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Form 990

## Return of Organization Exempt From Income Tax

2009

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

► The organization may have to use a copy of this return to satisfy state reporting requirements

## A For the 2009 calendar year, or tax year beginning 01-01-2009 and ending 12-31-2009

<input type="checkbox"/> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C Name of organization</b> <b>LAKE REGION ELECTRIC COOPERATIVE</b>		<b>D Employer identification number</b> <b>41-0363020</b> <b>E Telephone number</b> <b>(218) 863-1171</b> <b>G Gross receipts \$ 44,339,942</b>	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) PO BOX 643			Room/suite
	City or town, state or country, and ZIP + 4 PELICAN RAPIDS, MN 565720643			
	<b>F Name and address of principal officer</b> <b>TIM THOMPSON</b> <b>PO BOX 643</b> <b>PELICAN RAPIDS, MN 565720643</b>			
	<b>H(a) Is this a group return for affiliates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b) Are all affiliates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c) Group exemption number</b> ►			
<b>I Tax-exempt status</b> <input checked="" type="checkbox"/> 501(c) ( 12 ) ► (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>J Website:</b> ► WWW LREC COOP		
<b>K Form of organization</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		<b>L Year of formation</b> 1937	<b>M State of legal domicile</b> MN	

## Part I Summary

1 Briefly describe the organization's mission or most significant activities  
DISTRIBUTE ELECTRICITY

2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	3	9
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
5 Total number of employees (Part V, line 2a)	5	88
6 Total number of volunteers (estimate if necessary)	6	0
7a Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)			0
9 Program service revenue (Part VIII, line 2g)	41,077,032	43,939,576	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	342,266	363,590	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	10,350	7,274	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	41,429,648	44,310,440	

		Prior Year	Current Year
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)			0
14 Benefits paid to or for members (Part IX, column (A), line 4)			0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	7,309,253	7,392,461	
16a Professional fundraising fees (Part IX, column (A), line 11e)			0
b Total fundraising expenses (Part IX, column (D), line 25) ► 0			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	30,766,292	32,261,882	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	38,075,545	39,654,343	
19 Revenue less expenses Subtract line 18 from line 12	3,354,103	4,656,097	

		Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	86,540,697	89,745,802	
21 Total liabilities (Part X, line 26)	55,153,704	54,261,125	
22 Net assets or fund balances Subtract line 21 from line 20	31,386,993	35,484,677	

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

***** Signature of officer TIM THOMPSON CEO Type or print name and title	2010-10-28 Date
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Preparer's signature ► Eide Bailly LLP	Date 2010-10-28	Check if self-employed ► <input type="checkbox"/>	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ► EIDE BAILLY LLP 4310 17TH AVE S PO BOX 2545 FARGO, ND 581082545	EIN ►		Phone no ► (701) 239-8500

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

### **Part III Statement of Program Service Accomplishments**

**1 Briefly describe the organization's mission**

THE MISSION OF LREC IS TO PROVIDE OUR MEMBERS WITH SAFE, RELIABLE, AND COST EFFECTIVE ELECTRIC AND RELATED SERVICES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No  
If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses  
Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

**4a** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$

THE COOPERATIVE DISTRIBUTED ELECTRICITY TO 26,196 MEMBERS IN ITS 5,643 MILES OF LINES WITHIN THE SERVICE TERRITORY.

**4b** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$

**4c** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$

**4d Other program services (Describe in Schedule O)**

(Expenses \$ **including grants of \$** ) (Revenue \$ **)**

### Total program service expenses

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .

2 Is the organization required to complete Schedule B, Schedule of Contributors? . . . . .

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I . . . . .

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II . . . . .

5 **Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III . . . . .

6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I  . . . . .

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II  . . . . .

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III  . . . . .

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV  . . . . .

10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V  . . . . .

11 Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. . . . .

- Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.
- Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.
- Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.
- Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.
- Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.
- Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X.

12 Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII  . . . . .

12a Was the organization included in consolidated, independent audited financial statements for the tax year? 

Yes	No
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If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional . . . . .

12a 

Yes	No
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13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .

14a Did the organization maintain an office, employees, or agents outside of the United States? . . . . .

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Part I . . . . .

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Part II . . . . .

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Part III . . . . .

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I . . . . .

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III . . . . .

20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H . . . . .

	Yes	No
1		No
2		No
3		No
4		
5		
6		No
7		No
8		No
9		No
10		No
11	Yes	
12	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20		No

**Part IV Checklist of Required Schedules (continued)**

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? If "Yes," complete Schedule L, Part IV	29		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	34	Yes	
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	35		No
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	36		
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	37		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	38	Yes	
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O			

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable	<b>1a</b> 139	
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	<b>1b</b> 0	
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	<b>2a</b> 88	
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	Yes	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		No
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
<b>4a</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)?		
<b>4b</b>	If "Yes," enter the name of the foreign country See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts		No
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
<b>5c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c	
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
<b>7e</b>	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	
<b>7g</b>	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g	
<b>7h</b>	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966?	9a	
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12	10a	
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>11a</b>	Gross income from members or shareholders	11a 42,594,106	
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b 1,716,334	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a	
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

### Section A. Governing Body and Management

		Yes	No
<b>1a</b> Enter the number of voting members of the governing body . . .	<b>1a</b>	9	
<b>b</b> Enter the number of voting members that are independent . . .	<b>1b</b>	8	
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	<b>2</b>	No	
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	<b>3</b>	No	
<b>4</b> Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . . . . .	<b>4</b>	No	
<b>5</b> Did the organization become aware during the year of a material diversion of the organization's assets? . . . . .	<b>5</b>	No	
<b>6</b> Does the organization have members or stockholders? . . . . .	<b>6</b>	Yes	
<b>7a</b> Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	<b>7a</b>	Yes	
<b>b</b> Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .	<b>7b</b>	Yes	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
<b>a</b> The governing body? . . . . .	<b>8a</b>	Yes	
<b>b</b> Each committee with authority to act on behalf of the governing body? . . . . .	<b>8b</b>	No	
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	<b>9</b>	No	

### Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b> Does the organization have local chapters, branches, or affiliates? . . . . .	<b>10a</b>	No	
<b>b</b> If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .	<b>10b</b>		
<b>11</b> Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? . . . . .	<b>11</b>	Yes	
<b>11A</b> Describe in Schedule O the process, if any, used by the organization to review the Form 990 . . . . .			
<b>12a</b> Does the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	<b>12a</b>	Yes	
<b>b</b> Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	<b>12b</b>	Yes	
<b>c</b> Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	<b>12c</b>	Yes	
<b>13</b> Does the organization have a written whistleblower policy? . . . . .	<b>13</b>	Yes	
<b>14</b> Does the organization have a written document retention and destruction policy? . . . . .	<b>14</b>	Yes	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
<b>a</b> The organization's CEO, Executive Director, or top management official . . . . .	<b>15a</b>	Yes	
<b>b</b> Other officers or key employees of the organization . . . . .	<b>15b</b>	No	
If "Yes" to line a or b, describe the process in Schedule O (See instructions )			
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	<b>16a</b>	No	
<b>b</b> If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	<b>16b</b>		

### Section C. Disclosure

**17** List the States with which a copy of this Form 990 is required to be filed ►

**18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply  
 Own website  Another's website  Upon request

**19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization ►  
 KAY PERRIN  
 PO BOX 643  
 PELICAN RAPIDS, MN 565720643  
 (218) 863-1171

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

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons.

Check this box if the organization did not compensate any current or former officer, director, trustee or key employee.

<b>1b Total</b> . . . . .	►	771,206	0	374,233
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**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization ►4

		<b>Yes</b>	<b>No</b>
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	<b>3</b>		No
<b>4</b> For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	<b>4</b>	Yes	
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? If "Yes," complete Schedule J for such person	<b>5</b>		No

## Section B. Independent Contractors

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
CARR'S TREE SERVICE INC PO BOX 250 OTTERTAIL, MN 56571	TREE CLEARING	1,405,417
RIPLEY'S INC 36322 US HWY 59 ERHARD, MN 56534	ROAD BORING	183,857
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ►2		

## **Part VIII Statement of Revenue**

**Part IX Statement of Functional Expenses****Section 501(c)(3) and 501(c)(4) organizations must complete all columns.****All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).**

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees . . . . .	624,954			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
7 Other salaries and wages	5,187,870			
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	1,160,422			
9 Other employee benefits . . . . .				
10 Payroll taxes . . . . .	419,215			
11 Fees for services (non-employees)				
a Management . . . . .				
b Legal . . . . .				
c Accounting . . . . .				
d Lobbying . . . . .				
e Professional fundraising See Part IV, line 17 . . . . .				
f Investment management fees . . . . .				
g Other . . . . .				
12 Advertising and promotion . . . . .				
13 Office expenses . . . . .				
14 Information technology . . . . .				
15 Royalties . . . . .				
16 Occupancy . . . . .				
17 Travel . . . . .				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19 Conferences, conventions, and meetings . . . . .				
20 Interest . . . . .	2,650,509			
21 Payments to affiliates . . . . .				
22 Depreciation, depletion, and amortization . . . . .	3,095,304			
23 Insurance . . . . .				
24 Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below )				
a COST OF POWER	23,792,537			
b DISTRIBUTION - MAINTENA	5,412,818			
c ADMINISTRATIVE AND GENE	2,540,341			
d CUSTOMER ACCOUNTS & SER	2,034,483			
e ALLOCATED COSTS	-7,392,461			
f All other expenses	128,351			
<b>25 Total functional expenses.</b> Add lines 1 through 24f	39,654,343			
<b>26 Joint costs.</b> Check here <input checked="" type="checkbox"/> <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
Assets	1 Cash—non-interest-bearing . . . . .	1	
	2 Savings and temporary cash investments . . . . .	3,146,605	2,896,859
	3 Pledges and grants receivable, net . . . . .	3	
	4 Accounts receivable, net . . . . .	5,481,618	5,183,280
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L . . . . .	6	
	7 Notes and loans receivable, net . . . . .	7	
	8 Inventories for sale or use . . . . .	1,215,733	1,127,178
	9 Prepaid expenses and deferred charges . . . . .	108,674	107,061
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	99,474,101
	b Less accumulated depreciation . . . . .	10b	31,963,385
		65,276,454	10c
		65,276,454	67,510,716
	11 Investments—publicly traded securities . . . . .	91,873	11
	12 Investments—other securities See Part IV, line 11 . . . . .	342,870	12
	13 Investments—program-related See Part IV, line 11 . . . . .	10,876,870	13
	14 Intangible assets . . . . .	14	
	15 Other assets See Part IV, line 11 . . . . .	15	
	<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	86,540,697	<b>16</b>
		86,540,697	89,745,802
Liabilities	17 Accounts payable and accrued expenses . . . . .	6,377,877	17
	18 Grants payable . . . . .	18	
	19 Deferred revenue . . . . .	276,143	19
	20 Tax-exempt bond liabilities . . . . .	20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	22	
	23 Secured mortgages and notes payable to unrelated third parties . . . . .	48,312,311	23
	24 Unsecured notes and loans payable to unrelated third parties . . . . .	24	
	25 Other liabilities Complete Part X of Schedule D . . . . .	187,373	25
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	55,153,704	<b>26</b>
		55,153,704	54,261,125
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
	27 Unrestricted net assets . . . . .	27	
	28 Temporarily restricted net assets . . . . .	28	
	29 Permanently restricted net assets . . . . .	29	
	<b>Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 30 through 34.</b>		
	30 Capital stock or trust principal, or current funds . . . . .	108,390	30
	31 Paid-in or capital surplus, or land, building or equipment fund . . . . .	31,278,603	31
	32 Retained earnings, endowment, accumulated income, or other funds . . . . .	0	32
	<b>33 Total net assets or fund balances</b> . . . . .	<b>33</b>	<b>35,484,677</b>
	<b>34 Total liabilities and net assets/fund balances</b> . . . . .	<b>34</b>	<b>89,745,802</b>

**Part XI Financial Statements and Reporting**

**1** Accounting method used to prepare the Form 990       Cash  Accrual  Other \_\_\_\_\_  
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O

**2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .

**b** Were the organization's financial statements audited by an independent accountant? . . . . .

**c** If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?  
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . . . .

**d** If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both  
 Separate basis       Consolidated basis       Both consolidated and separated basis

**3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .

**b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . . . .

	Yes	No
<b>2a</b>		No
<b>2b</b>	Yes	
<b>2c</b>	Yes	
<b>3a</b>		No
<b>3b</b>		

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 41-0363020  
**Name:** LAKE REGION ELECTRIC COOPERATIVE

### Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee			
KENNETH HENDRICKX CHAIR	9 00	X		X			14,910	0	0
JACK LACEY VICE CHAIR	5 00	X		X			11,390	0	0
CHARLES KVARE SECRETARY	5 00	X		X			12,700	0	0
JOYCE VALLEY TREASURER	4 00	X		X			10,220	0	0
KATHLEEN JOSEPHSON DIRECTOR	6 00	X					5,365	0	0
DENNIS MATHIASON DIRECTOR	5 00	X					9,890	0	0
JOHN KOEPCKE DIRECTOR	5 00	X					4,785	0	0
ROBERT SHAW DIRECTOR	6 00	X					10,870	0	0
SID WISNESS DIRECTOR	5 00	X					10,040	0	0
EARL RYDELL DIRECTOR	6 00	X					7,125	0	0
DENNIS TOLLEFSON DIRECTOR	7 00	X					6,895	0	0
TIM THOMPSON CEO	45 00			X			179,842	0	71,224
MIKE OSTBYE CFO	40 00			X			79,661	0	59,285
RANDALL HANSEN CFO	45 00			X			75,561	0	25,872
EDWARD JENSON VP-ENGINEERING	44 00				X		110,492	0	81,573
BARD MILLER VP-OPERATIONS	44 00				X		113,726	0	69,160
JOE BELZ OPERATIONS SUPERVISOR	43 00				X		107,734	0	67,119

**Form 990, Part IX - Statement of Functional Expenses - 24a - 24e Other Expenses**

<i><b>Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.</b></i>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
COST OF POWER	23,792,537			
DISTRIBUTION - MAINTENA	5,412,818			
ADMINISTRATIVE AND GENE	2,540,341			
CUSTOMER ACCOUNTS & SER	2,034,483			
ALLOCATED COSTS	-7,392,461			

2009

Open to Public  
Inspection**SCHEDULE D**  
(Form 990)**Supplemental Financial Statements**

► Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11, or 12.  
► Attach to Form 990. ► See separate instructions.

Department of the Treasury  
Internal Revenue Service**Name of the organization**

LAKE REGION ELECTRIC COOPERATIVE

**Employer identification number**

41-0363020

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?  Yes  No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?  Yes  No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e.g., recreation or pleasure)  Preservation of an historically importantly land area

Protection of natural habitat  Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
2a	
2b	
2c	
2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ► \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ► \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?  Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ► \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?  Yes  No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ► \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

b Assets included in Form 990, Part X ► \$ \_\_\_\_\_

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

**a**  Public exhibition  
**b**  Scholarly research  
**c**  Preservation for future generations

**d**  Loan or exchange programs  
**e**  Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

**1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

**b** If "Yes," explain the arrangement in Part XIV and complete the following table

	<b>Amount</b>
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**2a** Did the organization include an amount on Form 990, Part X, line 21?  Yes  No

**b** If "Yes," explain the arrangement in Part XIV

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	<b>(a) Current Year</b>	<b>(b) Prior Year</b>	<b>(c) Two Years Back</b>	<b>(d) Three Years Back</b>	<b>(e) Four Years Back</b>
<b>1a</b> Beginning of year balance . . . . .					
<b>b</b> Contributions . . . . .					
<b>c</b> Investment earnings or losses . . . . .					
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .					
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .					

**2** Provide the estimated percentage of the year end balance held as

**a** Board designated or quasi-endowment ► %

**b** Permanent endowment ► %

**c** Term endowment ► %

**3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by

**(i)** unrelated organizations . . . . .  Yes  No

**(ii)** related organizations . . . . .  Yes  No

**b** If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .  Yes  No

<b>Yes</b>	<b>No</b>
<b>3a(i)</b>	
<b>3a(ii)</b>	
<b>3b</b>	

**4** Describe in Part XIV the intended uses of the organization's endowment funds

**Part VI Investments—Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

	<b>Description of investment</b>	<b>(a) Cost or other basis (investment)</b>	<b>(b) Cost or other basis (other)</b>	<b>(c) Accumulated depreciation</b>	<b>(d) Book value</b>
<b>1a</b> Land . . . . .		462,836			462,836
<b>b</b> Buildings . . . . .		8,326,746	2,124,953		6,201,793
<b>c</b> Leasehold improvements . . . . .					
<b>d</b> Equipment . . . . .		89,959,233	29,838,432		60,120,801
<b>e</b> Other . . . . .		725,286			725,286
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .					67,510,716

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other		
<b>Total</b> (Column (b) should equal Form 990, Part X, col (B), line 12.)		

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**Total.** (Column (b) should equal Form 990, Part X, col (B) line 12)

**Part VIII. Investments—Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
GREAT RIVER ENERGY CAP CREDITS	10,136,161	C
NATIONAL RURAL UTILITIES CFC	376,329	C
PVHC ECONOMIC DEVELOPMENT LOAN	89,407	C
MIDWEST AUTO ECON DEVELOP LOAN	116,250	C
CFC CAPITAL TERM CERTIFICATES	1,075,370	C
CFC MEMBER CAPITAL SECURITIES	600,000	C
OTHER INVESTMENTS	322,434	C
MEMBERSHIPS	2,225	C

**Total.** (Column (b) should equal Form 990, Part X, col (B) line 13.)

12,718,176

**Part IX Other Assets.** See Form 990, Part X, line 15

<b>(a) Description</b>	<b>(b) Book value</b>

■ 1.1 (24) (a)  $\lambda = 15 \times 100 \text{ nm} = 1500 \text{ pm}$

**Total.** (Column (b) should equal Form 990, Part X, col.(B) line 15.)

**2. Fin 48 Footnote** In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48.

**Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	44,310,440
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	39,654,343
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	4,656,097
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-558,413
9	Total adjustments (net) Add lines 4 - 8	9	-558,413
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	4,097,684

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements . . . . .	1	44,310,440
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	2d	
e	Add lines 2a through 2d . . . . .	2e	0
3	Subtract line 2e from line 1 . . . . .	3	44,310,440
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIV) . . . . .	4b	
c	Add lines 4a and 4b . . . . .	4c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .	5	44,310,440

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements . . . . .	1	39,654,343
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities . . . . .	2a	
b	Prior year adjustments . . . . .	2b	
c	Other losses . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	2d	
e	Add lines 2a through 2d . . . . .	2e	0
3	Subtract line 2e from line 1 . . . . .	3	39,654,343
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIV) . . . . .	4b	
c	Add lines 4a and 4b . . . . .	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5	39,654,343

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
Part X	Description of Uncertain Tax Positions Under FIN 48	The Cooperative has adopted the provisions of Accounting and Standards Codification (ASC) 740-10 (previously Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes), on January 1, 2009. The implementation of this standard had no impact on the financial statements. As of both the date of adoption, and as of December 31, 2009, the unrecognized tax benefit accrual was zero. The Cooperative will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if such penalties and interest are incurred. Under normal circumstances, the Cooperative and Subsidiary are no longer subject to Federal tax examinations by tax authorities for years before 2006 and state examinations for years before 2006. The Cooperative has undergone an annual analysis of various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10.
Part XI, Line 8 - Other Adjustments		RETIREMENT OF CAPITAL CREDITS -227882 CHANGE IN MEMBERSHIP 1670 OTHER CHANGES IN NET ASSETS - 332201

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 41-0363020  
**Name:** LAKE REGION ELECTRIC COOPERATIVE

### Form 990, Schedule D, Part VIII - Investments— Program Related

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
GREAT RIVER ENERGY CAP CREDITS	10,136,161	C
NATIONAL RURAL UTILITIES CFC	376,329	C
PVHC ECONOMIC DEVELOPMENT LOAN	89,407	C
MIDWEST AUTO ECON DEVELOP LOAN	116,250	C
CFC CAPITAL TERM CERTIFICATES	1,075,370	C
CFC MEMBER CAPITAL SECURITIES	600,000	C
OTHER INVESTMENTS	322,434	C
MEMBERSHIPS	2,225	C

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

**2009****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
**► Complete if the organization answered "Yes" to Form 990, Part IV, question 23.**  
**► Attach to Form 990. ► See separate instructions.**

**Name of the organization**

LAKE REGION ELECTRIC COOPERATIVE

**Employer identification number**

41-0363020

**Part I Questions Regarding Compensation**

Yes

No

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

<input type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

**a** Receive a severance payment or change-of-control payment?

No

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

No

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

No

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

No

**a** The organization?

No

**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

No

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

No

**a** The organization?

No

**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

No

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

No

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

No

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

No

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information

Identifier	Return Reference	Explanation
Supplemental Information	Part III	INCLUDED IN COLUMN "C," DEFERRED COMPENSATION, IS THE ESTIMATED ANNUAL INCREASE IN THE ACTUARIAL VALUE OF THE DEFINED BENEFIT PLAN FOR THE FOLLOWING PEOPLE LISTED, THE ESTIMATED INCREASE IS TIM THOMPSON \$44,375, EDWARD JENSON \$56,347, BARD MILLER \$48,684, JOE BELZ \$52,901 THESE AMOUNTS ARE ESTIMATES IN THE INCREASE OF THE VALUE OF THE PLAN AND ARE NOT CURRENT YEAR EXPENSES OF THE COOPERATIVE CURRENT YEAR CONTRIBUTIONS INTO THE DEFINED BENEFIT PLAN BY THE COOPERATIVE WERE AS FOLLOWS TIM THOMPSON \$31,614, EDWARD JENSON \$21,919, BARD MILLER \$21,938, JOE BELZ \$19,289

**Schedule L**  
(Form 990 or 990-EZ)**Transactions with Interested Persons**

OMB No 1545-0047

**2009****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service**Name of the organization**

LAKE REGION ELECTRIC COOPERATIVE

**Employer identification number**

41-0363020

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	<b>(a)</b> Name of disqualified person	<b>(b)</b> Description of transaction	<b>(c)</b> Corrected?
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Yes No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ► \$ \_\_\_\_\_

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ► \$ \_\_\_\_\_

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

<b>(a)</b> Name of interested person and purpose	<b>(b)</b> Loan to or from the organization?	<b>(c)</b> Original principal amount	<b>(d)</b> Balance due	<b>(e)</b> In default?	<b>(f)</b> Approved by board or committee?	<b>(g)</b> Written agreement?
To	From			Yes No	Yes No	Yes No

Total . . . . . ► \$ \_\_\_\_\_

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

<b>(a)</b> Name of interested person	<b>(b)</b> Relationship between interested person and the organization	<b>(c)</b> Amount of grant or type of assistance
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**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

<b>(a)</b> Name of interested person	<b>(b)</b> Relationship between interested person and the organization	<b>(c)</b> Amount of transaction	<b>(d)</b> Description of transaction	<b>(e)</b> Sharing of organization's revenues?
				Yes No
TIM THOMPSON	CEO OF LREC AND BOARD MEMBER OF RESCO	896,011	RESCO IS A MAJOR SUPPLIER TO THE ORGANIZATION OF METERS, TRANSFORMERS AND LINE MATERIAL	No
JACK LACEY	BOARD MEMBER OF LREC AND GREAT RIVER ENERGY	23,792,537	GREAT RIVER ENERGY IS A TAXABLE POWER WHOLESALER LREC PURCHASES POWER FROM GREAT RIVER ENERGY	No

**SCHEDULE O**  
(Form 990)**Supplemental Information to Form 990****2009****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue ServiceComplete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
► Attach to Form 990.**Name of the organization**  
LAKE REGION ELECTRIC COOPERATIVE**Employer identification number**

41-0363020

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		THE ORGANIZATION HAS MEMBERS THERE IS ONLY ONE CLASS OF MEMBERS AND EACH MEMBER RECEIVES ONE VOTE, EVEN IF THEY HAVE MULTIPLE ELECTRICAL CONNECTIONS
Form 990, Part VI, Section A, line 7a		MEMBERS MAY ELECT MEMBERS OF THE GOVERNING BODY EACH MEMBER IS ENTITLED TO ONE VOTE IF THERE IS A HUSBAND AND WIFE JOINT MEMBERSHIP SITUATION, THE HUSBAND AND WIFE ONLY GET ONE VOTE FOR THEIR JOINT MEMBERSHIP MEMBERS CAN ONLY VOTE WITHIN THEIR OWN DISTRICT
Form 990, Part VI, Section A, line 7b		THE BYLAWS MUST BE APPROVED BY A MAJORITY VOTE OF THE MEMBERS THE FOLLOWING ITEMS MUST BE APPROVED BY A TWO-THIRDS VOTE OF ITS MEMBERS 1) SALE, LEASE OR EXCHANGE OF MORE THAN 25% OF ITS PROPERTY, PRIVILEGES AND FRANCHISES 2) MERGE OR CONSOLIDATE INTO ANOTHER ENTITY THAT IS NOT A RURAL ELECTRIC COOPERATIVE ASSOCIATION 3) DISSOLUTION OF THE COOPERATIVE
Form 990, Part VI, Section A, line 8b		THERE ARE NO COMMITTEES WITH AUTHORITY TO ACT ON BEHALF OF THE GOVERNING BODY
Form 990, Part VI, Section B, line 11		THE CEO AND CFO REVIEW THE 990 PRIOR TO FINALIZING IT AFTER THE CEO AND CFO APPROVE THE 990, IT IS PRESENTED WITH OTHER BOARD MEETING MATERIALS TO THE BOARD MEMBERS BOARD MEMBERS WILL THEN APPROVE THE 990 AT THE OCTOBER 2010 BOARD MEETING
Form 990, Part VI, Section B, line 12c		ANNUALLY, BOARD MEMBERS MUST FILE A STATEMENT LISTING CONFLICTS OF INTEREST THAT THEY MAY HAVE THE STATEMENTS ARE REVIEWED BY THE BOARD BOARD MEMBERS WITH CONFLICTS ARE ASKED TO ABSTAIN FROM VOTING ON CONFLICTING ISSUES AND THEY ARE ASKED TO LEAVE THE ROOM
Form 990, Part VI, Section B, line 15a		THE BOARD OF DIRECTORS APPROVES THE CEO'S COMPENSATION NRECA SALARY SURVEY'S ARE USED AS COMPARABILITY DATA AND WRITTEN MINUTES ARE TAKEN WHEN DETERMINING THE CEO'S COMPENSATION THE CEO'S COMPENSATION WAS LAST REVIEWED IN 2009 THE BOARD DOES NOT APPROVE SALARIES AND BENEFITS FOR ANY OTHER POSITIONS EXCEPT FOR THE CEO
Form 990, Part VI, Section C, line 19		GOVERNING DOCUMENTS, THE CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
		FORM 990, PART VII, SECTION A INCLUDED IN COLUMN "F," ESTIMATED AMOUNT OF OTHER COMPENSATION, IS THE ESTIMATED ANNUAL INCREASE IN THE ACTUARIAL VALUE OF THE DEFINED BENEFIT PLAN FOR THE FOLLOWING PEOPLE LISTED, THE ESTIMATED INCREASE IS TIM THOMPSON \$44,375, EDWARD JENSON \$56,347, BARD MILLER \$48,684, JOE BELZ \$52,901 THESE AMOUNTS ARE ESTIMATES IN THE INCREASE OF THE VALUE OF THE PLAN AND ARE NOT CURRENT YEAR EXPENSES OF THE COOPERATIVE CURRENT YEAR CONTRIBUTIONS INTO THE DEFINED BENEFIT PLAN BY THE COOPERATIVE ARE AS FOLLOWS TIM THOMPSON \$31,614, EDWARD JENSON \$21,919, BARD MILLER \$21,938, JOE BELZ \$19,289

PART IX, LINE 24e ALLOCATED AND OTHER COSTS THE LABOR, PENSION, OTHER EMPLOYEE BENEFITS AND PAYROLL TAXES REPORTED ON LINES 5-10 ARE ALREADY INCLUDED IN DISTRIBUTION EXPENSE, ADMINISTRATIVE & GENERAL EXPENSE AND CUSTOMER EXPENSE THEREFORE, THESE AMOUNTS ARE BEING SUBTRACTED OUT AS AN OTHER DEDUCTION ON LINE 24E IN THE AMOUNT OF \$(7,392,461)

For Paperwork Reduction Act Notice, see the Instructions for Form 990

Cat No 51056K

Schedule O (Form 990) 2009

**SCHEDULE R  
(Form 990)****Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
 ► Attach to Form 990. ► See separate instructions.

**2009****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service**Name of the organization**  
LAKE REGION ELECTRIC COOPERATIVE**Employer identification number**  
41-0363020**Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
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**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity
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**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		
								Yes	No	Yes	No

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
RURAL SERVICES OF CENTRAL MINNESOTA INC 1401 S BROADWAY PO BOX 375 PELICAN RAPIDS, MN56572 41-1615953	UHF BROADCASTING - TELEVISION PROGRAM	MN	N/A	C			100 000 %

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to other organization(s)
- c** Gift, grant, or capital contribution from other organization(s)
- d** Loans or loan guarantees to or for other organization(s)
- e** Loans or loan guarantees by other organization(s)
- f** Sale of assets to other organization(s)
- g** Purchase of assets from other organization(s)
- h** Exchange of assets
- i** Lease of facilities, equipment, or other assets to other organization(s)
- j** Lease of facilities, equipment, or other assets from other organization(s)
- k** Performance of services or membership or fundraising solicitations for other organization(s)
- l** Performance of services or membership or fundraising solicitations by other organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets
- n** Sharing of paid employees
- o** Reimbursement paid to other organization for expenses
- p** Reimbursement paid by other organization for expenses
- q** Other transfer of cash or property to other organization(s)
- r** Other transfer of cash or property from other organization(s)

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n		No
1o		No
1p		No
1q	Yes	
1r		No

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds(a)  
Name of other organization(b)  
Transaction type(a-r)(c)  
Amount involved(1)  
(2)

(3)

(4)

(5)

(6)

**Part VI Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?	(e) Share of end-of-year assets	(f) Disproportionate allocations?	(g) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?
Yes	No	Yes	No	Yes	No	Yes	No