

Form **990-PF****Return of Private Foundation**
or Section 4947(a)(1) Trust Treated as Private Foundation

OMB No 1545-0052

2018

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990PF for instructions and the latest information.

For calendar year 2018 or tax year beginning

, 2018, and ending

, 20

Name of foundation
Babinski Foundation

Number and street (or P.O. box number if mail is not delivered to street address) Room/suite
2520 W 8th St. Ste 1

City or town, state or province, country, and ZIP or foreign postal code
Sioux Falls, SD 57104

Check all that apply: ☐ Initial return ☐ Initial return of a former public charity
☐ Final return ☐ Amended return
☐ Address change ☐ Name change

Check type of organization: ☒ Section 501(c)(3) exempt private foundation **03**
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ **55,081,702**

Accounting method: ☐ Cash ☒ Accrual
☐ Other (specify) _____

A Employer identification number
27-3112628

B Telephone number (see instructions)
(605) 339-1053

C If exemption application is pending, check here ☐ **6**

D 1. Foreign organizations, check here ☐
2. Foreign organizations meeting the 85% test, check here and attach computation ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	19,943			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	43,703	43,703	43,703	
	4 Dividends and interest from securities	276	276	276	
	5a Gross rents	7,952,906	7,672,206	7,952,906	
	b Net rental income or (loss)	7,952,906			
	6a Net gain or (loss) from sale of assets not on line 10	38,076			
	b Gross sales price for all assets on line 6a	542,390			
	7 Capital gain net income (from Part IV, line 2)		38,076		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances	67,874			
Operating and Administrative Expenses	b Less: Cost of goods sold	12,245			
	c Gross profit or (loss) (attach schedule)	55,629		55,629	
	11 Other income (attach schedule)	6,000	3,122	6,000	
	12 Total. Add lines 1 through 11	8,116,533	7,757,383	8,058,514	
	13 Compensation of officers, directors, trustees, etc.	87,864	60,768	60,768	27,096
	14 Other employee salaries and wages	2,316,280	1,683,675	1,765,153	552,421
	15 Pension plans, employee benefits	410,488	305,342	309,909	100,580
	16a Legal fees (attach schedule)	63,007	43,674	43,719	18,327
	b Accounting fees (attach schedule)	51,643			47,917
	c Other professional fees (attach schedule)	11,056	11,038	11,056	
	17 Interest	59,472	1,031	59,351	121
	18 Taxes (attach schedule) (see instructions)	39,751	9,060	9,060	
	19 Depreciation (attach schedule) and depletion	1,775,284	1,476,622	1,513,394	
	20 Occupancy	4,289,060	3,882,618	4,002,399	275,690
	21 Travel, conferences, and meetings	89,942	84,382	73,413	4,566
	22 Printing and publications				
	23 Other expenses (attach schedule)	538,998	136,390	141,178	402,333
	24 Total operating and administrative expenses. Add lines 13 through 23	9,732,845	7,694,600	7,989,400	1,429,051
	25 Contributions, gifts, grants paid	12,490			12,490
	26 Total expenses and disbursements. Add lines 24 and 25	9,745,335	7,694,600	7,989,400	1,441,541
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	(1,628,802)			
	b Net investment income (if negative, enter -0-)		62,783		
	c Adjusted net income (if negative, enter -0-)			69,114	

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 11289X

Form **990-PF** (2018)

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	623,733	443,959	443,959
	2 Savings and temporary cash investments	3,835,447	2,761,456	2,761,456
	3 Accounts receivable ▶ 48,874			
	Less: allowance for doubtful accounts ▶ 6,075	50,909	42,799	42,799
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use	200,471	10,518	10,518
	9 Prepaid expenses and deferred charges	52,248	84,208	84,208
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	411,037	346,066	441,916
	c Investments—corporate bonds (attach schedule)	500,000		
Liabilities	11 Investments—land, buildings, and equipment: basis ▶ 64,209,014			
	Less: accumulated depreciation (attach schedule) ▶ 2,179,865	61,275,030	62,029,149	45,214,486
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	28,696	26,175	26,175
	14 Land, buildings, and equipment: basis ▶ 6,205,415			
	Less: accumulated depreciation (attach schedule) ▶ 504,712	5,877,913	5,700,703	6,052,385
	15 Other assets (describe ▶ See Attached Schedule)	3,800	3,800	3,800
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	72,859,284	71,448,833	55,081,702
	17 Accounts payable and accrued expenses	1,214,118	1,407,529	
	18 Grants payable			
	19 Deferred revenue	88,450	113,390	
	20 Loans from officers, directors, trustees, and other disqualified persons	1,500,000	1,500,000	
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	2,802,568	3,020,919	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	0	0	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	8,178,664	8,178,664	
	29 Retained earnings, accumulated income, endowment, or other funds	61,878,052	60,249,250	
	30 Total net assets or fund balances (see instructions)	70,056,716	68,427,914	
	31 Total liabilities and net assets/fund balances (see instructions)	72,859,284	71,448,833	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	70,056,716
2 Enter amount from Part I, line 27a	2	(1,628,802)
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	68,427,914
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	68,427,914

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (for example, real estate, 2-story brick warehouse; or common stock, 200 shs MLC Co.)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr)	(d) Date sold (mo., day, yr)
1a See Attached Schedule			
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) ((e) plus (f) minus (g))
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69.

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	38,076
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). See instructions. If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☒ No

If "Yes," the foundation doesn't qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2017	1,294,805	26,972,760	.048004
2016	2,989,320	3,877,731	.770894
2015	1,451,630	4,852,464	.299153
2014	156,844	4,172,263	.037592
2013	514,723	2,336,982	.220251

2 Total of line 1, column (d)	2	1.375894
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5.0, or by the number of years the foundation has been in existence if less than 5 years	3	.275179
4 Enter the net value of noncharitable-use assets for 2018 from Part X, line 5	4	47,833,770
5 Multiply line 4 by line 3	5	13,162,849
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	0
7 Add lines 5 and 6	7	13,162,849
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	8	1,526,221

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter. _____ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	1,256	
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations, enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)	2	0	
3	Add lines 1 and 2	3	1,256	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)	4	0	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	1,256	
6	Credits/Payments:			
a	2018 estimated tax payments and 2017 overpayment credited to 2018	6a	7,980	
b	Exempt foreign organizations—tax withheld at source	6b	0	
c	Tax paid with application for extension of time to file (Form 8868)	6c	0	
d	Backup withholding erroneously withheld	6d	0	
7	Total credits and payments. Add lines 6a through 6d	7	7,980	
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	0	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	6,724	
11	Enter the amount of line 10 to be: Credited to 2019 estimated tax 1,300 Refunded	11	5,424	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		✓
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes? See the instructions for the definition If the answer is "Yes" to 1a or 1b , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		✓
c Did the foundation file Form 1120-POL for this year?		✓
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year. (1) On the foundation. ▶ \$ _____ (2) On foundation managers. ▶ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		✓
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes.		✓
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	✓	
b If "Yes," has it filed a tax return on Form 990-T for this year?	✓	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by <i>General Instruction T</i> .		✓
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	✓	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	✓	
8a Enter the states to which the foundation reports or with which it is registered. See instructions. ▶ SD, MN		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? If "No," attach explanation	✓	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2018 or the tax year beginning in 2018? See the instructions for Part XIV. If "Yes," complete Part XIV	✓	
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		✓

Part VII-A Statements Regarding Activities (continued)

	Yes	No
11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. See instructions		✓
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement. See instructions		✓
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>babinskifoundation.org</u>	✓	
14 The books are in care of ► <u>Layne Drenth</u> Telephone no. ► <u>(605) 339-1053</u> Located at ► <u>2520 W 8th St., Ste 1, Sioux Falls, SD</u> ZIP+4 ► <u>57104-5605</u>		
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —check here and enter the amount of tax-exempt interest received or accrued during the year	15	N/A
16 At any time during calendar year 2018, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?		✓
See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ►		

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year, did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance? See instructions	1b	✓
Organizations relying on a current notice regarding disaster assistance, check here		
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2018?	1c	✓
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2018, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2018?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If "Yes," list the years ► 20____, 20____, 20____, 20____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20____, 20____, 20____, 20____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If "Yes," did it have excess business holdings in 2018 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2018.)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2018?	4b	✓

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year, did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? See instructions ☐ Yes ☒ No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance? See instructionsOrganizations relying on a current notice regarding disaster assistance, check here ☐**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? *N/A* ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No**b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?**8** Is the foundation subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? ☐ Yes ☒ No**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, and foundation managers and their compensation. See instructions.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
John P Babinski 30533 Patriot Ave, Pequot Lakes, MN 56472	President 45 hrs	87,864	3,486	0
Elizabeth Babinski 25093 Pine Lane, Nisswa, MN 56468	Director 1 hr	0	0	0
Gary Persian 25 Ninth Ave N, Hopkins, MN 55343	Secretary/Director 1 hr	0	0	0
Ned Ostenso 25 Ninth Ave N, Hopkins, MN 55343	Assistant Secretary 1 5 hrs	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Layne Drenth 2520 W 8th St, Ste 1, Sioux Falls, SD 57104	Controller 47 hours	125,250	7,704	0
George Weller 2520 W 8th St, Ste 1, Sioux Falls, SD 57104	Manager 45 hours	92,250	50	0
Seth Gradvahl 10199 Ossawinimakee Rd, Pequot Lakes, MN 56472	Equip Operator 45 hrs	67,743	4,004	0
Curt Lovitz 30037 Ranchette Drive, Breezy Point, MN 56472	Carpenter 50 hrs	64,624	7,121	0
Robert Erickson 29922 Oriole Circle, Breezy Point, MN 56472	Manager 45 hrs	60,225	4,112	0

Total number of other employees paid over \$50,000 ☐ 10

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services. See instructions. If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
Merrigan, Brandt, Ostenso & Cambre, P.A. 25 Ninth Ave. N, Hopkins, MN 55343	Legal Work	56,006

Total number of others receiving over \$50,000 for professional services **None**

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 The Foundation adopted out 475 animals and returned 79 animals to their owners during 2018. The Shelter took in 584 animals in 2018	386,618
2 The Foundation provided medical care to the animals that were taken in by the shelter in 2018	141,844
3 Advertise and promote dog and cat adoptions and inform the community of the shelter facilities	82,749
4 Design and construct new walking trails for animal exercise and enrichment.	9,137

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1 N/A	
2	
All other program-related investments. See instructions	
3	
Total. Add lines 1 through 3	0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	619,505
b	Average of monthly cash balances	1b	4,060,712
c	Fair market value of all other assets (see instructions)	1c	45,381,986
d	Total (add lines 1a, b, and c)	1d	50,062,203
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0
2	Acquisition indebtedness applicable to line 1 assets	2	1,500,000
3	Subtract line 2 from line 1d	3	48,562,203
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	728,433
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	47,833,770
6	Minimum investment return. Enter 5% of line 5	6	2,391,689

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations, check here ☒ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	
2a	Tax on investment income for 2018 from Part VI, line 5	2a	
b	Income tax for 2018. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	1,441,541
b	Program-related investments—total from Part IX-B	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	84,680
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8; and Part XIII, line 4	4	1,526,221
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b. See instructions	5	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,526,221

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions) *N/A*

	(a) Corpus	(b) Years prior to 2017	(c) 2017	(d) 2018
1 Distributable amount for 2018 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 2018:				
a Enter amount for 2017 only				
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2018:				
a From 2013				
b From 2014				
c From 2015				
d From 2016				
e From 2017				
f Total of lines 3a through e				
4 Qualifying distributions for 2018 from Part XII, line 4: ► \$ _____				
a Applied to 2017, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2018 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2018 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see instructions				
e Undistributed income for 2017. Subtract line 4a from line 2a. Taxable amount—see instructions				
f Undistributed income for 2018. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2019				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required—see instructions)				
8 Excess distributions carryover from 2013 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2019. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9:				
a Excess from 2014				
b Excess from 2015				
c Excess from 2016				
d Excess from 2017				
e Excess from 2018				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2018, enter the date of the ruling ►	9/30/10
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b Check box to indicate whether the foundation is a private operating foundation described in section ☒ 4942(j)(3) or ☐ 4942(j)(5)

2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	Tax year	Prior 3 years			(e) Total
		(a) 2018	(b) 2017	(c) 2016	(d) 2015	
		69,114	0	47,504	9,832	126,450

b 85% of line 2a	58,747	0	40,378	8,357	107,482
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c	Qualifying distributions from Part XII, line 4 for each year listed . . .	1,526,221	1,294,805	2,989,842	1,451,630	7,262,498
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d	Amounts included in line 2c not used directly for active conduct of exempt activities . . .	6,400	4,220	0	0	10,620
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e	Qualifying distributions made directly for active conduct of exempt activities.					
	Subtract line 2d from line 2c . . .	1,519,821	1,290,585	2,989,842	1,451,630	7,251,878

3	Complete 3a, b, or c for the alternative test relied upon:					

a "Assets" alternative test—enter:								
(1) Value of all assets								X 0

(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0
---	--	--	--	--	---

b	"Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	1,594,459	899,092	129,258	161,749	2,784,558
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c "Support" alternative test—enter:						
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)						0

(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
--	--	--	--	--	---

(3) Largest amount of support from an exempt organization . . .					0
---	--	--	--	--	---

(4) Gross investment income					0
---------------------------------------	--	--	--	--	---

Part XV **Supplementary Information** (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc., to individuals or organizations under other conditions, complete items 2a, b, c, and d. See instructions.

a The name, address, and telephone number or email address of the person to whom applications should be addressed:

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
Sioux Falls Area Humane Society 2720 E Benson Rd, Sioux Falls, SD 57104	N/A	PC	Donation	500
Gaylord Fire Department Relief Assistance PO Box 871, Gaylord, MN 55334	N/A	PC	Donation	20
Confidence Learning Center 1620 Mary Fawcett Memorial Dr , E Gull Lake, MN 56401	N/A	PC	Donation	1,858
Pequot Lakes School 30805 Olson St, Pequot Lakes, MN 56472	N/A	PC	Donation	1,164
Kids Against Hunger 24489 Hazelwood Dr , Nisswa, MN 56468	N/A	PC	Donation	1,858
Brighter Days Foundation 15167 Edgewood Drive, Ste 240, Baxter, MN 56401	N/A	PC	Donation	1,500
Best Friends Animal Society 5001 Angel Canyon Road, Kanab, UT 84741-5000	N/A	PC	Donation	25
City of Crosslake 37028 County Road 66, Crosslake, MN 56442	N/A	PC	Donation	5,565
Total			3a	12,490
b Approved for future payment				
Total			3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments			14	43,703	
4	Dividends and interest from securities			14	276	
5	Net rental income or (loss) from real estate:					
a	Debt-financed property	531110	280,701			
b	Not debt-financed property			14	7,672,205	
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory			14	38,076	
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory			14	55,629	
11	Other revenue: a Gaylord Villa LP			14	796	
b	Snow Removal & Landscaping	561730	27,908			
c	Signature Bancshares	522100	(25,030)			
d	Credit Card Points Redeemed			14	2,326	
e						
12	Subtotal. Add columns (b), (d), and (e)		283,579		7,813,011	
13	Total. Add line 12, columns (b), (d), and (e)				13	8,096,590

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]

Part XVII Information Regarding Transfers to and Transactions and Relationships With Noncharitable Exempt Organizations

- | | | Yes | No |
|----------|--|-----|----|
| 1 | Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | |
| a | Transfers from the reporting foundation to a noncharitable exempt organization of: | | |
| | (1) Cash | | ✓ |
| | (2) Other assets | | ✓ |
| b | Other transactions: | | |
| | (1) Sales of assets to a noncharitable exempt organization | | ✓ |
| | (2) Purchases of assets from a noncharitable exempt organization | | ✓ |
| | (3) Rental of facilities, equipment, or other assets | | ✓ |
| | (4) Reimbursement arrangements | | ✓ |
| | (5) Loans or loan guarantees | | ✓ |
| | (6) Performance of services or membership or fundraising solicitations | | ✓ |
| c | Sharing of facilities, equipment, mailing lists, other assets, or paid employees | | ✓ |
| d | If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received. | | |

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No
- b** If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Sign
Here**

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 taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer or trustee

11/8/19
Date

President
Title

May the IRS discuss this return with the preparer shown below?
See instructions ☐ Yes ☐ No

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no	

The Babinski Foundation
Form 990-PF (2018)

27-3112628

Form 990-PF Line 1		Contributions, Gifts, Grants, etc., received	
Source	(A) Revenue Per Books	(B) Net Investment Income	(C) Adjusted Net Income
Sponsor Contributions	2,750	-	-
Individual, Business Contributions, other	17,193		
Total	19,943	-	-

Form 990-PF- Part I Line 2		Interest on Savings and Temporary Cash Investments	
Source	(A) Revenue Per Books	(B) Net Investment Income	(C) Adjusted Net Income

Interest Income	43,703	43,703	43,703
Total	43,703	43,703	43,703

Form 990-PF- Part I, Line 5a		Rental Income
Kind and Location of Property	Gross Rental	
Rental Property in Minnesota	3,079,781	
Rental Property in Florida	792,719	
Rental Property in South Dakota	4,080,406	
Total	7,952,906	

Form 990-PF Part I, Line 10		Income and Cost of Goods Sold	
INCOME			
1. Gross Receipts	67,874		
2 Returns and Allowances			
3 Line 1 less Line 2			67,874
4 Cost of Goods Sold	12,245		
5 Gross Profit (Line 3 less Line 4)			55,629
7 Gross Income			55,629
COST OF GOODS SOLD			
8 Inventory at Beginning of Year			
9 Merchandise Purchased	10,935		
10 Cost of Labor	-		
11 Materials and Supplies	-		
12 Other Costs	1,310		
13. Add Lines 8 through 12			12,245

Form 990-PF Part I, Line 11		Other Income		
Description	(A) Revenue Per Books	(B) Net Investment Income	(C) Adjusted Net Income	
Credit card points redeemed	\$ 2,326	\$ 2,326	\$	2,326
Snow removal & Landscaping	\$ 27,908		\$	27,908
Gaylord Villa LP	\$ 796	\$ 796	\$	796
Signature Bancshares- Loss	\$ (25,030)	\$ -	\$	(25,030)
Total	\$ 6,000	\$ 3,122	\$	6,000

Form 990-PF Part I, Line 16A		Legal Fees			
Description	(A) Revenue Per Books	(B) Net Investment Income	(C) Adjusted Net Income	(D) Charitable Purposes	
Legal Fees	63,007	43,674	43,719	18,327	
Total	63,007	43,674	43,719	18,327	

Form 990-PF Part I, Line 16B		Accounting Fees			
Description	(A) Revenue Per Books	(B) Net Investment Income	(C) Adjusted Net Income	(D) Charitable Purposes	
Accounting Fees	51,643	-	-	47,917	
Total	51,643	-	-	47,917	

Form 990-PF Part I, Line 16c		Other Professional Fees			
Description	(A) Revenue Per Books	(B) Net Investment Income	(C) Adjusted Net Income	(D) Charitable Purposes	
Other Professional Fees	11,056	11,038	11,056	-	
Total	11,056	11,038	11,056	-	

Form 990-PF Part I, Line 18		Taxes			
Description	(A) Expenses per Books	(B) Net Investment Income	(C) Adjusted Net Income	(D) Charitable Purposes	
Federal Income Tax	30,691	-	-	-	
MN State Income Tax	9,060	9,060	9,060	-	
Total	39,751	9,060	9,060	0	

Form 990-PF Part I, Line 23		Other Expenses			
Source	(A) Expense per Books	(B) Net Investment	(C) Adjusted Net Income	(D) Charitable Purposes	
Bank Charges	1,293	1,252	1,267	25	
Food & supplies for animals	150,194	-	-	152,675	
License and Permits	15,719	14,419	14,419	1,300	
Office Supplies	70,321	45,579	46,252	26,260	
Postage	4,559	3,685	3,972	644	
Contract Labor	8,367	-	-	7,856	
Dues & Membership	2,083	1,082	1,082	1,000	
Miscellaneous	11,484	11,273	11,421	74	
Filing fees	1,351	1,351	1,351	-	
Advertising	124,975	39,185	42,226	83,243	
Application	19,188	18,564	19,188	-	
Vet	122,687	-	-	122,479	
Directors & Officers Ins.	6,777	-	-	6,777	
Total	538,998	136,390	141,178	402,333	

Form 990-PF Part II, Line 10b		Corporate Stock	
Description	Book Value	Fair Market Value	
MN Bank & Trust Stock	346,066	441,916	
Total	346,066	441,916	

Form 990-PF Part II, Line 11		Depreciation of Assets Not Held for Investment		
Description	Cost or Other Basis	Accumulated Depreciation	Book Value	
Land	8,246,418	-	8,246,418	
Land Improvements	993,051	77,005	916,046	
Buildings	53,822,504	1,917,272	51,905,232	
Equipment	1,147,041	185,588	961,453	
Total	64,209,014	2,179,865	62,029,149	

The Babinski Foundation
Form 990-PF (2018)

27-3112628

Form 990-PF Part II, Line 13		Other Investments	
Description	Valuation Method	Book Value	Fair Market Value
Gaylord Villa LP Investment	Cost	26,175	26,175
Total		26,175	26,175

Form 990-PF Part II, Line 14		Depreciation of Assets Not Held for Investment	
Description	Cost or Other Basis	Accumulated Depreciation	Book Value
Land	466,956	-	466,956
Land Improvements	844,667	57,911	786,756
Buildings	3,576,725	177,063	3,399,662
Equipment	1,317,067	269,738	1,047,329
Total	6,205,415	504,712	5,700,703

Form 990-PF Part II, Line 15		Other Assets	
Source	(A) Book Value	(B) Market Value	
Security Deposits	3,800	3,800	
Total	3,800	3,800	

Form 990-PF Part II, Line 20		Loans Payable to Officers, Directors, Etc.		
Lender's Name and Title				
Gaylord Villa Limited Partnership				
Date of Note	Maturity Date	Interest Rate	Terms of Repayment	
01/01/11	01/01/31	3 88%	Annual interest	
Security provided by Borrower		Purpose of Loan		
None		Purchase of rental real estate in Gaylord, MN		
Description of Consideration	FMV of Consideration	Original Loan Amount	Balance Due	
Cash	1,500,000	1,500,000	1,500,000	
Total			1,500,000	

Part VIII		List of Officers, Directors, Trustees and Foundation Managers			
Name and Address	Title and Avrg Hrs/Wk	Compensation	Employee Ben. Plan Contribution	Expense Account	
James Weichert P.O. Box 50858 Mendota, MN 55150	Treasurer	1 50	0	0	0

2018 Depreciation and Amortization Report, Page 1. Line19

Description	Date Acquired	Method	Life	Basis for Depreciation	Beginning Accumulated Depreciation	Current Year Deduction	Ending Accumulated Depreciation
Land							
	2011			73,373			
	2013			538,956			
	2017			6,184,305			
Total Land				6,796,634		-	-
Buildings							
	2011	SL	39	769,823	93,489	19,739	113,228
	2012	SL	39	28,271	3,916	725	4,641
	2013	SL	7	468	301	67	368
	2013	SL	39	2,538	289	65	354
	2014	SL	39	10,874	1,023	279	1,302
	2015	SL	39	156,771	8,207	4,020	12,227
	2016	SL	20	8,101	608	405	1,013
	2016	SL	40	2,924,311	65,931	72,894	138,825
	2017	SL	40	49,467,675	399,968	1,272,500	1,672,468
	2017	SL	20	18,360	191	918	1,109
	2017	SL	12	9,151	160	770	930
	2018	SL	40	2,362,873	0	12,944	12,944
	2018	SL	30	1,114,923	0	11,824	11,824
Total Building				55,759,217	574,083	1,397,150	1,971,233
Land Improvements							
	2011	SL	20	48,780	15,854	2,439	18,293
	2013	SL	7	360	231	51	283
	2014	SL	20	1,982	447	99	546
	2016	SL	12	40,000	3,750	3,333	7,083
		SL	20	3,960,754	136,564	71,188	207,752
	2017	SL	20	1,024,372	21,828	7,405	29,233
	2018	SL	20	526,172	0	5,080	5,080
Total Land Improvements				5,602,420	178,673	89,596	268,269
Equipment/Furnishings							
	2012	SL	7	16,137	12,679	2,305	14,984
	2013	SL	5	483	435	48	483
	2015	SL	5	623	311	125	436
	2015	SL	6	4,000	1,667	667	2,333
	2016	SL	5	211,190	47,632	42,339	89,971
		SL	6	16,472	3,089	2,745	5,834
		SL	10	137,423	15,346	13,641	28,987
		SL	12	644,257	35,379	50,227	85,606
	2017	SL	5	282,238	14,021	46,420	60,441
		SL	6	442,258	15,305	82,095	97,400
		SL	9	69,302	1,604	9,762	11,366

		SL	12	221,639	8,351	24,066	32,417
		SL	20	23,411	244	1,171	1,414
		SL	40	19,810	475	495	970
	2018	SL	6	13,936		1,161	1,161
		SL	5	72,212		7,221	7,221
		SL	12	180,767		4,050	4,050
Total Equipment/Furnishings				2,256,158	156,537	288,538	445,075
Total Depreciation				70,414,429	909,293	1,775,284	2,684,577

Current Year/Activity					
Beginning Balance				68,064,563	911,620
Acquisitions				2,366,291	
Disposals				16,425	2,327
Ending Balance				70,414,429	909,293

Balance Sheet Amounts							
Part II, Line 11, Investments-land, buildings and equipment basis				64,209,014			
Part II, Line 14, Land, buildings, and equipment basis				6,205,415			
Part II, Line 11, Ending Accumulated Depreciation							2,179,865
Part II, Line 14, Ending Accumulated Depreciation							504,742
Total				70,414,429		Total	2,684,577