

COPY

Form 990

Return of Organization Exempt From Income Tax
Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

OMB No. 1545-0047
1999
This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 1999 calendar year, OR tax year period beginning July 1, 1999, and ending June 30, 2000

- B Check if:
Change of address
Initial return
Final return
Amended return (required also for state reporting)

C Name of organization: Minnesota School Boards Association Insurance Trust
D Employer identification number: 41-6160028
E Telephone number: 507-931-2450
F Check if exemption application is pending

G Type of organization: Exempt under section 501(c)(4)
Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H(a) Is this a group return filed for affiliates? No
(b) If "Yes," enter the number of affiliates for which this return is filed:
(c) Is this a separate return filed by an organization covered by a group ruling? No
J Accounting method: Accrual

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if it received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 15.)

Table with columns for Revenue, Expenses, and Net Assets. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6a Gross rents; 6b Less: rental expenses; 6c Net rental income or (loss); 7 Other investment income; 8a Gross amount from sales of assets other than inventory; 8b Less: cost or other basis and sales expenses; 8c Gain or (loss); 8d Net gain or (loss); 9 Special events and activities; 10a Gross sales of inventory, less returns and allowances; 10b Less: cost of goods sold; 10c Gross profit or (loss); 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit) for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.

Health Income included

Exp

137,985

Royalty chgs

Part I Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 19.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)	8,764,493	8,764,493		
25	Compensation of officers, directors, etc.				
26	Other salaries and wages				
27	Pension plan contributions				
28	Other employee benefits				
29	Payroll taxes				
30	Professional fundraising fees				
31	Accounting fees	20,186		20,186	
32	Legal fees	372,010		372,010	
33	Supplies	6,067	4,162	1,905	
34	Telephone				
35	Postage and shipping				
36	Occupancy	37,263		37,263	
37	Equipment rental and maintenance				
38	Printing and publications	3,940		3,940	
39	Travel	9,671		9,671	
40	Conferences, conventions, and meetings	1,691		1,691	
41	Interest				
42	Depreciation, depletion, etc. (attach schedule)				
43	Other expenses (itemize): a Consultant	259,176	239,076	20,100	
	b Administration and Management Services	1,610,298	1,187,310	422,988	
	c MN Special Compensation Fund	1,312,885	1,312,885		
	d Commissions	1,035,201	1,035,201		
	e Investment expenses	137,985	137,985		
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	13,570,866	12,681,112	889,754	

Reporting of Joint Costs. — Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part II Statement of Program Service Accomplishments (See Specific Instructions on page 22.)

What is the organization's primary exempt purpose? Provide insurance to school districts	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a Provision of an insurance pool and the benefits of large group procurement for approximately 300 school districts (Grants and allocations \$ _____)	12,681,112
b _____ (Grants and allocations \$ _____)	
c _____ (Grants and allocations \$ _____)	
d _____ (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	12,681,112

Part V Balance Sheets (See Specific Instructions on page 22.)

		(A) Beginning of year		(B) End of year	
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.					
Assets	45	Cash — non-interest-bearing	4,645,857	45	4,605,083
	46	Savings and temporary cash investments		46	
	47a	Accounts receivable	10,930,860		
	b	Less: allowance for doubtful accounts		47c	10,930,860
	48a	Pledges receivable			
	b	Less: allowance for doubtful accounts		48c	
	49	Grants receivable		49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a	Other notes and loans receivable (attach schedule)			
	b	Less: allowance for doubtful accounts		51c	
	52	Inventories for sale or use		52	
	53	Prepaid expenses and deferred charges	957,389	53	492,245
	54	Investments — securities (attach schedule)	61,451,894	54	63,357,494
	55a	Investments — land, buildings, and equipment: basis			
	b	Less: accumulated depreciation (attach schedule)		55c	
56	Investments — other (attach schedule)		56		
57a	Land, buildings, and equipment: basis				
b	Less: accumulated depreciation (attach schedule)		57c		
58	Other assets (describe ▶ Interest receivable	611,485	58	700,443	
59	Total assets (add lines 45 through 58) (must equal line 74)	82,720,087	59	80,086,125	
Liabilities	60	Accounts payable and accrued expenses	1,049,197	60	1,129,294
	61	Grants payable		61	
	62	Deferred revenue	3,244,537	62	3,571,855
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a	Tax-exempt bond liabilities (attach schedule)		64a	
	b	Mortgages and other notes payable (attach schedule)		64b	
65	Other liabilities (describe ▶ Reserve for losses	54,315,809	65	47,348,083	
66	Total liabilities (add lines 60 through 65)	58,609,543	66	52,049,232	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67	Unrestricted	24,110,544	67	28,036,893
	68	Temporarily restricted		68	
	69	Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70	Capital stock, trust principal, or current funds		70	
	71	Paid-in or capital surplus, or land, building, and equipment fund		71	
	72	Retained earnings, endowment, accumulated income, or other funds		72	
	73	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)	24,110,544	73	28,036,893
	74	Total liabilities and net assets / fund balances (add lines 66 and 73)	82,720,087	74	80,086,125

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

OK

Part IVA Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See Specific Instructions, page 24.)			Part IVB Reconciliation of Expenses per Audited Financial Statements with Expenses per Return		
a Total revenue, gains, and other support per audited financial statements . . . ▶	a	17,359,230	a Total expenses and losses per audited financial statements ▶	a	13,432,881
b Amounts included on line a but not on line 12, Form 990:			b Amounts included on line a but not on line 17, Form 990:		
(1) Net unrealized gains on investments \$			(1) Donated services and use of facilities \$		
(2) Donated services and use of facilities \$			(2) Prior year adjustments reported on line 20, Form 990 \$		
(3) Recoveries of prior year grants \$			(3) Losses reported on line 20, Form 990 . \$		
(4) Other (specify):			(4) Other (specify):		
_____ \$			_____ \$		
Add amounts on lines (1) through (4) ▶	b		Add amounts on lines (1) through (4) ▶	b	
c Line a minus line b ▶	c	17,359,230	c Line a minus line b ▶	c	13,432,881
d Amounts included on line 12, Form 990 but not on line a:			d Amounts included on line 17, Form 990 but not on line a:		
(1) Investment expenses not included on line 6b, Form 990 \$ 137,985			(1) Investment expenses not included on line 6b, Form 990 \$ 137,985		
(2) Other (specify):			(2) Other (specify):		
_____ \$			_____ \$		
Add amounts on lines (1) and (2) . ▶	d	137,985	Add amounts on lines (1) and (2) ▶	d	137,985
e Total revenue per line 12, Form 990 (line c plus line d) ▶	e	17,497,215	e Total expenses per line 17, Form 990 (line c plus line d) ▶	e	13,570,866

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see Specific Instructions on page 24.)

(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 & deferred compensation	(E) Expense account and other allowances
Arlene Bush 8788 Walton Oaks Drive, Bloomington, MN	Board Chair	605	✓	0 Actual exp
William Higgs Route 1, Box 29, Wadena, MN	Vice Chair	275	✓	0 Actual exp
Richard Anderson 1900 W Jefferson Road, St. Peter, MN	Secretary/Treasurer	0	✓	0 Actual exp
Jon Hoyde Route 2, Box 16A	Trustee	550	✓	0 Actual exp
John Ulland Route 1, Box 323, Austin, MN	Trustee	55	✓	0 Actual exp
Peg Swanson 3155 Lakeshore Avenue NE, Maple Plain, MN	Trustee	275	✓	0 Actual exp
Joanne McCabe 103 Eager Avenue NE, Madelia, MN	Trustee	330	✓	0 Actual exp
Bruce Peterson 311 N 6th St, Goodhue, MN	Trustee	275	✓	0 Actual exp
Jack Coombe 4390 Lilac Road, Gilbert, MN	Trustee	660	✓	0 Actual exp

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? Yes No
If "Yes," attach schedule — see Specific Instructions on page 25.

Other Information (See Specific Instructions on page 25.)		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
b	If "Yes," has it filed a tax return on Form 990-T for this year?		N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	X	
b	If "Yes," enter the name of the organization ► <u>Minnesota School Boards Association</u> and check whether it is <input checked="" type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt.		
81a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81	81a	None
b	Did the organization file Form 1120-POL for this year?	81b	X
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III.)	82b	None
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	N/A
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	X
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	N/A
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
c	Dues, assessments, and similar amounts from members	85c	0
d	Section 162(e) lobbying and political expenditures	85d	0
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	0
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	0
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ► <u>N/A</u> ; section 4912 ► <u>N/A</u> ; section 4955 ► <u>N/A</u>		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	N/A
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		N/A
d	Enter: Amount of tax in 89c, above, reimbursed by the organization		N/A
90a	List the states with which a copy of this return is filed ► <u>Minnesota</u>		
b	Number of employees employed in the pay period that includes March 12, 1999 (See inst.)	90b	None
91	The books are in care of ► <u>MN School Boards Assn Insurance Trust</u> Telephone no. ► <u>507-931-2450</u> Located at ► <u>1900 West Jefferson Avenue, St. Peter, MN</u> ZIP + 4 ► <u>56082</u>		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 — Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 29.)

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Earned insurance contributions					14,360,866
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	3,919,960	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	(911,406)	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a Royalties			15	127,795	
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				3,136,349	14,360,866
105 Total (add line 104, columns (B), (D), and (E))					17,497,215

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 30.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93a	The Trust's exempt purpose is to provide an insurance pool and the benefits of large group procurement for approximately 300 school districts. These contributions represent charges to each district for participation in the pool.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 30.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Please 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 officer) is based on all information of which preparer has any knowledge. (Important: See General Instruction U, on page 14.)

Signature of officer _____ Date _____ Type or print name and title _____

Paid Preparer's Use Only

Preparer's signature _____ Date **DEC 19 2000** Check if self-employed Preparer's SSN or PTIN 484-50-5454

Firm's name (or yours if self-employed) and address **Peterson and Company, P.A.** EIN **41-1824186**
209 South Second St., Mankato, MN ZIP + 4 **56001**