

**ANNUAL STATEMENT OF POLICYHOLDERS  
 VASA-SPRING GARDEN MUTUAL INSURANCE COMPANY  
 For the Year Ended December 31, 2020**

**OFFICERS, DIRECTORS AND EMPLOYEES**

Mark Sauter	President
Jeff Erickson	Vice-President
John Hobert	Secretary
Jessica Anderson	Treasurer
Terry Stoudt	Director
Josh Nicolai	Director
Chris Buck	Director
Cliff Hanson	Director
Matt Hansen	Director
John Olson	Director
James Nelson	Consultant
Scott Safe	Manager
Kim Sjoquist	Assistant Manager/Underwriter
Cheryl Sabin	Office Administrator/Policy Maintenance
Craig Sjoblom	Inspector/Underwriter
Josh Hofstedt	Claims Adjuster

INCORPORATED IN 1860

**POLICIES IN FORCE EXHIBIT**

Policies in force, January 1	2,098	\$ 1,381,627,402
Net addition or deduction for year	<u>(26)</u>	<u>60,138,581</u>
 Policies in force, December 31	 <u>2,072</u>	 <u>\$ 1,441,765,983</u>

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

To the Board of Directors and Policyholders:

Management is responsible for the accompanying statutory financial statements of Vasa - Spring Garden Mutual Insurance Company (the Company), which comprise the statutory statements of admitted assets, liabilities and policyholders' surplus as of December 31, 2020 and 2019, and the related statements of income, and the supplementary schedules of operating and investment expenses, for the years then ended, and for determining the accounting practices prescribed or permitted by the Commerce Department of the State of Minnesota is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these statutory financial statements.

These financial statements are presented in accordance with the requirements of the Commerce Department of the State of Minnesota, and are not intended to be a presentation in accordance with 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.

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

The supplementary information contained in the statutory schedules of operating expenses and statutory schedules of investment expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

*Abdo Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
 Mankato, Minnesota  
 February 11, 2021

**VASA-SPRING GARDEN MUTUAL INSURANCE COMPANY**  
**STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND POLICYHOLDERS' SURPLUS**  
 DECEMBER 31, 2020 AND 2019

	2020	2019		2020	2019
<b>ADMITTED ASSETS</b>			<b>LIABILITIES</b>		
Cash	\$ 181,864	\$ 260,263	Unpaid operating expenses	\$ 36,399	\$ 24,636
Government securities	-	100,000	Unpaid losses	-	361,602
Corporate securities	415,981	642,174	Unearned premium	2,515,754	2,395,033
Broker certificates of deposit	1,292,137	1,618,615	Advanced premiums	113,004	92,975
Mortgage backed securities	94	1,134	Funds payable on reinsurance	83,338	75,821
Municipal securities	3,360,782	2,598,883	Taxes payable	6,301	-
Investment company shares	928	91,387	Agency payable	37,931	31,591
Investment in NAMIC Insurance Co.	18,883	19,027			
Equities	574,125	515,150	<b>TOTAL LIABILITIES</b>	<u>2,792,727</u>	<u>2,981,658</u>
Deferred premiums	714,633	676,196			
Premiums receivable	10,558	12,222	<b>POLICYHOLDERS' SURPLUS</b>		
Accounts receivable	-	72,977	Balance as of January 1	<u>3,456,582</u>	<u>3,356,967</u>
Accrued interest	28,023	31,359	Guaranty fund	<u>350,000</u>	<u>350,000</u>
Reinsurance recoverable	14,603	-	Change in Surplus		
Deferred tax asset	93,446	96,412	Change in non-admitted assets	-	5,129
Tax refunds receivable	-	8,840	Unrealized gains	28,379	51,521
Real estate	<u>41,348</u>	<u>43,601</u>	Change in deferred taxes	4,581	22,124
			Net income	<u>115,136</u>	<u>20,841</u>
			Total change in surplus	<u>148,096</u>	<u>99,615</u>
			Balance as of December 31	<u>3,954,678</u>	<u>3,806,582</u>
<b>TOTAL ADMITTED ASSETS</b>	<u>\$ 6,747,405</u>	<u>\$ 6,788,240</u>	<b>TOTAL LIABILITIES AND SURPLUS</b>	<u>\$ 6,747,405</u>	<u>\$ 6,788,240</u>

**STATUTORY STATEMENTS OF INCOME**  
 YEARS ENDED DECEMBER 31, 2020 AND 2019

**STATUTORY SCHEDULES OF OPERATING EXPENSES**  
 YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019		2020	2019
<b>PREMIUM INCOME</b>			<b>OPERATING EXPENSES</b>		
Gross written premium	\$ 5,066,691	\$ 4,820,107	Advertising	\$ 11,280	\$ 14,088
Less: Reinsurance premium	<u>(999,304)</u>	<u>(985,772)</u>	Boards, bureaus and association	14,624	11,679
<b>NET WRITTEN PREMIUM</b>	4,067,387	3,834,335	Commissions	793,797	729,301
Change in unearned premium	<u>(120,721)</u>	<u>(348,052)</u>	Less: Commissions on agency	(18,126)	(115,048)
<b>NET EARNED PREMIUM</b>	<u>3,946,666</u>	<u>3,486,283</u>	Contributions	850	1,050
<b>LOSSES</b>			Conventions, meetings, education	4,638	5,695
Fire	1,553,526	1,499,742	Directors' fees	7,038	8,142
Wind	2,577,501	3,316,150	Employee benefits	24,859	16,784
Special property	2,985	13,646	Inspection and loss prevention	10,902	7,710
Less: Salvage and subrogation	-	(16,239)	Insurance and bonding	11,851	17,134
Reinsurance recoveries	<u>(1,493,851)</u>	<u>(2,494,428)</u>	Legal and auditing	43,525	67,016
<b>NET LOSSES INCURRED</b>	<u>2,640,161</u>	<u>2,318,871</u>	Office equipment and maintenance	410	3,867
<b>LOSS ADJUSTMENT EXPENSES</b>	<u>98,968</u>	<u>139,273</u>	Payroll taxes	21,432	20,410
<b>OPERATING EXPENSES</b>	<u>1,279,815</u>	<u>1,186,821</u>	Postage, telephone and exchange	18,747	15,108
<b>UNDERWRITING LOSS</b>	<u>(72,278)</u>	<u>(158,682)</u>	Printing and stationery	19,239	41,691
<b>INVESTMENT &amp; OTHER INCOME</b>			Rent and lease expense	12,000	15,040
Investment income	169,760	165,582	Salaries	252,329	272,763
Investment expenses	(11,370)	(10,353)	State taxes and fees	90,756	89,290
Rent income	12,000	12,000	Travel and travel items	10,936	13,446
Capital gain	<u>29,394</u>	<u>19,099</u>	Utilities	4,418	5,276
<b>NET INVESTMENT AND OTHER INCOME</b>	<u>199,784</u>	<u>186,328</u>	Computer expense	19,502	34,328
<b>INCOME BEFORE INCOME TAXES</b>	127,506	27,646	Operating expense allocated to adjusting	<u>(75,192)</u>	<u>(87,949)</u>
Provision for income taxes	<u>12,370</u>	<u>6,805</u>	<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 1,279,815</u>	<u>\$ 1,186,821</u>
<b>NET INCOME</b>	<u>\$ 115,136</u>	<u>\$ 20,841</u>			

**STATUTORY SCHEDULES OF INVESTMENT EXPENSES**

	2020	2019
<b>INVESTMENT EXPENSES</b>		
Depreciation on real estate	\$ 2,253	\$ 2,253
Property tax on real estate	2,230	2,291
Miscellaneous investment expenses	<u>6,887</u>	<u>5,809</u>
<b>TOTAL INVESTMENT EXPENSES</b>	<u>\$ 11,370</u>	<u>\$ 10,353</u>

SEE ACCOUNTANT'S COMPILATION REPORT.