

ANNUAL REPORT

Providing financing and
helping to leverage private investment
in communities and rural areas
to make a difference in our region

2009



**RURAL ELECTRIC
ECONOMIC DEVELOPMENT, INC.
REED FUND**

Agriculture, Business & Community

Since 1996, Rural Electric Economic Development, Inc (REED), a collaborative effort of 21 consumer-owned electric cooperatives, has actively supported both community development and economic growth in eastern South Dakota and western Minnesota. REED's mission is to provide financing and leverage investment into communities and rural areas to make a difference in the region. To achieve its mission REED provides financing to stimulate economic growth through business development, as well as improvements in rural development capacity and and/or infrastructure.

The outcomes of REED's lending activities are business creation, job retention and creation, and expanding community development capacity and local services that provide the foundation for future development and impact quality of life. REED financing has helped retain and create over 6,000 jobs, start 69 businesses, expand 96 companies (including private firms, health care, education and non-profit organizations) as well as assist 32 community facility and infrastructure projects.

PEDCO

The REED Fund assisted the Pierre Economic Development Corporation (PEDCO) with financing infrastructure and the construction of a 29,000 square foot building to relocate Eagle Creek Software Services to Pierre, SD. This business currently employs approximately 60 people and expects to eventually bring 175-200 jobs to the community.



Pluto Legal

REED funds assisted with financing the construction and remodeling of a facility in Tyler, MN for lease to Pluto Legal, PLLC. Pluto Legal is a firm specializing in Medical Assistance and Estate Planning.

Webster Lumber & Home Center

The Webster Lumber & Home Center opened in August, 2008. This business is a full scale lumber and home building supplies store for Webster and the surrounding area. The REED Fund assisted with financing the construction of the building and purchasing inventory and fixtures to start this needed business in Webster, SD.



Rural Learning Center

The Rural Learning Center (RLC) is a non-profit organization in Miner County, SD dedicated to improving the quality of life for residents. The RLC purchased four apartment buildings and upgraded two of them using funds from REED. The apartments will fill the need for housing due to expanded business in the Howard area.



REED Fund

Capital University Center

Capital University Center, located in Pierre, SD, is a South Dakota Board of Regents institution that delivers higher education opportunities to a seventeen county area in central South Dakota that is not served by the State's Public Universities. The REED Fund loan helped to finance the facility to meet the growing needs of the organization.



Dakota Ethanol

Dakota Ethanol is a 40-million gallon-per-year ethanol production facility located in Wentworth, SD that began operations in September 2001. Through incremental efficiency and production enhancements, it now operates at approximately 48 million gallons per year. Dakota Ethanol installed a corn oil extraction system that will be used to separate crude corn oil from the backend of the existing ethanol production process with the help of REED financing.

K & M Hunting

K & M Hunting, located in Plankinton, SD, offers a pheasant hunting experience with a relaxed, friendly, and family environment. They provide prime hunting habitat, lodging accommodations, entertainment and home-cooked meals. After a tornado destroyed the original building, a REED loan helped to finance a new lodge and commercial kitchen.



Elkton Locker

Elkton Locker, Inc. has been a state inspected locker plant in Elkton, SD for over 30 years. The locker provides custom harvest and processing services for local producers as well as processing and manufacturing retail meat products. With REED financing the locker expanded and became a federally inspected facility that can purchase live animals from producers then process and market the finished product in the local area and across the country.

Hyde County Daycare

The Hyde County Community Daycare is a non-profit corporation in Hyde County, SD. The organization was formed to address the child care needs in the community and is governed by a board of directors including educators, parents, business owners, daycare providers, and healthcare providers. The Corporation secured a governor's house under a South Dakota Governor's Child Care Facility program to be used for the daycare. REED Funds were used for site work, equipment and start up costs for the daycare.



Statement of Financial Position

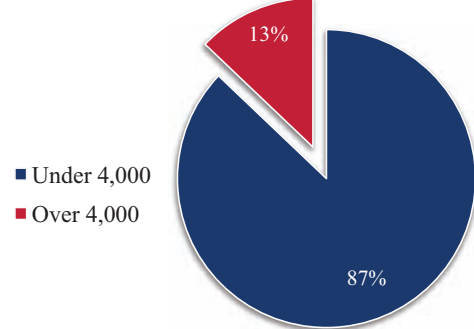
	2009	2008
Current Assets		
Cash & Cash Equivalents	\$ 1,614,657	\$ 1,025,369
Investments	2,000,009	700,009
Current Portion of Economic Development Loans Receivable	3,243,601	1,691,688
Interest Receivable	62,556	56,063
Other Current Assets	297	343
Total Current Assets	\$ 6,921,120	\$ 3,473,472
Other Assets		
Economic Development Loans Receivable-net of allowance for uncollectibles (2009 -\$855,026; 2008 - \$793,063)	\$ 17,338,988	\$ 17,826,184
Other Investments	357,020	219,807
Total Other Assets	\$ 17,696,008	\$ 18,045,991
Total Assets	\$ 24,617,128	\$ 21,519,463
Current Liabilities		
Current Maturities of Long-Term Debt	\$ 146,592	\$ 119,843
Notes Payable	1,000,000	-
Accounts Payable	134,706	122,021
Accrued Interest Payable	44,293	33,133
Total Current Liabilities	\$ 1,325,591	\$ 274,997
Long-Term Debt	\$ 10,673,148	\$ 9,266,139
Net Assets		
Unrestricted	\$ 8,227,362	\$ 7,673,987
Permanently Restricted	1,968,650	1,888,900
Temporarily Restricted	2,422,377	2,415,440
Total Net Assets	\$ 12,618,389	\$ 11,978,327
Total Liabilities and Net Assets	\$ 24,617,128	\$ 21,519,463

Financial Statement

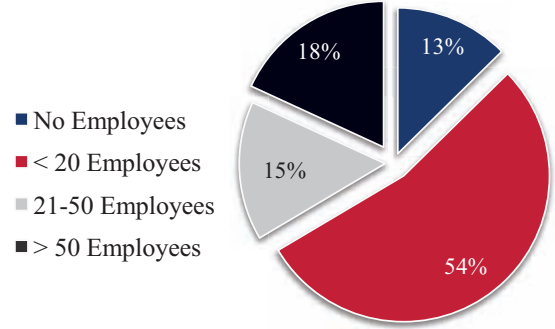
December 31, 2009 and 2008

2009

Loans by Community Size



Employment

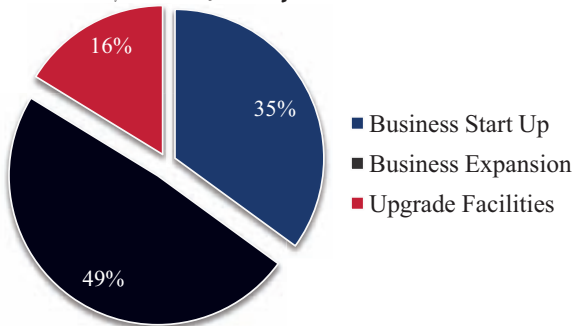


Statement of Activities

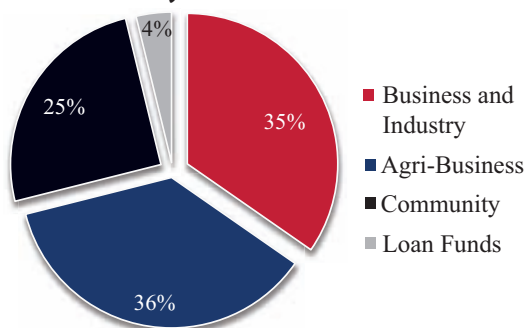
Revenues	2009	2008
Contributions-Grants	\$ 300,000	\$ 720,000
Contributions-Rural Electric Cooperatives	49,750	90,000
Interest on Loans Receivable	936,659	874,770
Loan Application and Service Fees	29,480	45,565
Investment Revenue	44,371	34,003
Other Income	-	2,460
Total Revenues	\$ 1,360,260	\$ 1,766,798
Expenses		
Loan Application and Service Expenses	\$ 7,071	\$ 1,366
Administrative Costs	276,732	253,272
Interest	263,622	230,856
Provision for Uncollectible Loans	130,000	40,000
Professional Fees	8,338	17,763
Sponsorships	3,025	4,750
Other Operating Expenses	31,410	\$ 16,068
Total Expenses	\$ 720,198	\$ 564,075
Increase In Net Assets	\$ 640,062	\$ 1,202,723
Net Assets--Beginning of Year	11,978,327	10,775,604
Net Assets--End of Year	\$ 12,618,389	\$ 11,978,327

For the Year Ended December 31, 2009 and 2008

Loans by use of Capital



Loaned by Sector



Contact Information

1\ Bon Homme Yankton Electric
 134 S. Lidice St., PO Box 158
 Tabor, SD 57063
 (605) 463-2507

9\ H-D Electric
 423 Third Ave., S, PO Box 1007
 Clear Lake, SD 57226
 (605) 874-2171

16\ Sioux Valley Energy
 47092 SD Hwy. 34, PO Box 216
 Colman, SD 57017
 (605) 534-3535

2\ Central Electric
 1420 N. Main, PO Box 850
 Mitchell, SD 57301
 (605) 996-7516

10\ Kingsbury Electric
 511 Hwy. 14 W, PO Box 126
 DeSmet, SD 57231
 (605) 854-3522

17\ Southeastern Electric
 501 S. Broadway Ave., PO Box 388
 Marion, SD 57043
 (605) 648-3619

3\ Charles Mix Electric
 440 Lake St., PO Box 10
 Lake Andes, SD 57356
 (605) 487-7321

11\ Lake Region Electric
 1212 N. Main St., PO Box 341
 Webster, SD 57274
 (605) 345-3379

18\ Traverse Electric
 1618 Broadway, PO Box 66
 Wheaton, MN 56296
 (320) 563-8616

4\ Clay Union Electric
 1410 E. Cherry St., PO Box 317
 Vermillion, SD 57069
 (605) 624-5525

12\ Lyon-Lincoln Electric
 205 W. Hwy 14, PO Box 639
 Tyler, MN 56178
 (507) 247-5505

19\ Union County Electric
 122 W. Main St., PO Box 459
 Elk Point, SD 57025
 (605) 356-3395

5\ Codington-Clark Electric
 3520 Ninth Ave., SW, PO Box 880
 Watertown, SD 57201
 (605) 886-5848

13\ Northern Electric
 39456 133rd St., PO Box 457
 Bath, SD 57427
 (605) 225-0310

20\ Whetstone Valley Electric
 1101 E. 4th Ave., PO Box 512
 Milbank, SD 57252
 (605) 432-5331

6\ Dakota Energy
 40294 US Hwy. 14, PO Box 830
 Huron, SD 57350
 (605) 352-8591

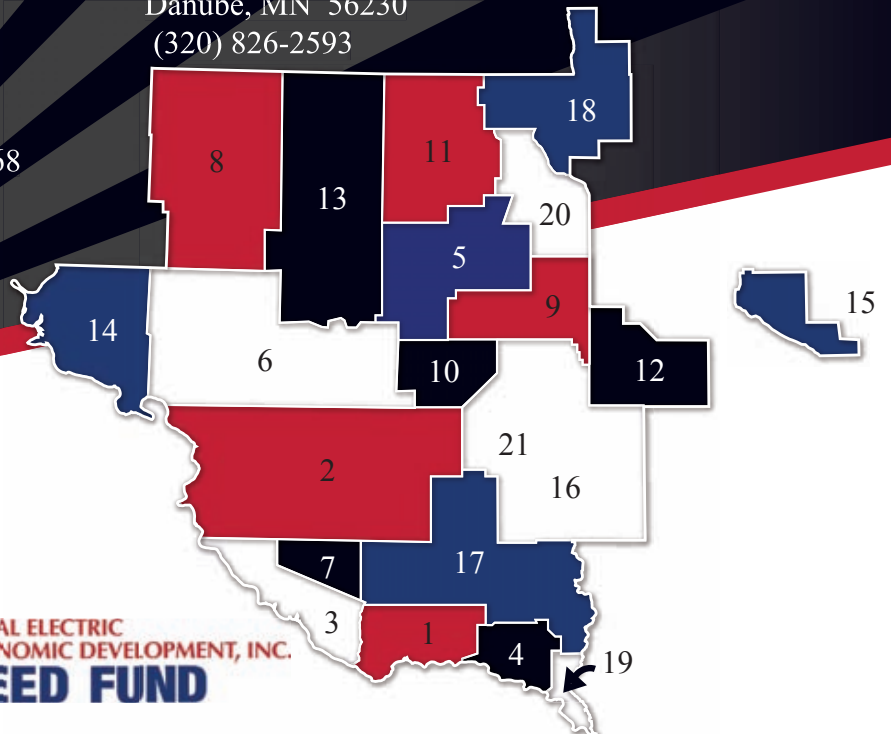
14\ Oahe Electric
 102 S. Canford, PO Box 216
 Blunt, SD 57522
 (605) 962-6243

21\ East River Electric
 121 SE First St., PO Box 227
 Madison, SD 57042
 (605) 256-4536

7\ Douglas Electric
 400 Main St., PO Box 370
 Armour, SD 57313
 (605) 724-2323

15\ Renville-Sibley Cooperative Power
 103 Oak St., PO Box 68
 Danube, MN 56230
 (320) 826-2593

8\ FEM Electric
 800 5th Ave., PO Box 468
 Ipswich, SD 57451
 (605) 426-6891



This institution is an equal opportunity provider, and employer.