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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

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning , 2010 , and ending , 20

B Check if applicable	C Name of organization Vernon Edda Mutual Fire Insurance Company	D Employer identification number
☐ Address change	Doing Business As	41-0592872
☐ Name change	Number and street (or P O box if mail is not delivered to street address) Room/suite	E Telephone number
☐ Initial return	451 2nd Street SW, Blooming Prairie	(507) 583-4234
☐ Terminated	City or town, state or country, and ZIP + 4	
☐ Amended return	Blooming Prairie MN 55917	G Gross receipts $ 266,649
☐ Application pending	F Name and address of principal officer Doug Streightiff-President 64750 310th Street, Dexter MN 55026	H(a) Is this a group return for affiliates? ☐ Yes ☑ No
		H(b) Are all affiliates included? ☐ Yes ☐ No
		If "No," attach a list (see instructions)
I Tax-exempt status	☐ 501(c)(3) ☑ 501(c)(15) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527	H(c) Group exemption number ▶
J Website: ▶ None		
K Form of organization	☑ Corporation ☐ Trust ☐ Association ☐ Other ▶	L Year of formation 1874 M State of legal domicile MN

Part I Summary

Activities & Governance	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)	7
	4	Number of independent voting members of the governing body (Part VI, line 1b)	7
	5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	1
	6	Total number of volunteers (estimate if necessary)	0
	7 a	Total gross unrelated business revenue from Part VIII, column (C), line 12	0
	b	Net unrelated business taxable income from Form 990-T, line 34	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)		0
	9	Program service revenue (Part VIII, line 2g)	140,524	149,106
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	39,969	37,771
	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)	180,493	186,877
Expenses	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)	29,742	9,381
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	69,317	59,412
	16 a	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)	42,264	55,434
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	141,323	124,227
	19	Revenue less expenses Subtract line 18 from line 12	39,170	62,650

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	1,054,649	1,130,077
	21	Total liabilities (Part X, line 26)	64,854	77,253
	22	Net assets or fund balances. Subtract line 21 from line 20	989,795	1,052,824

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

▶ X Michelle Vigeland — Signature of officer — Date: X 4-1-11

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Jim Barta	Jim Barta	3/8/2011		P00064730

Firm's name ▶ Jim Barta CPA PA — Firm's EIN ▶ 20-1991134

Firm's address ▶ 401 Sherman St, PO Box 1879, N Mankato, MN 56002-1879 — Phone no (507) 625-4245

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☐

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 section 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 $ 55,434 including grants of $ _____) (Revenue $ 186,877)
We have provided property insurance for our members per section 501(c)(15)
Number of Members: 220
Insurance in Force 97,869,702

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** ► 55,434

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? (see instructions)	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, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *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	If the organization's answer to any of the following questions is "Yes" then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a		X
b	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*	11b		X
c	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*	11c		X
d	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*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	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 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		X
12 a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		X
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, Parts I and IV*	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, Parts II and IV*	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, Parts III and IV*	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 (see instructions)*	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 a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a		X
b	If "Yes" to line 20a, did the organization attach its audited financial statements to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	N/A	

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 line 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 (or a family member thereof) 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)?	35		X
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ Yes ☑ No			
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**

Check if Schedule O contains a response to any question in this Part V ☐

				Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	9		
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	1			
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* (see instructions)					
3 a	Did the organization have unrelated business gross income of $1,000 or more during the year?			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 instructions for 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?			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	N/A	
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	N/A	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e	N/A	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f	N/A	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g	N/A	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	N/A	
8	**Sponsoring organizations 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	N/A	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b	N/A	
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				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state?			13a	N/A	
	Note. See the instructions for additional information the organization must report on Schedule O.					
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14 a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b	N/A	

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.*

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1 a	Enter the number of voting members of the governing body at the end of the tax year	1a	7		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	7		
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 governing documents since the prior Form 990 was filed?		4		X
5	Did the organization become aware during the year of a significant 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*		9		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 a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a		X
b	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		X
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		X
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, Manager 451 2nd Street SW, Blooming Prairie MN 55917

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

Check if Schedule O contains a response to any question in this Part VII . . . . . ☐

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

- 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 neither the organization nor any related organizations compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
(1) Doug Streightiff-President	Part-Time	X		X				850		180
(2) Oliver Thoe-Vice-President	Part-Time	X		X				5,918		224
(3) Danny Linbo-Secretary	Part-Time	X		X				4,642		555
(4) Gary Dahle-Director	Part-Time	X						495		220
(5) Jerome Nelson-Director	Part-Time	X						605		390
(6) Robert Senjem-Director	Part-Time	X						605		652
(7) Darrel Janes-Director	Part-Time	X						385		91
(8) Diane Linbo-Treasurer	Part-Time			X				0		0
(9) Michelle Vigeland-Manager	Full-Time				X	X		38,304		2,398
(10)										
(11)										
(12)										
(13)										
(14)										
(15)										
(16)										

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
(26)										
(27)										
(28)										
1b **Sub-total** ►								0	0	0
c **Total from continuation sheets to Part VII, Section A** ►								51,804	0	4,710
d **Total (add lines 1b and 1c)** ►								51,804	0	4,710

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 or individual 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	149,106	149,106		
	b		0			
	c		0			
	d		0			
	e		0			
	f All other program service revenue		0			
	g **Total.** Add lines 2a-2f		149,106			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		38,402	38,402		
	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			
	7a Gross amount from sales of assets other than inventory	(i) Securities 80,403	(ii) Other			
	b Less cost or other basis and sales expenses	79,772				
	c Gain or (loss)	(631)				
	d Net gain or (loss)		(631)	-631		
	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		186,877	186,877	0	0

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations 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	9,381			
5 Compensation of current officers, directors, trustees, and key employees	56,514			
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	2,898			
11 Fees for services (non-employees)				
a Management				
b Legal	1,591			
c Accounting	4,150			
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion	745			
13 Office expenses	6,062			
14 Information technology				
15 Royalties				
16 Occupancy	0			
17 Travel	425			
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	5,462			
20 Interest	0			
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	379			
23 Insurance	5,340			
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.)				
a State Taxes & Fees	2,518			
b Commissions	583			
c Adjusting and Inspecting	84			
d Reinsurance Premium	15,162			
e Real Estate Expense	0			
f All other expenses	12,933			
25 **Total functional expenses.** Add lines 1 through 24f	124,227			
26 **Joint Costs.** Check here ► ☐ if following SOP 98-2 (ASC 958-720) 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	29,939	1	43,650
	2	Savings and temporary cash investments	484,321	2	558,099
	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)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		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 -	0	10c	0
	11	Investments--publicly traded securities	530,484	11	515,087
	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	9,905	15	13,241
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	1,054,649	16	1,130,077
Liabilities	17	Accounts payable and accrued expenses	11,967	17	11,356
	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	52,887	25	65,897
	26	**Total liabilities.** Add lines 17 through 25	64,854	26	77,253
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	989,795	32	1,052,824
	33	Total net assets or fund balances	989,795	33	1,052,824
	34	Total liabilities and net assets/fund balances	1,054,649	34	1,130,077

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	186,877
2	Total expenses (must equal Part IX, column (A), line 25)	2	124,227
3	Revenue less expenses Subtract line 2 from line 1	3	62,650
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	989,795
5	Other changes in net assets or fund balances (explain in Schedule O)	5	379
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,052,824

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☑

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☐ Accrual ☑ Other Statutory 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 separate basis, consolidated 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

2010

Open to Public Inspection

Name of the organization	Employer identification number
Vernon Edda Mutual Fire Insurance Company	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 education)
- ☐ Preservation of an historically important land area
- ☐ Protection of natural habitat
- ☐ Preservation of a certified historic structure
- ☐ Preservation of open space

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, and not on a historic structure listed in the National Register	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 (ASC 958), 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 (ASC 958), 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 (ASC 958) 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 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
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
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
(1)	Federal income taxes	
(2)	**Unearned Premiums**	**62,579**
(3)	**Unpaid Losses**	**2,000**
(4)	**Reinsurance Premium Payable**	**1,318**
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶		**65,897**

2. FIN 48 (ASC 740) 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 (ASC 740).

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

2010

Open to Public Inspection

Name of the organization
Vernon Edda Mutual Fire Insurance Company

Employer identification number
41-0592872

Part VI:

Line 2: The Company manager is the daughter of a director.

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

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

Line 11: The Company hires a CPA firm to 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.

Part XI:

Line 5: Change in non-admitted assets $379

Part XII:

Line 1: Correct accounting method is Statutory. Accrual was listed in prior year but Statutory is correct.

Name of the organization	Employer identification number
Vernon Edda Mutual Fire Insurance Company	41-0592872

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, 2010

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	266,649		
Modification per IRS Notice 2006-42:			
Refunds	1,513		
Capital Losses	631		
Form 990, Page 9, Line 7A,	(79,772)		
Gross Receipts per IRS Notice 2006-42 (Amount meets the $600,000 limitation)	189,021		
Premium Income per Form 990, Page 1, Line 9	149,106		
Gross Receipts per IRS Notice 2006-42 From Above	189,021	=	78.9%
(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, 2010

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, 2010

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, 2010

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 3/2/2011

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	
Treasurer	Diane Linbo	Executive	Michelle Vigeland

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-10	Mar-13
Gary Dahle	606 4th Street NW, Hayfield MN 55940	Mar-09	Mar-12
Jerome Nelson	9317 80th Avenue SW, Stewartville MN 55976	Mar-10	Mar-13
Robert Senjem	25519 670th Street, Kasson MN 55944	Mar-10	Mar-13
Darrel Janes	71598 State Hwy 56, Hayfield MN 55940	Mar-08	Mar-11

State of Minnesota
County of Steele

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

2/4/2011

Signature of Person Preparing Statement / Date

Vernon Edda Mutual Fire Insurance Company

Admitted Assets

		1 Current Year	2 Prior Year
1	Cash in company's office Exh 9, Ln 1, Col 4	-	-
2	Cash deposited in checking account Exh 9, Ln 2, Col 4	43,650	29,939
3	Cash deposited at interest Exh 9, Ln 3, Col 4	397,508	384,610
4	Guarantee fund certificates Exh 9, Ln 4, Col 4	-	-
5	Bonds (at amortized cost) Exh 9, Ln 5, Col 4	513,587	528,984
6	Investment company shares Exh 9, Ln 6, Col 4	160,591	99,711
7	Common stock Exh 9, Ln 7, Col 4	1,500	1,500
8	Mortgage loans on real estate Exh 9, Ln 8, Col 4	-	-
9	Real Estate (cost less accumulated depreciation and encumbrances) Exh 9, Ln 9, Col 4	-	-
10	Agents' balances or uncollected premiums Exh 9, Ln 10, Col 4	7,200	3,129
11	Investment income due or accrued Exh 9, Ln 11, Col 4	6,041	6,776
12	Unpaid assessments receivable (under 90 days past due) Exh 9, Ln 12, Col 4	-	
13	Reinsurance recoverable on paid losses 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) Exh 9, Ln 15, Col 4	-	-
16	Federal tax refund receivable Exh 9, Ln 16, Col 4	-	-
17	Premium tax refund receivable Exh 9, Ln 17, Col 4	-	-
18	Accounts receivable	-	-
19			
20			
21			
22	Rounding		
23	**Total Admitted Assets** *(Must agree with Pg 3, Ln 18)*	1,130,077	1,054,649

Liabilities and Policyholders' Surplus

		1 Current Year	2 Prior Year
1	Net losses unpaid - Exh 5	2,000	1,000
2	Net expenses unpaid - Exh. 8	2,459	2,169
3	Unearned premiums - Exh 3	62,579	50,646
4	Borrowed money unpaid	-	-
5	Funds payable on reinsurance (other than losses)	1,318	1,241
6	Federal income taxes payable	-	-
7	Amounts withheld for the account of others	264	-
8	Accounts payable-agency	8,633	9,797
9	Prepaid Premiums	-	-
10	Rounding	-	1
11			
12			
13			
14			
15			
16	**Total Liabilities**	77,253	64,854
17	**Total Policyholders' Surplus**	1,052,824	989,795
18	Total liabilities and policyholders' surplus	1,130,077	1,054,649

Statement of Income

			1 Current Year	2 Prior Year
	Underwriting Income			
1	Net premiums earned - Exh. 3, Col 9		122,011	130,334
2	Net assessments earned - Exh 4, Col 9		-	-
3	Total premiums and assessments (Ln 1 + Ln 2)		122,011	130,334
	Deductions			
4	Net losses incurred - Exh 5, Col 9		9,381	29,743
5	Operating expenses incurred - Exh 8, Ln 25, Col 4		87,625	101,116
6	Total losses and expenses (Ln 4 + Ln 5)		97,006	130,859
	Net Underwriting Gain (loss)(Ln. 3 minus Ln 6)	(A)	25,005	(525)
	Investment Income			
7	Net investment income earned - Exh 1, Ln 10, Col 5		38,276	39,112
8	Net realized capital gains or (losses) - Exh 2, Ln 8, Col 3		(631)	582
9	Net Investment Gain or (loss) (Ln. 7 + Ln. 8)	(B)	37,645	39,694
	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)		62,650	39,170
16	Federal income taxes incurred*		-	-
17	**Net Income** (to Ln. 19)		62,650	39,170

**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	989,795	951,500
	Gains and (Losses) in Surplus		
19	Net income (from Ln 17)	62,650	39,170
20	Change in non-admitted assets Exh 10, Ln 18, Col 3	379	(875)
21	Net unrealized capital gains or losses Exh 2, Ln 8, Col 4	-	-
22			
23			
24			
25	Change in policyholders' surplus for the year	63,029	38,295
26	Policyholders' surplus, December 31, current year	1,052,824	989,795

Exhibit 1
Investment Income Earned

		1 Received During Year Less Paid for Accrued on Purchases	2 Amortization(-) of Bond Premium or Accrual (+) of Bond Discount	3 Income Due and Accrued December 31 Current Year	4 Income Due and Accrued December 31 Prior Year	5 Investment Income Earned (Col. 1 + or - Col 2 + Col 3 Less Col 4)
1	Cash on deposit Schedule B	12,898		3,979	4,319	12,558
2	Guarantee fund certificates Schedule C	-		-	-	-
3	Bonds Schedule D, Part 1 + Part 2	24,629	1,477	2,062	2,457	25,711
4	Investment company shares Schedule E, Part 1 + Part 2	132		-	-	132
5	Common stock Schedule F, Part 1 + Part 2	-		-	-	-
6	Mortgage loans Schedule G	-		-	-	-
7	Real estate Schedule H	-				-
8	Totals	37,659	1,477	6,041	6,776	38,401
				Exh 9, Ln 11, Col 2	*Pg 2, Ln 11, Col 2*	
9	Total investment expense incurred (Exh. 8, Ln. 31, Col. 4)					125
10	Net investment income earned (Ln. 8 minus Ln. 9)					38,276
						Pg 4, Ln 7, Col 1

Exhibit 2

Capital Gains and Losses on Investments

	1 Profit on Sales or Maturity	2 Losses on Sales or Maturity	3 Net Gain or Loss[-] (Col. 1 minus Col. 2)	4 Net Gain or Loss [-] From Change in or Difference Between Book Value or Admitted Assets
1 Bonds	-	631	(631)	-
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	-	631	(631)	-
			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	149,106			15,162	133,944	50,646	62,579	122,011
					-			-
					-			-
Assumed reins		-		-	-			-
Total all lines	149,106	-	-	15,162	133,944	50,646	62,579	122,011
						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	2,734		-	-	2,734	-	-	2,734
Lightning	2,520				2,520	-	-	2,520
Other lines	3,127				3,127	2,000	1,000	4,127
Assumed reins.		-			-	-	-	-
Total all lines	8,381	-	-	-	8,381	2,000	1,000	9,381
				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	87,269	100.000%	Unlimited	-	-	15,162	
I 80 at Highway 146									
PO Box 790									
Grinnell Iowa 50112-0790									
NAIC # 14117									
					Totals	-	-	15,162	-
					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*	2,451,300
(b) Amount reinsured	2,364,031
(c) Net at risk (a minus b)	87,269

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	744	-	-	744	
2 Boards, bureaus and associations	2,143			2,143	
3 Commissions	17,498	2,239	1,968	17,769	
3a Less commissions on reinsurance	-			-	
3b Less commissions on general agency	(7,726)			(7,726)	
4 Contributions	-			-	
5 Conventions, meetings and education	5,462			5,462	
6 Directors fees	5,251			5,251	
7 Employee benefits	1,198			1,198	
8 Inspection and loss prevention	84			84	
9 Insurance and bonding	5,340			5,340	
10 Interest expense on borrowed money	-	-	-	-	
11 Legal and auditing	5,741			5,741	
12 Loss adjustment expense	300			300	
13 Office equipment and maintenance	28			28	
14 Payroll taxes	2,951	59	112	2,898	
15 Postage, telephone and exchange	1,650	78	-	1,728	
16 Printing and stationery	1,300	-	-	1,300	
17 Rent and lease expense	3,000			3,000	
18 Salaries	35,004			35,004	
19 State taxes and fees	2,524	83	89	2,518	
20 Travel and travel items	2,726			2,726	
21 Utilities	-	-	-	-	
22 Depreciation on furniture and fixtures	379			379	
23 Computer	738			738	
24 Scholarships	1,000			1,000	
25 Total - Operating Expenses	87,335	2,459	2,169	87,625	*
Investment Expenses					
26 Interest on real estate encumbrances	-			-	
27 Depreciation on real estate	-			-	
28 Property tax on real estate	-			-	
29 Miscellaneous real estate expenses	125			125	
30 Miscellaneous investment expenses	-			-	
31 Total Investment Expenses	125	-	-	125	**
32 Total Expenses	87,460	2,459	2,169	87,750	
	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	43,650			43,650
3	Cash deposited at interest - Schedule B, Total, Col. 8	397,508			397,508
4	Guarantee fund certificates - Schedule C, Total, Col. 7	-			-
5	Bonds (at amortized cost) - Schedule D-Part 1, Total, Col. 8	513,587			513,587
6	Investment company shares - Schedule E-Part 1, Total, Col. 5	160,591		-	160,591
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	7,200			7,200
11	Investment income due and accrued - Exh. 1, Total, Col. 3		6,041		6,041
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	1,032		1,032	-
19	Accounts receivable	-			-
20					-
21	Fire extinguishers			-	-
22	Fire alarms			-	-
23	Prepaid expenses	-		-	-
24	Totals	1,125,068	6,041	1,032	1,130,077
		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.

Vernon Edda Mutual Fire Insurance Company

Exhibit 10
Analysis of Non-Admitted Assets

		1 December 31, Prior Year	2 December 31, Current year	3 Change for Year Col. 1 Less Col. 2
1	Deposits in suspended depositories, less estimated amounts recoverable			0
2	Agents' balances or uncollected premium/assessments over 90 days past due		-	0
3	Bills receivable, past due, taken for premium/assessments			0
4	Furniture, fixtures, and automobiles	1,411	1,032	379
5	Fire extinguishers		-	0
6	Fire alarms		-	0
7	Prepaid expenses	-	-	0
8	EDP equipment	-	-	0
9*	Agency			0
10				0
11				0
12	Investment company shares	-	-	0
13	Assurance partners bank stock		-	0
14	Bonds in default		-	0
15				0
16	Totals (including net unrealized gains and losses on invested assets)	1,411	1,032	379
		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)			0
18	Non-admitted assets (Ln. 16 minus Ln. 17) (To Pg. 4, Ln. 20, Col 1)			379

*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	133,944
2	Assessment income received-Exh 4, Col 6	-
3	From sale or maturity of ledger assets-Exh 2, Ln. 8, Col 1	-
4	Investment income received-Exh. 1, Ln 8, Col. 1 and 2	39,136
5	Amounts withheld for the account of others	-
6	Borrowed money repaid [gross]	-
7	Funds payable on reinsurance	77
8	Federal taxes paid	-
9	Rounding	
10		
11	Total (Items 1-10)	173,157

Decrease in Ledger Assets

12	Net losses paid-Exh 5, Col. 6	8,381
13	Expense paid-Exh 8, Ln 32, Col 1	87,460
14	From sale or maturity of ledger assets-Exh. 2, Ln 8, Col 2	631
15	Amounts withheld for account of others	900
16	Borrowed money [gross]	-
17	Funds payable on reinsurance	-
18	Federal taxes paid	-
19	Rounding	1
20		
21	Total (Items 12-20)	97,373

Reconciliation Between Years

22	Total ledger assets at December 31 of prior year (Exh 9, Ln. 22, Col 1, Prior Year)	1,049,284
23	Increase or decrease in ledger assets during the year (Ln 11 minus Ln 21)	75,784
24	Total ledger assets at December 31 of current year (Exh 9, Ln. 24, Col. 1)	1,125,068

Schedule A
Cash Deposited In Checking Accounts

	1 Name of Financial Institution (followed by address)	2 Actual Balance on Bank Statement December 31	3 Deduct Checks Outstanding	4 Other Adjustment* Add	5 Other Adjustment* Deduct	6 Net Balance Per Books December 31
1	US Bank (Fire Company) Blooming Prairie, MN 55917-1324	38,262	2,418			35,844
2	US Bank (Agency) Blooming Prairie, MN 55917-1324	7,821	15			7,806
3						-
4						-
5						-
6						-
	Total					43,650

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 Name of Financial Institution (followed by address)	2 Certificate or Acct. #	3 *Type Account	4 Interest Rate	5 **Interest Payable	6 Date of Issue	7 Date of Maturity	8 Book Value December 31	9 Interest Amount Received During Year	10 Interest Amount Due and Accrued December 31
1	Associated Bank 222 Bush Street, Red Wing, MN 55066	2000023748	CD	4.910	CQ	02/27/06	02/27/11	52,711	2,511	241
2	Citizens State Bank 216 1st Ave NE, PO Box 5, Hayfield, MN 55940-0005	30622	CD	1 000	CA	01/10/09	01/10/11	19,759	428	192
3	Eastwood Bank 109 South Mantorville Avenue, Kasson MN 55944	5430036219	CD	2 140	CQ	08/09/09	07/10/11	60,447	1,267	184
4	Farmers State Bank of Elkton 105 Main Street, Elkton MN 55933	3156103	CD	2 050	CS	12/31/09	12/31/11	62,968	1,271	-
5	First Farmers & Merchants State Bank 106 W Main St , PO Box 157, Brownsdale MN 55918-0157	8613	CD	4.000	CA	01/31/08	02/01/11	61,723	2,361	2,259
6	First Farmers & Merchants State Bank 106 W Main St , PO Box 157, Brownsdale MN 55918-0157	8599	CD	1 250	CA	12/28/10	12/28/13	17,136	428	2
7	First Security Bank of Byron 316 Byron Avenue N, PO Box 128, Byron MN 55920-0128	52261	CD	5 050	CS	02/08/06	02/08/11	37,014	1,801	743
8	First Security Bank of Byron 316 Byron Avenue N, PO Box 128, Byron MN 55920-0128	58405	CD	1 780	CS	09/29/10	09/29/12	63,193	2,454	287
9	Merchants Bank, National Association 1600 Greenview Dr SW, Rochester MN 55902	65003344	CD	1.200	CS	09/26/10	09/26/11	22,557	377	71
10								-	-	-
11								-	-	-
12								-	-	-
13								-	-	-
14								-	-	-
	Totals							397,508	12,898	3,979
								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	44,741	45,000	45,877	44,742	3,060	136	500	-
2	Boeing Capital Corp Notes 6 5%	097014AG9	C	6 500	S	02/24/04	02/15/12	10,278	10,000	10,614	10,249	650	246	-	236
3	Bank of America Inter Notes 5 9%	06050XGB3	C	5 900	S	05/09/05	06/15/12	9,140	9,000	9,392	9,114	531	24	-	89
4	Amentech Capital Funding 6 45%	030955AM0	C	6 450	S	04/13/05	01/15/18	5,360	5,000	5,627	5,341	323	149	-	41
5	Goldman Sachs Grp Inc Step 9/17/25	38143UMK4	C	4 500	S	12/22/10	09/17/25	50,456	50,000	48,721	50,456	(631)	-	-	-
6	Certificate of Accrual (CAT)	156883NG1	G	7 236	CS	08/23/96	02/15/12	18,488	20,000	19,861	18,444	-	-	1,269	-
7	FICO Strips Series 5	31771CNG6	G	7 475	CS	08/23/96	02/08/16	3,446	5,000	4,395	3,430	-	-	244	-
8	FHLMC CMO 2003 2695	31394L7G1	M	4 000	M	12/08/09	10/15/18	67,029	65,000	68,753	67,029	2,600	217	-	221
9	FHR 2642 BE	31393VVR9	M	5 000	M	12/17/04	07/15/23	64,317	65,000	70,302	64,317	3,250	271	37	-
10	MASTR 2003-9 2A2	55265KP52	M	5 500	M	09/25/03	10/25/33	50,000	50,000	51,338	50,000	2,750	229	-	-
11	FHLMC 2768 PC 4% 3/15/2034	31394TAD7	M	4 000	M	06/08/10	03/15/34	49,380	50,271	49,429	49,380	1,019	168	64	-
12	CWALT 2005-73CB 1A2	12668AT70	M	6 250	M	03/30/06	01/25/36	45,000	45,000	34,204	46,000	2,810	234	-	-
13	FNMA CMO 2009 70 GD	31396QXT1	M	5 000	M	12/15/09	03/25/39	66,095	65,000	65,595	66,095	3,250	271	-	18
14	GNMA CMO 2009 93 DA	38376KCY5	M	5 000	M	12/18/09	07/01/39	29,857	28,143	28,291	29,857	2,740	117	-	32
15								-	-	-	-	-	-	-	-
16								-	-	-	-	-	-	-	-
17								-	-	-	-	-	-	-	-
18								-	-	-	-	-	-	-	-
19								-	-	-	-	-	-	-	-
20								-	-	-	-	-	-	-	-
	Totals							513,587	512,414	512,399	514,454	22,352	2,062	2,114	637
								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	FHR 3387 CC	31397PF54	Merrill Lynch	09/16/10	53,000	53,351	53,000			-	351	1,435
2	WAMU 2002-S8 1A5	929227B54	Merrill Lynch	11/26/10	26,772	27,052	26,772			-	280	842
3										-	-	-
4										-	-	-
5										-	-	-
6										-	-	-
7										-	-	-
8										-	-	-
9										-	-	-
10										-	-	-
11										-	-	-
12										-	-	-
13										-	-	-
14										-	-	-
15										-	-	-
16										-	-	-
17										-	-	-
18										-	-	-
19										-	-	-
20										-	-	-
	Totals				79,772	80,403	79,772				631	2,277
								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	Merrill Lynch	990288946	160,591 32	02/24/09	160,591	1 00	160,591	160,591	132	-
2					-		-	-	-	-
3					-		-	-	-	-
4					-		-	-	-	-
5					-		-	-	-	-
6					-		-	-	-	-
7					-		-	-	-	-
8					-		-	-	-	-
9					-		-	-	-	-
10					-		-	-	-	-
11					-		-	-	-	-
12					-		-	-	-	-
13					-		-	-	-	-
14					-		-	-	-	-
15					-		-	-	-	-
16					-		-	-	-	-
17					-		-	-	-	-
18					-		-	-	-	-
19					-		-	-	-	-
20					-		-	-	-	-
	Totals				160,591		160,591	160,591	132	-
					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	182 51	5,475	1,500		
2							-	-		
3							-	-		
4							-	-		
5							-	-		
6							-	-		
7							-	-		
8							-	-		
9							-	-		
10							-	-		
11							-	-		
12							-	-		
13							-	-		
14							-	-		
15							-	-		
16							-	-		
17							-	-		
18							-	-		
19							-	-		
20							-	-		
	Totals				1,500		5,475	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

	Description of Property (include location and year acquired)	1 Actual Cost	2 Amount of Encumbrances	3 Improvements to Home Office	4 Current year Depreciation	5 Accumulated Depreciation	6 Book Value Dec 31 Prior Year Col 7	7 Book Value Dec 31 Current Year (Col 1 - 2 + 3) - 5	8 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 Description of Property (include location and year acquired)	2 Disposal Date	3 Name of Purchaser	4 Book Value at Date of Sale, Less Encumbrances	5 Amount Received	6 Profit on Sale	7 Loss on Sale	8 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						1,030			1,030
2 Vice-President	Oliver Thoe	Yes			5,368			670	104	5	6,142
3 Secretary	Danny Linbo	Yes			4,092			710	395	5	5,197
4 Treasurer	Diane Linbo	Yes									-
5 **Total Officers**			-	-	9,460	-	-	2,410	499		12,369
6 Director	Gary Dahle	Yes						594	121	5	715
7 Director	Jerome Nelson	Yes						891	104	5	995
8 Director	Robert Senjem	Yes						880	377	5	1,257
9 Director	Darrel Janes	Yes						476			476
10 Director											-
11 Director											-
12 Director											-
13 Director											-
14 Director											-
15 **Total Directors**			-	-	-	-	-	2,841	602		3,443
16 Manager	Michelle Vigeland	No	35,004	1,198		300			3,000	4	39,502
17 Employee	Michelle Vigeland	No							1,200	5	1,200
18 Employee											-
19 Agent											-
20 Agent											-
21 Agent											-
22 Agent											-
23 Agent											-
24 Agent	CO Brown				655						655
25 Agent	Safeway Agency				5,370						5,370
26 Agent	Claremont Agency				2,013						2,013
27 **Total Employees and Agents**			35,004	1,198	8,038	300	-	-	4,200		48,740
28 Legal											-
29 Accounting											-
30 Auditing	Jim Barta CPA								4,150	2	4,150
31 Adjusting											-
32 Inspecting											-
33 Consulting											-
34 **Total for Independent Services**						-	-		4,150		4,150
35 **Total Lines 5, 15, 27, and 34**											68,702

*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)	149,106	140,524	131,490	129,034	138,032	139,956
	divided by policyholder's surplus (Pg 3, Ln 17)	1,052,824	989,796	951,500	878,594	819,233	816,767
	equals the gross written premium ratio of	14 2%	14.2%	13.8%	14 7%	16.8%	17.1%
	Net Written Premium Ratio						
2	Net written premiums (Exh 3, Col 6)	133,944	126,075	115,055	106,224	119,321	120,515
	divided by policyholder's surplus(Pg 3, Ln 17)	1,052,824	989,796	951,500	878,594	819,233	816,767
	equals the net written premium ratio of	12.7%	12.7%	12.1%	12.1%	14 6%	14.8%
	Gross Loss Ratio						
3	Gross losses paid (Exh 5, Col 2 plus 3)	8,381	31,242	3,257	21,002	219,426	54,652
	divided by gross written premiums (Exh 3, Col 2 plus 3)	149,106	140,524	131,490	129,034	138,032	139,956
	equals the gross loss ratio of	5.6%	22.2%	2.5%	16 3%	159.0%	39.0%
	Net Loss Ratio						
4	Net losses paid (Exh 5, Col 6)	8,381	31,242	3,257	7,623	77,294	54,652
	divided by net written premiums (Exh 3, Col 6)	133,944	126,075	115,055	106,224	119,321	120,515
	equals the net loss ratio of	6.3%	24.8%	2.8%	7.2%	64.8%	45.3%
	Operating Expense Ratio						
5	Operating expenses paid (Exh 8, Ln 25, Col 1)	87,335	100,922	83,820	81,040	89,539	84,665
	divided by gross written premiums (Exh 3, Col 2 plus 3)	149,106	140,524	131,490	129,034	138,032	139,956
	equals the operating expense ratio of	58.6%	71.8%	63.7%	62.8%	64.9%	60 5%
	Investment Yield						
6	Investment income earned (Exh 1, Ln 10, Col 5)	38,276	39,111	42,948	45,460	42,699	38,831
	divided by the sum of admitted assets (Pg 2, Ln 1 thru 9) Col 1	1,116,836	1,044,744	1,005,085	923,465	869,345	856,980
	equals the investment yield of	3.4%	3.7%	4.3%	4.9%	4.9%	4.5%
	Change in Surplus Ratio						
7	Stated surplus current year (Pg 3, Ln 17, Col 1)	1,052,824	989,796	951,500	878,594	819,233	816,767
	less stated surplus prior year (Pg 3, Ln 17, Col 2)	989,795	951,500	878,594	819,233	816,767	796,462
	equals change in surplus current year (Pg 4, Ln 25, Col 1)	63,029	38,296	72,906	59,361	2,466	20,305
	divided by stated surplus prior year (from above)	989,795	951,500	878,594	819,233	816,767	796,462
	equals the change in surplus ratio of	6.4%	4.0%	8.3%	7.2%	0.3%	2.5%

General Interrogatories

1 (a) Have any amendments been made to the Company's Articles of Incorporation or Bylaws during the past year?		Yes
(b) If so, have all amendments been filed with the Commissioner of Commerce?		Yes
(c) What date were the amendments filed?	04/15/10	
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 Grinnell Mutual Reinsurance Co -Farmowners & Package Policies 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?		9
List counties in alphabetical order	Dodge, Fillmore, Freebom, Goodhue, Mower, Olmsted, Steele, Waseca, Winona	
4 Total number of Cities with a population of 25,000 or greater in which the Company is authorized to do business?		2
List the cities in alphabetical order	Austin, Rochester	
5 (a) How many members on the Board of Directors?		7
(b) How many Board of Director's meetings during the year?		11
(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?		No
If so, give name, amount, and date paid	None	
(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?		47
(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	

General Interrogatories (continued)

10	Date of the last independent audit?	12/31/09
	Name of accounting firm	Jim Barta CPA, PA
	Address of firm	401 Sherman Street, PO Box 1879, Mankato, MN 56002-1879
	Name of individual in charge of audit	Jim Barta CPA
11	Are those with access to Company funds bonded?	Yes
	Secretary?	Yes
	Treasurer?	Yes
	Other employees?	Yes
	Amount?	10,000
	Name of security?	Western Surety
12	Is the Company a member of a state association?	Yes
	If YES, state the name	Minnesota Association of Farm Mutual Insurance Companies (MAFMIC)
	Is the Company a member of a national association?	Yes
	If YES, state the name	National Association of Mutual Insurance Companies (NAMIC)
13	Are all applications and records stored in a fire retardant safe/files in the home office?	Yes
	If NO, how are they safeguarded?	N/A
	Do you keep a duplicate set of important Company records stored off premises?	Yes
14	(a) For what terms are policies written?	3 years
	(b) Premium payment installments	
	Annual?	Yes
	Semi-Annual?	Yes
	Quarterly?	Yes
	Other?	N/A
15	Does the Company have a written inspection program?	No
	If YES, who inspects the properties?	Board members go out as needed
	How often?	New policies are inspected by the manager
16	By whom are losses adjusted?	Manager
17	Does the Company carry liability (E&O/D&O) insurance on its directors?	Yes
	Officers?	Yes
	Employees?	Yes
	Name of insurer?	NAMICO
18	(a) Has any officer or director of the Company received any commission, fee, or other thing of value in connection with any investment or loan made by the Company during the year of this statement?	No
	If YES, give the particulars	N/A
	(b) Has the Company made any personal loan to any director, officer, agent, or employee?	No
	If YES, give the particulars	N/A
19	Have any dividends been declared during the year?	No
	If YES, give basis for the distribution	N/A
20	Any newly appointed agents during this year?	Yes
	If YES, list names and addresses	Jane Youngkratz, 3000 60th Ave SE, Rochester, MN 55904
	Are all agents licensed?	Yes
	If NOT, explain	N/A
21	How are agents compensated?	Commissions
	Commission rate or rates	12%
22	Does the Company have a written disaster recovery plan?	Yes
23	Does the Company have a written investment policy?	Yes
24	Are the agents that collect premium from policyholders required to be bonded?	No
	If YES, is evidence provided to the company on an annual basis?	N/A

General Interrogatories (continued)

25	Homeowners direct written premium	$ 10,853
	Homeowners direct losses paid	$ -
	Homeowners direct loss ratio	0%
26	Cities With Population > 25,000 direct written premium	$ 488
	Cities With Population > 25,000 direct losses paid	$ -
	Cities With Population > 25,000 direct loss ratio	0%

Number of Policyholders / Insurance in Force

1	December 31 of Prior year	Number of policyholders 212	Insurance in Force	93,772,780
2	Net addition or deduction for the year	Number of policyholders 8	Insurance in Force	4,096,922
3	December 31 of Current year	Number of policyholders 220	Insurance in Force	97,869,702

Jim Barta CPA, P.A.
401 Sherman St. PO Box 1879 N. Mankato MN 56002-1879
Phone 507-625-4245 FAX 507-625-9290

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors and Policyholders
Vernon Edda Mutual Fire Insurance Company
Blooming Prairie, Minnesota

I have compiled the statutory statements of admitted assets, liabilities, and policyholders' surplus of Vernon Edda Mutual Fire Insurance Company as of December 31, 2010 and 2009, and the related statutory statements of income for the years then ended, included in the accompanying prescribed form. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the Minnesota Department of Commerce.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements prescribed by the Minnesota Department of Commerce and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The 2009 financial statements were compiled by me from financial statements that I previously audited, as indicated in my unqualified report dated June 17, 2010.

These financial statements and Exhibits 1 through 11, Schedules A through I and Management Ratios are presented in accordance with the requirements of the Minnesota Department of Commerce which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Jim Barta
Certified Public Accountant

February 4, 2011