Today's energy environment is as complex as ever and it requires innovative thinking and increased engagement with our cooperative member-owners.

Collaborate. Communicate. Connect. – the theme of this year's annual report gets to the heart of what makes the cooperative business model unique and flexible enough to adapt to a changing energy environment. Iowa's electric cooperative fulfill a vital need for Iowans and our member-owners are being exposed to new and changing issues. Distributed generation, EPA regulations, energy efficiency programs and services, rate changes, and many other topics are vying for our members' interest and attention. Now more than ever, Iowa's electric cooperatives must have clear lines of communication with members, connect with them via diverse communicate channels, and collaborate to balance their needs with the responsibilities of operating a sustainable business.

It's our pleasure to share with you the highlights of the past year:

SAFETY AND LOSS CONTROL
Our safety department promotes a culture of See Something, Say Something. It's imperative that employees speak up and communicate with one another if an unsafe act is witnessed.

We never deviate from our overall goal to help send every single person home every day without having encountered a safety incident. Throughout the cooperative family, we have a shared responsibility to our employees, their families and the general public to collaborate on best practices to create the safest possible working environment.

A safe working environment doesn’t happen by chance. It takes dedication and commitment from directors, managers and employees, which is why we placed considerable emphasis on educational opportunities throughout the year. Through workshops, safety meetings and inspections we deliver hands-on and timely training. Our new Field ID is a technological advancement that will help co-ops schedule and track compliance issues and inspections.

We continue to be actively engaged with the Rural Electric Safety Achievement Program, which is in its fourth year and reinforces leadership expectations toward engagement, examination of current practices, and planning for improved safety performance.

REGULATORY AFFAIRS
The regulatory landscape for energy providers in Iowa, and throughout the country, continues to encompass issues that transcend across the judicial, executive and legislative branches of state and federal government.

The association’s work on the Iowa Stray Voltage Guide epitomizes collaboration. The guide, published and distributed in the summer of 2014, was the result of a multiyear grassroots advocacy effort, which led to the direct involvement of Iowa House and Senate leadership working toward a solution. Producing the guide involved significant collaboration led by the IAEC Regulatory Affairs Department with several industry stakeholders and input from the safety, government relations and communications departments. The guide is a contemporary and useful tool for cooperatives, member-owners, electricians and others involved with testing.

Last year, the regulatory affairs and government relations committees collaborated on the best way to address distributed generation. Through their efforts, the Distributed Generation Task Force was established. During our most recent fiscal year, a strong emphasis was placed on providing tools and resources for directors and employees to use in communications with member-owners. In addition, Iowa’s electric cooperatives, along with all of Iowa’s energy providers, have been engaged with the Iowa Utilities Board on this topic as the state works to shape policies surrounding distributed generation.

In addition, our regulatory affairs team worked with stakeholders on numerous issues while placing an emphasis on developing policies that are sustainable and in the best interests of member-owners as a whole. Some of the more prominent issues included EPA regulations, payment agreement, fuel prices, regional transmission organizations, FEMA issues, avoided cost recovery, rate changes, assigned service territory, peak alert, energy efficiency, replacement tax, loan programs and tariffs.
GOVERNMENT RELATIONS
At the state level, we worked with a significant number of stakeholders to streamline the indenture process for generation and transmission cooperatives, which was one of our key legislative priorities for 2014. The legislation passed both the House and the Senate unanimously and was one of the first bills signed into law this year by Governor Branstad.

In an unprecedented manner, both the House and the Senate took up and passed our FEMA resolution in the first week of session. The Senate passed the resolution with many electric cooperative directors in the Senate gallery. Following the vote, the directors received a standing ovation from Iowa’s senators.

At the federal level, we continued our grassroots advocacy work on the appeal process for FEMA claims that were denied for several Iowa cooperatives. In April, the “Cooperative and Small Employer Charity Pension Flexibility Act” was signed into law. Our collaborative advocacy efforts on this piece of legislation directly resulted in a law change that will strengthen cooperative pension plans across the country.

EDUCATION AND TRAINING
Connecting directors and employees with the resources and learning opportunities that are needed to understand the electric industry is one of the most important services we provide to member cooperatives.

Again this year, our education and training conferences blended traditional skills-building and cooperative fundamentals with timely industry-related topics. Central themes for the conferences were distributed generation and rate topics. For these meetings alone, workshops were held at five different locations in Iowa and more than 200 directors and employees attended.

The value of NRECA training continued to serve Iowa’s directors well, as 25 directors earned their Credentialed Cooperative Director certificate and six directors earned their Board Leadership Certificate. The support of these programs speaks volumes to the cooperative principle of education, training and information. Iowa’s cooperative directors and employees are informed and educated on the issues affecting their fellow member-owners, and that is a big part of the cooperative difference.

COMMUNICATIONS
Working with our member cooperative to provide timely information and to communicate long-term value to member-owners continued to be an emphasis for our communications team.

In this new era of “always on” communications, the role of communications in the cooperative world is increasingly critical as we engage member-owners like never before.

Working closely with each of the IAEC’s departments, we provided a broad spectrum of resources for cooperatives to use when communicating about complex issues. Some of the items included manager’s columns, newsletter articles, talking points, social media posts and speeches.

We continued to reinforce the importance of effectively communicate the cooperative difference to co-op stakeholders throughout Iowa. By collaborating with various audiences and through diverse communication channels, Iowa’s electric cooperatives are positioned as trusted resources for timely information.

Connecting youth leaders together and providing them with experiences and exposure to our nation’s capital is a cornerstone of the Youth Tour program. Each year, students compete for slots for this unique opportunity and are selected for this program by their local electric cooperative. Again this year, we offered one Youth Tour scholarship through a Living with Energy in Iowa essay contest.

The energy environment undoubtedly will continue to be complex. Perhaps more than at any point in our history, Iowa’s electric cooperatives are in a position to reinforce our credibility and to communicate value for the long-term about the essential services we provide. We challenge you to continuously look for ways to collaborate, communicate and connect with your member-owners and stakeholders. It truly is part of the cooperative difference and what sets us apart in our industry!

Marion Denger
President

Brian Kading
Executive Vice President
The Iowa Association of Electric Cooperatives is divided into seven districts.

**District 1**
*Larry White, Director*
Access Energy Cooperative
Chariton Valley Electric Cooperative
Eastern Iowa Light & Power Cooperative
Farmers Electric Cooperative, Kalona
Northeast Missouri Electric Power Cooperative
Southern Iowa Electric Cooperative

**District 2**
*Don Shonka, Director*
Central Iowa Power Cooperative
Consumers Energy
East-Central Iowa Rural Electric Cooperative
Grundy County Rural Electric Cooperative
Linn County Rural Electric Cooperative
T.I.P. Rural Electric Cooperative

**District 3**
*Larry Tjaden, Director*
Allamakee-Clayton Electric Cooperative
Butler County Rural Electric Cooperative
Dairyland Power Cooperative
Hawkeye Rural Electric Cooperative
Heartland Power Cooperative

**District 4**
*Frank Riley, Director*
Clarke Electric Cooperative
Farmers Electric Cooperative, Inc., Greenfield
Guthrie County Rural Electric Cooperative
Pella Cooperative Electric Association
Southwest Iowa Rural Electric Cooperative

**District 5**
*Steve Seidl, Director*
Basin Electric Power Cooperative
Calhoun County Rural Electric Cooperative
Harrison County Rural Electric Cooperative
Nishnabotna Valley Electric Cooperative
Raccoon Valley Electric Cooperative
Western Iowa Power Cooperative

**District 6**
*Marion Denger, Director*
Boone Valley Electric Cooperative
Corn Belt Power Cooperative
Franklin Rural Electric Cooperative
Midland Power Cooperative
Pleasant Hill Community Line
Prairie Energy Cooperative

**District 7**
*Shirley Benson, Director*
Iowa Lakes Electric Cooperative
L & O Power Cooperative
Lyon Rural Electric Cooperative
North West Rural Electric Cooperative
Northwest Iowa Power Cooperative
Osceola Electric Cooperative
Woodbury County Rural Electric Cooperative
### Statements of Financial Position

For the years ended Aug. 31, 2014, and 2013

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,452,472</td>
<td>$2,225,313</td>
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<tr>
<td>Accounts receivable</td>
<td>243,897</td>
<td>52,287</td>
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<tr>
<td>Prepaid expenses</td>
<td>44,842</td>
<td>52,198</td>
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<tr>
<td>Investment securities</td>
<td>631,712</td>
<td>580,747</td>
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<tr>
<td>Other investments</td>
<td>177,297</td>
<td>174,168</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 2,792,394</strong></td>
<td><strong>$ 3,324,442</strong></td>
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</table>

#### Property and equipment

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office building</td>
<td>857,019</td>
<td>855,504</td>
</tr>
<tr>
<td>Automobiles</td>
<td>166,376</td>
<td>129,519</td>
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<tr>
<td>Office furniture and equipment</td>
<td>353,936</td>
<td>321,750</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>1,135,157</td>
<td>1,067,044</td>
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<tr>
<td><strong>Net property and equipment</strong></td>
<td><strong>242,174</strong></td>
<td><strong>239,729</strong></td>
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</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>317,089</td>
<td>480,211</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>8,701</td>
<td>12,760</td>
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<tr>
<td>Healthcare plan subscriber premiums payable</td>
<td>312,060</td>
<td>789,040</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$ 637,850</strong></td>
<td><strong>$ 1,282,011</strong></td>
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</table>

#### NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership certificates</td>
<td>210</td>
<td>210</td>
</tr>
<tr>
<td>$5 stated value; 42 certificates authorized and issued at Aug. 31, 2014, and 2013.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board designated:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingency reserve</td>
<td>1,527,346</td>
<td>1,487,346</td>
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<tr>
<td>Educational assistance reserve</td>
<td>119,265</td>
<td>119,265</td>
</tr>
<tr>
<td>Undesignated</td>
<td>507,723</td>
<td>435,610</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>$ 2,154,544</strong></td>
<td><strong>$ 2,042,431</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$ 2,792,394</strong></td>
<td><strong>$ 3,324,442</strong></td>
</tr>
</tbody>
</table>
## REVENUE AND SUPPORT

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>$2,248,007</td>
<td>$2,120,105</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>270,554</td>
<td>275,449</td>
</tr>
<tr>
<td>Public Service Announcements — Living with Energy</td>
<td>11,340</td>
<td>12,000</td>
</tr>
<tr>
<td>Special pages and inserts</td>
<td>84,634</td>
<td>95,730</td>
</tr>
<tr>
<td>Education and training</td>
<td>485,760</td>
<td>470,430</td>
</tr>
<tr>
<td>Safety and loss control</td>
<td>653,485</td>
<td>604,072</td>
</tr>
<tr>
<td>Communications programs</td>
<td>205,715</td>
<td>202,989</td>
</tr>
<tr>
<td>Regulatory affairs</td>
<td>279,544</td>
<td>6,160</td>
</tr>
<tr>
<td>Investment income</td>
<td>25,471</td>
<td>75,401</td>
</tr>
<tr>
<td>Government relations</td>
<td>6,000</td>
<td>–</td>
</tr>
<tr>
<td>Rent</td>
<td>–</td>
<td>23,073</td>
</tr>
<tr>
<td>Other</td>
<td>23,690</td>
<td>65,500</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td><strong>$4,294,200</strong></td>
<td><strong>$3,950,909</strong></td>
</tr>
</tbody>
</table>

## EXPENSES

**Program services:**
- Education and training: 528,160 / 493,790
- Regulatory affairs: 717,665 / 502,751
- Safety and loss control: 609,055 / 576,931
- Communications programs: 329,750 / 349,262
- Government relations: 606,063 / 550,422
- *Living with Energy*: 365,474 / 389,454

**Total Program Services**
- **$3,156,167**
- **$2,862,610**

**General and administrative:**
- General office: 638,072 / 624,034
- Accounting: 230,247 / 213,399

**Total General and Administrative**
- **$868,319**
- **$837,433**

**Total Expenses**
- **$4,024,486**
- **$3,700,043**

Increase in net assets before unrealized loss on investments: 269,714 / 250,866

Unrealized gain (loss) on investments: 53,265 / (48,471)

**INCREASE IN NET ASSETS**
- **$322,979**
- **$202,395**

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The preceding condensed presentation of the 2014 and 2013 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 LWBJ LLP, is available by contacting the Iowa Association of Electric Cooperatives.