |
| | equals the gross written premium ratio of | 14 2% | 13 8% | 14.7% | 16 8% | 17.1% | 16.5% |
| | **Net Written Premium Ratio** | | | | | | |
| 2 | Net written premiums (Exh 3, Col 6) | 126,075 | 115,055 | 106,224 | 119,321 | 120,515 | 108,518 |
| | divided by policyholder's surplus(Pg 3, Ln 17) | 989,796 | 951,500 | 878,594 | 819,233 | 816,767 | 796,462 |
| | equals the net written premium ratio of | 12.7% | 12 1% | 12.1% | 14 6% | 14.8% | 13.6% |
| | **Gross Loss Ratio** | | | | | | |
| 3 | Gross losses paid (Exh 5, Col 2 plus 3) | 31,242 | 3,257 | 21,002 | 219,426 | 54,652 | 45,434 |
| | divided by gross written premiums (Exh 3, Col 2 plus 3) | 140,524 | 131,490 | 129,034 | 138,032 | 139,956 | 131,529 |
| | equals the gross loss ratio of | 22.2% | 2.5% | 16.3% | 159.0% | 39 0% | 34.5% |
| | **Net Loss Ratio** | | | | | | |
| 4 | Net losses paid (Exh 5, Col 6) | 31,242 | 3,257 | 7,623 | 77,294 | 54,652 | 45,434 |
| | divided by net written premiums (Exh 3, Col 6) | 126,075 | 115,055 | 106,224 | 119,321 | 120,515 | 108,518 |
| | equals the net loss ratio of | 24 8% | 2.8% | 7.2% | 64 8% | 45.3% | 41.9% |
| | **Operating Expense Ratio** | | | | | | |
| 5 | Operating expenses paid (Exh 8, Ln 25, Col 1) | 100,922 | 83,820 | 81,040 | 89,539 | 84,665 | 81,453 |
| | divided by gross written premiums (Exh 3, Col 2 plus 3) | 140,524 | 131,490 | 129,034 | 138,032 | 139,956 | 131,529 |
| | equals the operating expense ratio of | 71 8% | 63 7% | 62.8% | 64.9% | 60.5% | 61.9% |
| | **Investment Yield** | | | | | | |
| 6 | Investment income earned (Exh 1, Ln 10, Col 5) | 39,111 | 42,948 | 45,460 | 42,699 | 38,831 | 39,016 |
| | divided by the sum of admitted assets (Pg 2, Ln 1 thru 9) Col 1 | 1,044,744 | 1,005,085 | 923,465 | 869,345 | 856,980 | 839,336 |
| | equals the investment yield of | 3.7% | 4 3% | 4.9% | 4.9% | 4.5% | 4.6% |
| | **Change In Surplus Ratio** | | | | | | |
| | Stated surplus current year (Pg 3, Ln 17, Col 1) | 989,796 | 951,500 | 878,594 | 819,233 | 816,767 | 796,462 |
| 7 | less stated surplus prior year (Pg 3, Ln 17, Col 2) | 951,500 | 878,594 | 819,233 | 816,767 | 796,462 | 765,728 |
| | equals change in surplus current year (Pg 4, Ln 25, Col 1) | 38,296 | 72,906 | 59,361 | 2,466 | 20,305 | 30,734 |
| | divided by stated surplus prior year (from above) | 951,500 | 878,594 | 819,233 | 816,767 | 796,462 | 765,728 |
| | equals the change in surplus ratio of | 4.0% | 8.3% | 7.2% | 0.3% | 2.5% | 4.0% |

## General Interrogatories

| | | |
|---|---|---|
| 1 (a) Have any amendments been made to the Company's Articles of Incorporation or Bylaws during the past year? | | No |
| (b) If so, have all amendments been filed with the Commissioner of Commerce? | | N/A |
| (c) What date were the amendments filed? | N/A | |
| 2 (a) Does the company issue the Easy to Read Minnesota Standard Township Mutual Insurance Policy? | | Yes |
| If NO, state type of policy issued | N/A | |
| (b) Are all policy forms which are used by the Company on file with the Commissioner of Commerce? | | Yes |
| (c) Does your Company write a combination policy with any other company? | | Yes |
| If YES, state names of companies and types of policies | North Star Mutual-Farmowners & Package Policies<br>Grinnell Mutual Reinsurance Co -Farmowners & Package Policies<br>Packaging companies cover the perils that the mutual cannot by statutes insure | |
| (d) Is this business done through a separate agency? | | Yes |
| (e) Name the agency | Vernon Edda General Agency | |
| (f) Does your Company own the general agency? | | Yes |
| 3 Total number of counties in which the Company is authorized to do business? | | 6 |
| List counties in alphabetical order | Dodge Freeborn Goodhue Mower Olmsted<br>Steele | |
| 4 Total number of townships in which the Company is authorized to do business? | | 105 |
| 5 (a) How many members on the Board of Directors? | | 7 |
| (b) How many Board of Director's meetings during the year? | | 13 |
| (c) What is the average attendance? | | 6 |
| 6 Has Company established an annual policy for disclosure to its Board of any interest or affiliation on the part of its officers, directors, or responsible employees which is in conflict or likely to conflict with their official duties? (Y/N) | | Yes |
| How is such disclosure made? | Verbally | |
| 7 (a) Has any officer, director, or employee filed a loss claim with the Company during the year? | | Yes |
| If so, give name, amount, and date paid | Darrell Janes, $500 on August 10, 2009 | |
| (b) During the current year, did any officer, director, or employee receive directly or indirectly any compensation in addition to their regular compensation on account of any reinsurance transactions of the Company? | | No |
| If YES, please explain | N/A | |
| 8 (a) Are members notified in advance of the time and place of annual and special meetings? | | Yes |
| Number of days advance notice given? | | 10 |
| How are members notified? | Mail | |
| (b) Is the date of the annual meeting prescribed in the Articles of Incorporation or Bylaws? | | Yes |
| Insurance policy? | | No |
| Other? | | No |
| Specify | N/A | |
| (c) Are members informed of vacancies on the Board of Directors? | | Yes |
| How? | Mail | |
| (d) Are members informed of vacancies on the Board before nominations are closed? | | Yes |
| If NO, when are they notified? | N/A | |
| (e) Number of policyholders attending the last annual meeting? | | 49 |
| (f) Does the Company provide an annual financial report to the policyholders? | | Yes |
| If YES, attach a copy | | |
| (g) Has each member been given a copy of the Company's current Articles of Incorporation and Bylaws? | | No |
| If YES, how? | N/A | |
| 9 Are the funds of any other company intermingled with the funds of the Company? (ie checking account, etc ) | | No |
| If YES, Explain in detail | N/A | |

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To the Board of Directors and Policyholders:

I have compiled the statutory statements of admitted assets, liabilities and policyholders' surplus of Vernon Edda Mutual Fire Insurance Company (the Company) as of December 31, 2009 and 2008, and the related statutory statements of income and the schedules of operating and investment expenses, for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

The Company's financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Minnesota Department of Commerce which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on a statutory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying 2008 financial statements were compiled from financial statements that did not omit substantially all of the disclosures ordinarily included in financial statements prepared on a statutory basis of accounting and that were previously audited, as indicated in the unqualified report dated October 30, 2009.

Jim Barta

Jim Barta CPA PA

February 4, 2010