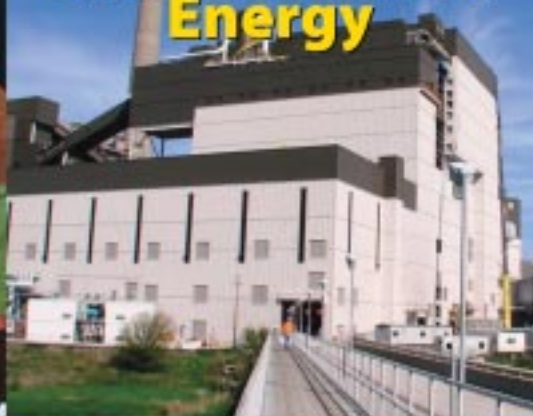




Powering Iowa with Common Sense Energy

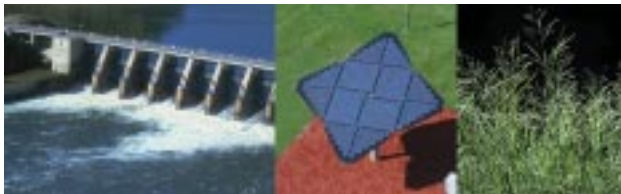


Iowa Association of
Electric Cooperatives

A Fair Share Energy Cooperative

2007 Annual Report





“Electric cooperatives must balance the growing demand for power and the investments needed to supply it – while keeping prices affordable and being mindful of ways to reduce the environmental impact.”

Powering Iowa

The demand for energy is growing. We witness this increasing demand in our homes, businesses, schools and in just about every aspect of our everyday lives. The U.S. Energy Information Administration projects that electricity demand will grow 41 percent by 2030. As a result, there is a renewed emphasis on energy efficiency and focus on renewable energy. There are mounting discussions of global climate change, energy

independence, standards for environmental responsibility and cost implications. In order to meet this growing demand, while taking into account all of these very important issues, a common sense and balanced approach is needed.

Powering Iowa with Common Sense Energy means understanding all of the variables that factor into our ability to meet the growing demand for energy, while delivering power that is safe, reliable, affordable and environmentally responsible. We must balance the growing demand for power and the investments needed to supply it – while keeping prices affordable and being mindful of ways to reduce the environmental impact.



Brian Kading and Gerald Klemme

Powering Iowa

We know that this new generation of energy issues will bring about challenges – not only for the energy industry as a whole – but also for our member-consumers. However, in these changing times, our opportunities can indeed be greater than our challenges.

Our stakeholders – particularly our member-consumers and communities – look to their electric cooperatives to do the right thing. Doing the right thing means doing what we can to protect the environment while protecting the economic vitality of our communities; keeping rates affordable; and delivering reliable electricity. It means doing what makes sense and what's in the best interest of our member-consumers. After all, these are things electric cooperatives have been doing for decades and our member-consumers know they can count on us to carry this mission forward.

For decades, we have supplied our member-consumers and communities with affordable and reliable electricity. It's been an essential service that we have gladly delivered with confidence. It has enhanced the quality of life in our communities; spurring innovation and growth that have kept our local and state economies competitive in a global marketplace.

Our member-consumers want us to be a part of ongoing and future energy solutions that will challenge us to do even more. It will mean doing things like taking our existing energy efficiency programs from a very good level to an even greater level. It will mean educating member-consumers about the individual impact we can all have on reducing our own environmental footprint. It will mean continuing to invest in base load generating facilities that deploy clean coal technologies. And, it means adding additional renewable energy

to our diverse portfolio where it makes sense for our member-consumers and the environment. Our proven track record gives them confidence we will achieve these goals, with a common sense approach.

Often, growing companies and organizations can easily lose sight of the goals and values that helped create success in the first place. Much of the success electric cooperatives have enjoyed is driven by the principle-based culture cooperatives practice every day. *Powering Iowa with Common Sense Energy* takes into account these principles.

A diversified energy mix is the best strategy for meeting the long-term power needs of Iowans. The plan must include responsible investments in all resources, such as energy efficiency, renewable energy and base load generation. With a common sense, pragmatic approach we'll balance these elements as we responsibly meet our member-consumers expanding energy needs.

Gerald Klemme



President, Board of Directors

Brian Kading



**Executive Vice President
and General Manager**

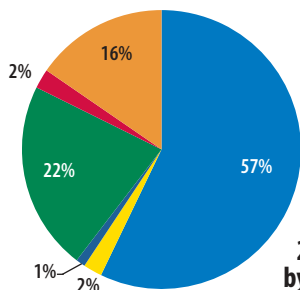
Financial Statements

IOWA ASSOCIATION OF ELECTRIC COOPERATIVES

STATEMENTS OF FINANCIAL POSITION — AUGUST 31, 2007 AND 2006

ASSETS

	2007	2006
Assets		
■ Cash and cash equivalents	\$1,353,553	\$ 934,016
■ Accounts receivable	51,244	63,042
■ Health care plan subscriber premiums receivable	—	44,971
■ Prepaid expenses	25,908	26,811
■ Investment securities	519,319	491,452
■ Other investments	53,202	51,959
■ Property and equipment, net of accumulated depreciation	<u>365,020</u>	<u>371,109</u>
TOTAL ASSETS	<u>\$2,368,246</u>	<u>\$1,983,360</u>



2007 Assets
by percentage

LIABILITIES AND NET ASSETS

	2007	2006
Liabilities		
Accounts payable and accrued expenses	\$ 289,111	\$ 332,416
Health care plan subscriber premiums payable	<u>274,543</u>	<u>—</u>
Total Liabilities	563,654	332,416
Net Assets – Unrestricted		
Membership certificates, \$5 stated value; 44 certificates authorized and issued	\$ 220	\$ 220
Allocated deferred patronage	107,534	49,604
Board designated:		
Contingency reserve	1,065,266	1,015,266
Educational assistance reserve	119,265	108,144
Undesignated	<u>512,307</u>	<u>477,710</u>
Total Unrestricted Net Assets	<u>1,804,592</u>	<u>1,650,944</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,368,246</u>	<u>\$1,983,360</u>

STATEMENTS OF ACTIVITIES

	2007	2006
Revenue and Support		
Assessments	\$ 1,708,610	\$ 1,585,111
Rent	36,270	38,155
Subscriptions	413,611	406,081
Advertising	112,020	117,155
Special pages and inserts	76,025	69,860
Education and training	353,469	317,147
Safety and loss control	539,052	537,583
Communications programs	170,831	233,754
Rates and member services	5,320	24,980
Investment income	92,248	61,623
Other	22,050	14,327
Total Revenue and Support	<u>3,529,506</u>	<u>3,405,776</u>

Expenses

Program services:		
Education and training	\$ 426,976	\$ 361,774
Rates and member services	262,878	294,631
Safety	504,958	500,001
Communications	372,862	397,317

	2007	2006
Expenses, cont.		
Government relations	412,533	358,152
<i>Living with Energy in Iowa</i>	561,002	534,536
<i>Total program services</i>	<u>2,541,209</u>	<u>2,446,411</u>
General and administrative expenses:		
General office	576,295	572,224
Accounting	168,385	164,715
<i>Total general and administrative</i>	<u>744,680</u>	<u>736,939</u>
Total Expenses	<u>3,285,889</u>	<u>3,183,350</u>

INCREASE IN NET ASSETS BEFORE UNREALIZED GAINS ON INVESTMENTS

243,617	222,426
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UNREALIZED GAINS ON INVESTMENTS

<u>13,402</u>	<u>35,265</u>
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INCREASE IN NET ASSETS

<u>\$ 257,019</u>	<u>\$ 257,691</u>
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The preceding condensed presentation of the 2007 and 2006 financial statements of the Iowa Association of Electric Cooperatives has been extracted from the organization's annual financial statements. The complete presentation of those financial statements, along with the independent auditor's report of McGowen, Hurst, Clark & Smith, P. C. is available by contacting the Iowa Association of Electric Cooperatives.

Board of Directors



IAEC Board of Directors

Pictured from left to right: **Larry Quinn**, Eastern Iowa Light and Power Cooperative; **Larry Rohach** (secretary/treasurer), Grundy County REC; **Marion Denger** (assistant secretary/treasurer), Prairie Energy Cooperative; **Gerald Klemme** (president), North West REC; **Carroll Baker** (vice president), Southwest Iowa REC; **Roger Arthur**, Allamakee-Clayton Electric Cooperative; **Steve Seidl**, Glidden REC; and **Ross Loomans** (managers' representative), Lyon REC.

Regional Districts

District 1

Larry Quinn, Director

Access Energy Cooperative
Chariton Valley Electric Cooperative
Eastern Iowa Light
and Power Cooperative
Farmers Electric Cooperative, Kalona
Northeast Missouri Electric
Power Cooperative
Southern Iowa
Electric Cooperative

District 2

Larry Rohach, Director

Central Iowa Power Cooperative
Consumers Energy
East-Central Iowa REC
Grundy County REC
Linn County REC
Maquoketa Valley
Electric Cooperative
T.I.P. REC

District 3

Roger Arthur, Director

Allamakee-Clayton
Electric Cooperative
Butler County REC
Dairyland Power Cooperative
Hawkeye REC
Heartland Power Cooperative

District 4

Carroll Baker, Director

Clarke Electric Cooperative
Farmers Electric
Cooperative, Inc., Greenfield
Guthrie County REC
Pella Cooperative Electric
Southwest Iowa REC

District 5

Steve Seidl, Director

Basin Electric Power Cooperative
Calhoun County Electric Cooperative
Glidden REC
Harrison County REC
Nishnabotna Valley REC
Sac County REC
Western Iowa Power Cooperative

District 6

Marion Denger, Director

Boone Valley Electric Cooperative
Corn Belt Power Cooperative
Franklin REC
Humboldt County REC
Midland Power Cooperative
Pleasant Hill Community Line
Prairie Energy Cooperative

District 7

Gerald Klemme, Director

Iowa Lakes Electric Cooperative
Lyon REC
North West REC
Northwest Iowa Power Cooperative
Osceola Electric Cooperative
Woodbury County REC



“Doing the right thing means doing what we can to protect the environment while protecting the economic vitality of our communities, keeping rates affordable and delivering reliable electricity.”



**Iowa Association of
Electric Cooperatives**

® A Touchstone Energy® Cooperative 

8525 Douglas Avenue, Suite 48

Des Moines, IA 50322-2992

Phone: 515-276-5350

800-798-7037

Fax: 515-276-7946

E-mail: info@iowarec.org

www.iowarec.org