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AMENDED

Form **990**

# Return of Organization Exempt From Income Tax

OMB No 1545-0047

**2007**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

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

A For the 2007 calendar year, or tax year beginning

and ending

B Check if applicable

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Termination  
☒ Amended return  
☐ Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization

**MEMBERS COOPERATIVE CREDIT UNION**

Number and street (or P.O. box if mail is not delivered to street address)

**101 14TH STREET**

City or town, state or country, and ZIP + 4

**CLOQUET, MN 55720**

D Employer identification number

**41-0195345**

E Telephone number

**218-879-3304**

F Accounting method

☐ Cash ☒ Accrual  
☐ Other (specify)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

G Website: **WWW.MEMBERSCCU.ORG**

J Organization type (check only one) ☒ 501(c) ( 14 ) (insert no ) ☐ 4947(a)(1) or ☐ 527

K Check here ☐ if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates **N/A**

H(c) Are all affiliates included? **N/A** ☐ Yes ☐ No (If "No," attach a list)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number **N/A**

M Check ☒ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 **20,262,904.**

## Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

1 Contributions, gifts, grants, and similar amounts received:					
a	Contributions to donor advised funds	1a			
b	Direct public support (not included on line 1a)	1b			
c	Indirect public support (not included on line 1a)	1c			
d	Government contributions (grants) (not included on line 1a)	1d			
e	Total (add lines 1a through 1d) (cash \$ noncash \$ )	1e		0.	
2	Program service revenue including government fees and contracts (from Part VII, line 2)	2		19,277,822.	
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4		502,452.	
5	Dividends and interest from securities	5			
6a	Gross rents	6a			
6b	Less: rental expenses	6b			
6c	Net rental income or (loss) Subtract line 6b from line 6a	6c			
7	Other investment income (Describe)	7			
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
b	Less: cost or other basis and sales expenses	8a		2,674.	
c	Gain or (loss) (attach schedule)	8b			
d	Net gain or (loss) Combine line 8c, columns (A) and (B)	8c		2,674.	
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>	STMT 1			
a	Gross revenue (not including \$ of contributions reported on line 1b)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events Subtract line 9b from line 9a	9c			
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c			
11	Other revenue (from Part VII, line 103)	11		479,956.	
12	Total revenue Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		20,262,904.	
13	Program services (from line 44, column (B))	13			
14	Management and general (from line 44, column (C))	14			
15	Fundraising (from line 44, column (D))	15			
16	Payments to affiliates (attach schedule)	16			
17	Total expenses Add lines 16 and 44, column (A)	17		18,497,900.	
18	Excess or (deficit) for the year. Subtract line 17 from line 12	18		1,765,004.	
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		214,831,117.	
20	Other changes in net assets or fund balances (attach explanation)	20		-186223895.	
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21		30,372,226.	

LHA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions

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**Part II 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.

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
<b>22a</b> Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
<b>22b</b> Other grants and allocations (attach schedule) (cash \$ <u>4,000</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22b</b> 4,000.			<b>STATEMENT 4</b>
<b>23</b> Specific assistance to individuals (attach schedule)	<b>23</b>			
<b>24</b> Benefits paid to or for members (attach schedule) <b>STATEMENT 5</b>	<b>24</b> 5,419,134.			
<b>25a</b> Compensation of current officers, directors, key employees, etc. listed in Part V-A	<b>25a</b> 1,284,294.			
<b>b</b> Compensation of former officers, directors, key employees, etc. listed in Part V-B	<b>25b</b> 0.			
<b>c</b> Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	<b>25c</b>			
<b>26</b> Salaries and wages of employees not included on lines 25a, b, and c	<b>26</b> 4,275,613.			
<b>27</b> Pension plan contributions not included on lines 25a, b, and c	<b>27</b>			
<b>28</b> Employee benefits not included on lines 25a - 27	<b>28</b>			
<b>29</b> Payroll taxes	<b>29</b> 368,923.			
<b>30</b> Professional fundraising fees	<b>30</b>			
<b>31</b> Accounting fees	<b>31</b>			
<b>32</b> Legal fees	<b>32</b>			
<b>33</b> Supplies	<b>33</b>			
<b>34</b> Telephone	<b>34</b>			
<b>35</b> Postage and shipping	<b>35</b>			
<b>36</b> Occupancy	<b>36</b> 725,326.			
<b>37</b> Equipment rental and maintenance	<b>37</b>			
<b>38</b> Printing and publications	<b>38</b>			
<b>39</b> Travel	<b>39</b>			
<b>40</b> Conferences, conventions, and meetings	<b>40</b> 171,165.			
<b>41</b> Interest	<b>41</b> 480,471.			
<b>42</b> Depreciation, depletion, etc. (attach schedule)	<b>42</b>			
<b>43</b> Other expenses not covered above (itemize)				
<b>a</b>	<b>43a</b>			
<b>b</b>	<b>43b</b>			
<b>c</b>	<b>43c</b>			
<b>d</b>	<b>43d</b>			
<b>e</b>	<b>43e</b>			
<b>f</b>	<b>43f</b>			
<b>g</b> SEE STATEMENT 3	<b>43g</b> 5,768,974.			
<b>44</b> Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	<b>44</b> 18,497,900.			

**Joint Costs.** Check ☐ if you are following SOP 98.2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?

Yes ☐ No ☒If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;(iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

**Part III** Statement of Program Service Accomplishments (See the instructions.)

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.

What is the organization's primary exempt purpose? ► <u>SEE STATEMENT 6</u>		Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)		
<b>a</b>	<u>TO PROVIDE LOANS TO MEMBERS AND TO PAY DIVIDENDS ON MEMBER SHARE ACCOUNTS, SHAREDRAFT ACCOUNTS, AND CERTIFICATES.</u>	
	(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>b</b>		
	(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>c</b>		
	(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>d</b>		
	(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>e</b>	Other program services (attach schedule)	
	(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>f</b>	<b>Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) ►	

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**Part IV Balance Sheets** (See the instructions)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year		(B) End of year
<b>Assets</b>	45 Cash - non-interest-bearing	5,464,298.	45	5,158,143.
	46 Savings and temporary cash investments	6,811,234.	46	8,124,943.
	47 a Accounts receivable	47a		
	b Less allowance for doubtful accounts	47b	47c	
	48 a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b	48c	
	49 Grants receivable		49	
	50 a Receivables from current and former officers, directors, trustees, and key employees	69,272.	50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b	
	51 a Other notes and loans receivable	51a 220,305,499.		
	b Less allowance for doubtful accounts	51b 1,665,552.	196,184,408.	51c 218,639,947.
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	2,133,801.	53	1,216,792.
	54 a Investments - publicly-traded securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a	
	b Investments - other securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
55 a Investments - land, buildings, and equipment basis	55a			
b Less accumulated depreciation	55b	55c		
56 Investments - other		56		
57 a Land, buildings, and equipment basis	57a 15,395,749.			
b Less accumulated depreciation <b>STMT 8</b>	57b 6,932,333.	9,251,608.	57c 8,463,416.	
58 Other assets, including program-related investments (describe <input type="checkbox"/> <b>SEE STATEMENT 9</b> )		5,836,237.	58	6,091,344.
59 <b>Total assets</b> (must equal line 74) Add lines 45 through 58		225,750,858.	59	247,694,585.
<b>Liabilities</b>	60 Accounts payable and accrued expenses	2,744,741.	60	3,265,489.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable <b>STMT 10</b>	8,175,000.	64b	19,550,000.
	65 Other liabilities (describe <input type="checkbox"/> <b>SEE STATEMENT 11</b> )	0.	65	194,506,870.
66 <b>Total liabilities.</b> Add lines 60 through 65		10,919,741.	66	217,322,359.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74</b>			
	67 Unrestricted		67	
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	<b>Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74</b>			
	70 Capital stock, trust principal, or current funds	194,286,612.	70	0.
	71 Paid-in or capital surplus, or land, building, and equipment fund	0.	71	0.
	72 Retained earnings, endowment, accumulated income, or other funds <b>**</b>	20,544,505.	72	30,372,226.
	73 <b>Total net assets or fund balances</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	214,831,117.	73	30,372,226.
	74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73	225,750,858.	74	247,694,585.

\*\* SEE STATEMENT 7

Form 990 (2007)

<b>Part IV-A</b>	<b>Reconciliation of Revenue per Audited Financial Statements With Revenue per Return</b> <i>(See the instructions.)</i>
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<b>a</b>	Total revenue, gains, and other support per audited financial statements		<b>a</b>	N/A
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 12			
<b>1</b>	Net unrealized gains on investments	<b>b1</b>		
<b>2</b>	Donated services and use of facilities	<b>b2</b>		
<b>3</b>	Recoveries of prior year grants	<b>b3</b>		
<b>4</b>	Other (specify) _____	<b>b4</b>		
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	
<b>d</b>	Amounts included on Part I, line 12, but not on line <b>a</b> :			
<b>1</b>	Investment expenses not included on Part I, line 6b	<b>d1</b>		
<b>2</b>	Other (specify) _____	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total revenue</b> (Part I, line 12) Add lines <b>c</b> and <b>d</b>		<b>e</b>	

Part IV-B	Reconciliation of Expenses per Audited Financial Statements With Expenses per Return	
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<b>a</b> Total expenses and losses per audited financial statements		<b>a</b>	<b>N/A</b>
<b>b</b> Amounts included on line <b>a</b> but not on Part I, line 17			
1	Donated services and use of facilities	<b>b1</b>	
2	Prior year adjustments reported on Part I, line 20	<b>b2</b>	
3	Losses reported on Part I, line 20	<b>b3</b>	
4	Other (specify) _____	<b>b4</b>	
Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	
<b>c</b> Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	
<b>d</b> Amounts included on Part I, line 17, but not on line <b>a</b> :			
1	Investment expenses not included on Part I, line 6b	<b>d1</b>	
2	Other (specify) _____	<b>d2</b>	
Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b> Total expenses (Part I, line 17) Add lines <b>c</b> and <b>d</b>		<b>e</b>	

**Part V-A** **Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated ) (See the instructions )

[illegible]



Part VI Other Information (continued)		Yes	No
82 a	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 in Part III)	82b	N/A
83 a	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 <i>quid pro quo</i> contributions?	83b	N/A
84 a	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 a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?	85a	N/A
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	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 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) organizations. 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) organizations. 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 a	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?	88a	X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b	X
89 a	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) organizations. 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		0.
d	Enter Amount of tax on line 89c, above, reimbursed by the organization		0.
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g	X
90 a	List the states with which a copy of this return is filed: <u>NONE</u>		
b	Number of employees employed in the pay period that includes March 12, 2007	90b	129
91 a	The books are in care of: <u>RALPH HAMANN</u> Telephone no.: <u>218-878-3680</u> Located at: <u>101 14TH STREET, CLOQUET, MN</u> ZIP + 4: <u>55720</u>		
b	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)? If "Yes," enter the name of the foreign country: <u>N/A</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts	91b	X



**Part VI Other Information** (continued)

Yes No

c. At any time during the calendar year, did the organization maintain an office outside of the United States?

91c

X

If "Yes," enter the name of the foreign country **N/A**

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 the instructions)

Note: 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) Exclu- sion code	(D) Amount	
93 Program service revenue					
a <b>LOAN INTEREST INCOME</b>					16,289,980.
b <b>FEE INCOME</b>	522100	16,042.			2,971,800.
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			14	502,452.	
96 Dividends and interest from securities					
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	2,674.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a <b>OTHER OPERATING INCOME</b>	525990	28,034.			451,922.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		44,076.		505,126.	19,713,702.
105 Total (add line 104, columns (B), (D), and (E))					20,262,904.

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

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions)

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	INTEREST INCOME EARNED ON LOANS TO MEMBERS
93B	FEE INCOME EARNED ON SERVICES PROVIDED TO MEMBERS
103	INCOME COLLECTED ON ADDITIONAL SERVICES PROVIDED TO MEMBERS

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions)

(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
SEE STATEMENT 13	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

Yes

X No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

Yes

X No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13)

106 Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- ----- -----			
b	----- ----- -----			
c	----- ----- -----			
<b>Totals</b>				

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

107 Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity

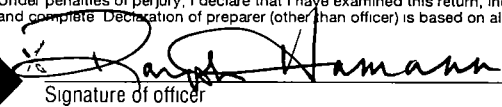
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- ----- -----			
b	----- ----- -----			
c	----- ----- -----			
<b>Totals</b>				

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

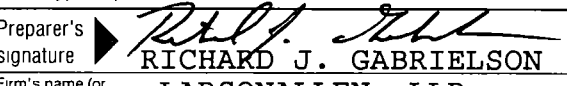
Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

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.

Please Sign Here:  Signature of officer X 1-24-11 Date

**RALPH HAMANN, VICE PRESIDENT OF FINANCE**  
Type or print name and title

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Paid Preparer's Use Only: Preparer's signature  **RICHARD J. GABRIELSON** Date **1/18/11** Check if self-employed ☐ Preparer's SSN or PTIN (See Gen Inst X) **EIN**

Firm's name (or yours if self-employed), address and ZIP + 4: **LARSONALLEN LLP**  
**P.O. BOX 217**  
**AUSTIN, MN 55912** Phone no. **507-434-7000**

Form 990 (2007)

2007 DEPRECIATION AND AMORTIZATION REPORT

FORM 990 PAGE 2

990

Asset No	Description	Date Acquired	Method	Life	Convention	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
11	FURNITURE, FIXTURES, AND OTHER EQUIPMENT	VARIOUS	SL	.000	HY	16	6,414,069.				6,414,069.	4,918,589.		0.	4,918,589.
12	BUILDINGS AND IMPROVEMENTS	VARIOUS	SL	.000	HY	16	7,388,519.				7,388,519.	1,867,981.		0.	1,867,981.
13	LEASEHOLD IMPROVEMENTS	VARIOUS	SL	.000	HY	16	146,162.				146,162.	145,763.		0.	145,763.
14	LAND	VARIOUS	L		HY		1,443,899.				1,443,899.			0.	
25	CONSTRUCTION IN PROGRESS	VARIOUS		.000	HY	16	3,100.				3,100.			0.	
	* TOTAL 990 PAGE 2 DEPR						15395749.				15395749.	5,932,333.		0.	6,932,333.

FORM 990	GAIN (LOSS) FROM SALE OF OTHER ASSETS	STATEMENT	1
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DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
FORCLOSED ASSETS SOLD			PURCHASED	
	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC
				NET GAIN OR (LOSS)
	2,674.	0.	0.	0.
TO FM 990, PART I, LN 8	2,674.	0.	0.	0.

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	2
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DESCRIPTION	AMOUNT
TO RECLASS MEMBER ACCOUNT LIABILITY OUT OF EQUITY	-194,286,612.
TO RECORD REGULAR RESERVE INADVERTENTLY NOT PREVIOUSLY RECORDED	8,062,717.
TOTAL TO FORM 990, PART I, LINE 20	-186,223,895.

FORM 990	OTHER EXPENSES	STATEMENT	3
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DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
OFFICE OPERATIONS EXPENSE	2,268,774.			
EDUCATIONAL & PROMOTIONAL EXPENSE	378,898.			
LOAN SERVICING EXPENSE	1,494,690.			
PROVISION FOR LOAN LOSSES	1,164,777.			
PROFESSIONAL AND OUTSIDE SERVICES	119,204.			
MEMBER INSURANCE	17,535.			
EXAM & SUPERVISION FEES	30,000.			
MISCELLANEOUS OPERATING EXPENSE	295,096.			
TOTAL TO FM 990, LN 43	5,768,974.			

FORM 990	CASH GRANTS AND ALLOCATIONS TO INDIVIDUALS	STATEMENT	4
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CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
COLLEGE SCHOLARSHIP BRANDON DEBOCK 7545 BEAR TRAP JUNCTION SAGINAW, MN 55779	NONE	1,000.
COLLEGE SCHOLARSHIP NICOLE BRUCH 29 WEST RIVERSIDE ROAD ESKO, MN 55733	NONE	500.
COLLEGE SCHOLARSHIP LAURA MILLS 24 TIMBERLINE DRIVE ESKO, MN 55733	NONE	1,000.
COLLEGE SCHOLARSHIP MOLLY BURMAN 36707 STATE HIGHWAY 47 AITKIN, MN 56431	NONE	500.
COLLEGE SCHOLARSHIP MARTI KIESLING 5522 THOMPSON HILL ROAD PROCTER, MN 55806	NONE	1,000.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22B		4,000.

FORM 990	BENEFITS PAID TO OR FOR MEMBERS	STATEMENT	5
DESCRIPTION		AMOUNT	
DIVIDENDS AND INTEREST PAID TO MEMBERS ON THEIR SAVINGS		5,419,134.	
TOTAL TO FORM 990, PART II, LINE 24		5,419,134.	

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FORM 990      STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE      STATEMENT      6  
PART III

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## EXPLANATION

TO CONDUCT THE ORDINARY AND NECESSARY BUSINESS OF A CREDIT UNION INVOLVING  
THE RECEIVING OF SAVINGS OF MEMBERS AND LENDING MONEY TO MEMBERS FOR  
PROVIDENT PURPOSES.

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FORM 990      OTHER FUNDS      STATEMENT      7

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DESCRIPTION	(A) BEGINNING OF YEAR	(B) END OF YEAR
CAPITOL STOCK	194,286,612.	
RETAINED EARNINGS	20,544,505.	22,309,509.
REGULAR RESERVES		8,062,717.
TOTAL INCLUDED ON FORM 990, LINE 72	214,831,117.	30,372,226.

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FORM 990      DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT      STATEMENT      8

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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
FURNITURE, FIXTURES, AND OTHER EQUIPMENT	6,414,069.	4,918,589.	1,495,480.
BUILDINGS AND IMPROVEMENTS	7,388,519.	1,867,981.	5,520,538.
LEASEHOLD IMPROVEMENTS	146,162.	145,763.	399.
LAND	1,443,899.	0.	1,443,899.
CONSTRUCTION IN PROGRESS	3,100.	0.	3,100.
TOTAL TO FORM 990, PART IV, LN 57	15,395,749.	6,932,333.	8,463,416.

FORM 990	OTHER ASSETS	STATEMENT	9
DESCRIPTION	BEGINNING OF YEAR	END OF YEAR	
CUNA STABILIZATION RESERVE	38,344.	38,344.	
ACCRUED INTEREST	1,063,240.	1,170,960.	
OTHER RECEIVABLES	2,402,411.		
NCUSIF DEPOSIT	1,755,979.	1,917,432.	
FHLB CAPITOL STOCK	516,500.	555,500.	
OTHER REAL ESTATE	59,763.	801,849.	
OTHER ASSETS		1,607,259.	
TOTAL TO FORM 990, PART IV, LINE 58	5,836,237.	6,091,344.	

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FORM 990	OTHER NOTES AND LOANS PAYABLE	STATEMENT 10
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LENDER'S NAME	TERMS OF REPAYMENT
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MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
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DATE OF NOTE	MATURITY DATE	ORIGINAL LOAN AMOUNT	INTEREST RATE
		0.	5.18%

SECURITY PROVIDED BY BORROWER	PURPOSE OF LOAN
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RELATIONSHIP OF LENDER
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DESCRIPTION OF CONSIDERATION	FMV OF CONSIDERATION	BALANCE DUE
	0.	13,550,000.

LENDER'S NAME	TERMS OF REPAYMENT
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FEDERAL HOME LOAN BANK
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DATE OF NOTE	MATURITY DATE	ORIGINAL LOAN AMOUNT	INTEREST RATE
		0.	4.75%

SECURITY PROVIDED BY BORROWER	PURPOSE OF LOAN
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RELATIONSHIP OF LENDER
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DESCRIPTION OF CONSIDERATION	FMV OF CONSIDERATION	BALANCE DUE
	0.	6,000,000.

TOTAL INCLUDED ON FORM 990, PART IV, LINE 64, COLUMN B	19,550,000.
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FORM 990	OTHER LIABILITIES	STATEMENT 11
DESCRIPTION	BEGINNING OF YEAR	END OF YEAR
SHARE SAVINGS		31,525,205.
SHARE DRAFTS		27,888,184.
MONEY MARKET		55,911,078.
IRA DEPOSITS		9,295,937.
SHARE & IRA CERTIFICATES		69,886,466.
TOTAL TO FORM 990, PART IV, LINE 65		194,506,870.

FORM 990	PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES	STATEMENT 12
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NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
BEVERLY WETZEL 15095 YELLOW PINE STREET ANDOVER, MN 55304	DIRECTOR 3.00	2,355.	0.	0.
JOANN HOAG 5426 BEAR TRAP ROAD SAGINAW, MN 55779	DIRECTOR 1.00	0.	0.	0.
HARVEY KORBY 3138 COUNTY ROAD 1 WRENSHALL, MN 55797	DIRECTOR 1.00	574.	0.	0.
ROY CHARON 3189 MAPLE DRIVE CLOQUET, MN 55720	VICE CHAIRPERSON 1.00	795.	0.	0.
ALVIN ALM 402 DALEWOOD AVENUE CLOQUET, MN 55720	CHAIRPERSON 2.00	1,605.	0.	0.
ROBERT JOHNSON 1409 SUMMIT AVENUE CLOQUET, MN 55720	DIRECTOR 1.00	859.	0.	0.
MARY NUTTING 35769 280TH STREET AITKIN, MN 56431	COMMITTEE MEMBER 4.00	3,173.	0.	0.

## MEMBERS COOPERATIVE CREDIT UNION

41-0195345

STEVE KIMBER 2350 LAC LABELLE ROAD CARLTON, MN 55718	COMMITTEE CHAIR 3.00	2,411.	0.	0.
PATRICIA MEISTER 404 CARMEN AVE CLOQUET, MN 55720	COMMITTEE SECRETARY 3.00	2,479.	0.	0.
TOM METTNER 335 12TH STREET CLOQUET, MN 55720	COMMITTEE MEMBER 3.00	2,644.	0.	0.
SANDRA GREEN 2111 SELMSER AVENUE CLOQUET, MN 55720	DIRECTOR 4.00	3,045.	0.	0.
DEL D PREVOST 925 LAKEVIEW DRIVE CLOQUET, MN 55720	PRESIDENT/ CEO 40.00	518,895.	23,101.	7,838.
PAM GROVER 1596 EVERGREEN DRIVE CLOQUET, MN 55720	VICE PRESIDENT 40.00	94,200.	14,303.	0.
TAMMY HEIKKINEN 5356 MCKINLEY DRIVE HERMANTOWN, MN 55811	VICE PRESIDENT 40.00	134,790.	20,005.	0.
LARRY CHAMPEAUX 930 PINWOOD DRIVE CLOQUET, MN 55720	VICE PRESIDENT 40.00	91,105.	48,029.	0.
MARK OESTERICH 1517 TRIGGS AVENUE DULUTH, MN 55811	VICE PRESIDENT 40.00	73,521.	14,389.	0.
TERESA TANGEN 3681 DANA ROAD HERMANTOWN, MN 55811	VICE PRESIDENT 40.00	87,180.	8,914.	0.
JANET VOLD 6165 SUNSET RIDGE ROAD DULUTH, MN 55811	VICE PRESIDENT 40.00	95,678.	14,709.	0.
ROBIN HAYES 2910 BRANCH STREET DULUTH, MN 55811	VICE PRESIDENT 40.00	16,950.	747.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		1,132,259.	144,197.	7,838.

FORM 990 PART IX - INFORMATION REGARDING TAXABLE SUBSIDIARIES AND DISREGARDED ENTITIES STATEMENT 13

NAME OF CORPORATION, PARTNERSHIP OR DISREGARDED ENTITY

LAKEHEAD FINANCIAL MANAGEMENT, INC.

ADDRESS

101 14TH STREET, CLOQUET, MN 55720

EMPLOYER ID NUMBER	PERCENT OWNED	NATURE OF ACTIVITIES	TOTAL INCOME	END-OF-YEAR ASSETS
41-1542100	100.00%	CREDIT UNION SERVICE ORGANIZATION	0.	0.

GENERAL EXPLANATION  
FORM AND LINE REFERENCES STATEMENT 14

FORM/LINE IDENTIFIER

FORM 990, PART VII, LINES 93B AND  
103A: