

We are GROWING!

2016 BIENNIAL REPORT



Rural Development
Finance Corporation
GROWING COMMUNITIES



About us!

The Rural Development Finance Corporation (RDFC) is a North Dakota nonprofit finance and development corporation

whose member-owners are all the North Dakota rural electric cooperatives, nine of the North Dakota rural telecommunication cooperatives and the North Dakota Association of Rural Electric Cooperatives. Funding for these programs comes from fee income generated by Dakotas America LLC, a certified development entity providing New Markets Tax Credits across the nation.

Vision ▪ Mission ▪ Values Statements

VISION STATEMENT:

Rural communities enjoy a vibrant and fulfilling quality of life through RDFC initiatives.

MISSION STATEMENT:

RDFC encourages economic diversification and community vitality through the generation of funding that supports sustainable asset building.

VALUES STATEMENTS:

- RDFC considers proposals to help build assets in rural communities and cooperatives
- RDFC values allowing communities to define their needs and methods for building assets
- RDFC employs maximum flexibility in our work and funding
- RDFC values leveraging of resources
- RDFC manages fiscally sound programs



7 Cooperative Principles

1. Voluntary and open membership
2. Democratic member control
3. Members' economic participation
4. Autonomy and independence
5. Education, training and information
6. Cooperation among cooperatives
7. Concern for community

6 Cooperative Values

1. Equity
2. Self-help
3. Self-responsibility
4. Solidarity
5. Equality
6. Democracy

Board of Directors



David Sigloh, President
dsigloh@bdec.coop

David Sigloh lives on a farm southwest of Kenmare. He and his wife Penny own and operate a clothing and embroidery business, and a restaurant in Kenmare.

David is the board president of Burke-Divide Electric Cooperative. He serves on the board at the Kenmare Veterans Club, and is a volunteer EMT with the Kenmare Ambulance Service.

He and Penny have three grown children, and three grandchildren.



Bobby Koeplin,
Vice president
bkoeplin@kwh.com

Bobby Koeplin is the manager of rural development for Cass County Electric Cooperative, serving as an advisor or project manager on several multi-million dollar construction projects. Bobby has received The Rural Leadership Award from the National Rural Electric Economic Developers Association, the Cal Renner Award of Excellence from N.D. Parks & Recreation Department, and awards from the Greater North Dakota Association, North Dakota Association of Rural Electric Cooperatives, Barnes County Agricultural

Improvement Association and Valley City Area Chamber of Commerce. Bobby serves on numerous boards as an executive committee member or subcommittee chairman. He serves as chairperson of the Sheyenne River Valley National Scenic Byway, president of the Sheyenne Valley Investment Company, is past-president of the Valley City/Barnes County Development Corporation, treasurer of the Valley City Youth Sports Complex, charter member actively serving on the National Byway Foundation and founding board member of the Sheyenne Valley Community Foundation.



Jon McMillan,
Secretary/treasurer
jonm@polarcomm.com

Jon McMillan began representing Polar Communications on the RDFC board in January 2016. Jon has served on the Polar Communications board since June 2007. He also serves on the North Dakota Telephone Company (Devils Lake) board, is currently president of the State Historical Society of North Dakota Foundation board, and president of the Walsh County Historical Society, along with various other boards.

Jon and his wife Jeannen are retired farmers near Fordville. They retain some cattle, along with helping their sons with the family farm. They have three sons, two of whom are currently running the McMillan Farm operations. Jon and Jeannen have seven grandchildren and one great-grandchild.

Jon is a history buff who is intrigued by Native American history. He is very proud of the state in which he resides and cannot imagine living anywhere else.



Martin Dahl
martindd@mcleanelectric.com

Martin Dahl is currently the general manager/CEO of McLean Electric Cooperative. He received his electrical engineering degree from Montana State University and a graduate management degree from Minot State University. Martin began his career as an engineering designer of transmission lines. He moved into management as director of engineering for Farmers Electric Cooperative in Clovis, N.M., before entering the private sector as a project engineer and consultant with offices in Billings, Mont. Martin rejoined the electric

cooperative industry in Minot with Verendrye Electric Cooperative before assuming his current leadership role with McLean Electric Cooperative in Garrison in 2009.

Martin was Garrison Chamber of Commerce president in 2014 and is a member of the Underwood economic development board, Garrison Improvement Association, the North Dakota Association of Rural Electric Cooperatives Legislative Advisory Committee and the National Society of Professional Engineers. Martin was North Dakota Statewide Managers Association president in 2012 and Central Power Managers Association president in 2013.



Bob Grant
grants@srt.com

Bob Grant currently serves as a director of Mountrail-Williams Electric Cooperative (first elected 1981), Coordinating Council of Cooperatives, Rural Development Finance Corporation, North Dakota Association of Rural Electric Cooperatives (since 1998 – president since 2008), and Northwest Landowners Association (incorporator and treasurer).

He operated a portable grain cleaning mill for 28 years and served as secretary/treasurer of the North Dakota Simmental Association for 15 years.

Board of Directors

Bob also served as the secretary/treasurer of the Northwest North Dakota Select Simmental Group for more than 25 years.

Bob has served on many boards, including Egan Township, Berthold Farmers Elevator, Berthold School, North Dakota Simmental Association, St. Olaf Lutheran Church (Tagus), Palermo Lutheran Parish, Zion Lutheran Church (Berthold), Mountrail Bethel Home (Stanley), Mountrail County Medical Center and Mountrail County Health Foundation (Stanley).

Bob and his wife Helen have farmed and ranched in Mountrail County near Berthold since 1972. They have four children who are involved in the cattle operation, and four grandchildren. Bob graduated from North Dakota State University in 1971 with a degree in mechanized agriculture and agricultural education.



Gary Heintz
gheintz@daktel.com

Gary Heintz has served on RDFC's board since 2008. Gary has more than 30 years of service on Dakota Central Telecommunications board of directors, having been elected in 1984. Along with serving on these boards he has also served on other local cooperative boards and on the Bowdon Lutheran Church council.

Gary raises cattle and farms in central North Dakota on the family farm where he was raised. He and his wife Laurene are parents to two grown children and are the proud grandparents of two grandchildren.



Anthony Larson
jalarson@ndsupernet.com

Anthony Larson is a fourth generation beef cattle rancher on the family ranch that was homesteaded in 1910. He and his wife own and operate Scruffy's Drive-up in Hettinger. This project was a community development project to fill a community need by remodeling and bringing to life a vacant building. He serves as a director for Slope Electric Cooperative, Upper Missouri Power Cooperative, West Dakota Utility Services and 3 C's Construction. Larson is a graduate of Rural Leadership North Dakota Class V. He currently serves on the West River Health Services board and is secretary/treasurer of

St. Luke's Lutheran Church. Anthony's term ended in 2016.



JoAnn Rodenbiker
joannr@nplains.com

JoAnn Rodenbiker is the director of business development for Northern Plains Electric Cooperative. She has spent her entire career in the arena of community and economic development in local, regional and state positions. A graduate of NDSU, she has continued her education in organizational management and rural economic and community development. She and her husband live on a family farm in Towner County and own a wholesale/retail greenhouse operation based in Rock Lake. JoAnn's term ended in 2016.

2017 NEW DIRECTORS



Paula Anderson
larrypaula@ndsupernet.com

Paula Anderson is involved in farming and ranching, with her husband and son on the family farm south of Regent. Paula has served on the board of directors for Consolidated Telecom of Dickinson since 2009. Paula enjoys rural southwestern North Dakota, where her community involvement includes current board positions on the Hettinger County Historical Society and Maine Township. She is actively involved in Mott Evangelical Community Church. Larry and Paula have four children and two grandchildren, all residing in the Mott/Regent area. Rural development is important to Paula to keep quality of life in rural America.



Wes Engbrecht
wese@capitalec.com

Wes Engbrecht is the communications and public relations director for Capital Electric Cooperative in Bismarck. Prior to his 10 years in this capacity, Wes had careers in public accounting and banking.

Wes serves as the chairman of the Sanford Health board in Bismarck, as the vice president of the Bismarck Public Schools Foundation board, and as a member of the United Blood Services Leadership Council. He has been involved with the United Way, the Bismarck Mandan Chamber and the Bismarck Optimist Club for many years.

Originally from Zap, Wes lives in Bismarck with his wife and two children. He is a 1986 graduate of the University of North Dakota.



David Sigloh, President

President's Report

We are GROWING! And, as the Rural Development Finance Corporation (RDFC) grows, we are helping rural North Dakota grow. RDFC is a 501(c)4 non-profit development corporation operated by North Dakota's rural electric and telecommunications cooperatives and the North Dakota Association of Rural Electric Cooperatives. The corporation's primary activity is operating a revolving loan fund

to provide low-interest financing to rural North Dakota. Last year, RDFC's assets grew to about \$4.3 million - an increase of roughly \$900,000 over 2015.

One of the goals in 2016 was to improve the marketing of RDFC and to develop a stronger link between its member-owners and those who benefit from the financing. Activities included:

- **A new logo**

The logo was designed by the North Dakota Association of Rural Electric Cooperatives graphic artist and approved by the board in October 2016. The tag line denotes RDFC's true interest in investing in the state's rural communities. On the bottom of the letterhead, we have included a listing of the participating cooperatives.

- **A greater connection to member-owners**

Even though RDFC has been incorporated since 1994, it is a relatively new player in the financing incentive arena. To connect the investments to the member cooperatives, RDFC staff schedules a photo opportunity for the cooperatives that service the area where the project is located. In addition to the photo opportunity, we provide a written article that can be used in local newsletters or with media.

- **Marketing campaign**

- In August of this year, a notice was sent to every mayor and auditor in communities with a population of 10,000 or less making them aware of this program and providing information on how to apply. More than 25 communities inquired after receiving the notice.

- Several YouTube videos were posted on the NDAREC Facebook page and YouTube channel to highlight projects financed by RDFC.

- *North Dakota Living* carried articles on RDFC twice in 2016 and ran smaller articles occasionally highlighting the approval of various loans.

- **2016 grant program**

The board approved a one-time, \$2,000 grant opportunity per member (utility cooperative) to apply toward community-owned entities, nonprofits and other community-based projects in the member's service area.

DAKOTAS AMERICA

It is through RDFC's ownership position in Dakotas America (DA) that our revolving loan fund continues to grow. RDFC has partnered with Dakota Resources, a South Dakota nonprofit entity, to own and operate Dakotas America, a community development entity that applies for New Markets Tax Credits from the U.S. Treasury and allocates those tax credits in remote and highly distressed census tracts across the U.S. To date, Dakotas America has placed \$255 million in tax credits. RDFC receives income for its role in the placement of the tax credits. This revenue is deposited into our revolving loan fund to provide low-interest financing to rural businesses and communities in North Dakota.

For more information on tax credits, you can check out DA's website at www.dakotasamerica.com.

PROGRAMS OFFERED THROUGH RDFC'S REVOLVING LOAN FUND

- **Community Capital Loan Fund**

The goal of this program is to assist local development organizations and political subdivisions in their ability to leverage additional capital to finance business and community economic development activities. The Community Capital Loan Fund can be used for microloans, establishing or enhancing revolving loans, providing community loans, for residential property or industrial park development, infrastructure and projects involving essential services. Other uses may be considered on a case-by-case basis. The only stipulation is the RDFC funds must be matched dollar-for-dollar and must be repaid over 10 years or less.

The maximum loan amount is dependent on board discretion and the balance in the fund. Eligible entities are local development groups or political subdivisions located in North Dakota that have the legal authority to incur debt.

INVESTMENTS

- **Total amount available in RLF: \$4.3 million, up \$900,000 from 2015**
- **49 loans totalling more than \$3.3 million**
- **Total grants since inception: \$124,000**

The funds are borrowed for a 10-year period at 1 percent. Annual payments are required.

- **Participation Loan Fund**

The purpose of this loan fund is to expand the lending capacity to primary sector businesses and the expansion of start-up retail and service-based businesses. The funds can be used for structural improvements, equipment and expenditures that will enhance the overall image of the business and commercial districts in rural communities.

The maximum loan amount is dependent on board discretion and the current fund balance. Eligible entities are local development groups, banks or regional lending groups located in North Dakota that have the legal authority to incur debt.

The funds are borrowed at 1 percent for community facilities and services and 2 percent for business loans. Term lengths correspond with the lead lender. Likewise, security for the loan is shared with the lead lender.

- **PACE-Flex PACE Revolving Loan Fund**

This program partners with the Bank of North Dakota (BND) and refers to the guidelines BND uses to administer its interest buydown incentive program (PACE and Flex PACE). The funds are used to help rural communities leverage the interest buydown.

The funds can be used for structural improvements, equipment and expenditures that will enhance the overall image of the business or commercial district of a rural community and/or provide needed services. Loans are targeted toward projects that will create or retain jobs; add new products or services; and/or construct, renovate or expand rural businesses.

Eligible entities are local development groups that have the legal authority to incur debt.

The loan funds must be matched dollar-for-dollar by the eligible local development group.

With today's interest rates, BND is able to buy the interest down to 1 percent with a cap of \$300,000 on PACE loans and \$100,000 on Flex PACE loans. Communities are required to provide a portion of the dollars needed for the buydown. This ranges from 15 to 30 percent.

Repayment of the funds begins six months following the last payment due to BND. The loans are made at zero interest.

The guidelines and application forms for all of the above mentioned programs can be found at www.ndarec.com. Click on "Rural Development" which can be found at the top of the homepage, then click "RDFC."

2016 ACCOMPLISHMENTS

- **Loaned \$830,978 to nine projects**
- **Granted \$33,400 to 34 projects (among 17 members)**
- **New RDFC Logo**
- **Developed strong connection to member-owners**
 - **Photo opportunities and written articles for local newsletter and media**
 - **YouTube videos of financed projects**
 - **Articles in *North Dakota Living* magazine**
 - **Direct mailing to mayors and auditors in towns of less than 10,000 in population**
- **Applied for money brokering license**
 - **Introduced legislation for an exemption to the 2017 Legislature**
 - **Impacts all utility cooperatives that operate a revolving loan fund**

The RDFC board strives to keep operating costs at a minimum, so that the majority of the dollars can be reinvested in rural North Dakota. In line with this, RDFC relies on you, as members, to be a strong part of promoting the program in your service area. This program is one of the tools you can offer to assist with the expansion and development of rural businesses. Please help us make that connection in your area!

INVESTMENTS

Total investments since inception: \$3,343,070

Total number of loans since inception: 49

LOAN PORTFOLIO (AS OF DECEMBER 2016)

1. Dakota Prairie Regional Arts Center, New Rockford (repairs/upgrades to donated building)
2. City of Aneta (fire hydrant replacement)
3. City of McVille (street light repair)
4. Bowman County Development Corporation (participation in interest buydown for Bronson's Super Valu in Bowman)
5. City of McVille (street light replacement)
6. Prairie Roots Food Cooperative, Fargo (new food cooperative)
7. Wing Public School (roof repair on gym and construction of building for ag classes)
8. City of Belfield (relocation of police department)
9. City of Flaxton (repairs and upgrades to lagoon system to meet code)



Northcountry Cooperative Development Fund partnered with RDFC to help the BisMan Community Food Cooperative pay for leasehold improvements, purchase equipment and inventory and working capital.



Participating with other lenders

A new cooperative recently opened its doors in Bismarck – the BisMan Community Food Cooperative! More than 3,000 people have become members of this new business which brings a unique shopping experience to the area. The food cooperative is a year-round, full-scale retail grocery store that offers a variety of fresh, local and organic foods, in addition to bulk items, produce, deli, health and home products, dairy, meat, bakery goods, frozen items and a coffee and juice bar.

To create a vibrant, local-foods system, the cooperative purchases as much produce locally as possible from area farmers and ranchers, including grass-fed beef, eggs from free-range chickens, honey, fruit and much more. The cooperative has a growing database of more than 50 area producers that supply product to the store.

This project was clearly outside of the usual RDFC requirement that the business be in a community with a population of 10,000 or less but it demonstrated a strong potential for developing a market for rurally produced products. In addition, it is an

emerging cooperative. This was attractive to RDFC because it is operated by the state's utility cooperatives, all of which believe in the principle that cooperatives help other cooperatives. This food cooperative needed assistance to complete its financing package as it was short equity. RDFC was able to participate with the lead lender at a low interest rate and share in some of the financing risk. It is difficult to attract traditional financing for an emerging cooperative, primarily because there are so many individuals minimally invested in the business rather than one or two that have made a personal guarantee. RDFC's gap financing helped move this business forward.

RDFC's Participation Loan Fund provides rural or cooperative businesses access to low-interest financing. Any local development group or lending agency located in North Dakota may apply to RDFC for financing to benefit a rural business in the state. Loans are typically made at 2 percent interest and match the terms of the lead lender.



RDFC provided a loan to the New Rockford Park District to help the community construct an ADA accessible swimming pool.

Helping communities with the Community Capital Loan Fund

The wish list is long and the funding is tight in most rural North Dakota communities. When allocating resources, it's a difficult balance between needs and wants. The RDFC directors are fully aware of this dilemma because of their rural background. In recognition of this issue, RDFC has a loan program that provides low-interest financing to communities in need of additional capital.

The New Rockford Park District is just one example of how a community has put these funds to use. The public swimming pool was aging, facing a host of major repair issues. A Pool Committee was formed to address the problem and connect with residents to brainstorm on solutions. The community sentiment was: "Absolutely, we need a pool. It's important for our community and we cannot afford to lose this public infrastructure." The one caveat was that it needed to be accessible to everyone. Thus, the fundraising campaign for a new ADA accessible swimming pool and bathhouse began.

The committee was armed with an approved budget of

\$1.6 million in 2013 and they set out to accomplish their goal. The citizens of New Rockford voted in a special election to approve the sale of \$900,000 in property tax bonds to help fund the project and an intense fundraising campaign targeting public and private sources was launched.

The fundraising target was achieved in 2015 only to learn that construction costs had gone up significantly. That's when the Park District reached out to RDFC. RDFC's Community Capital Loan Fund provides 1 percent financing over 10 years. These funds are available for community-based projects and infrastructure. The funds are secured with a promissory note. RDFC was able to close that financing gap. Spring forward to 2016 and you will find people from every walk of life enjoying a splash in the new pool!

Other communities have accessed this program to finance a variety of needs ranging from street light repair, renovating publicly owned buildings, repairing wastewater systems and irrigating public golf courses.



RDFC provided a loan to Towner County EDC so that Cando Lumber LLC could access the Bank of North Dakota's interest buydown program. Funds were used to buy the interest rate down for a family-owned-and-operated business that serves the community of Cando and surrounding areas with brand name building materials at competitive prices, with small town personalized service.

RDFC PACE-Flex PACE Program builds partnerships for affordable financing

For a variety of reasons, it is more difficult to cash flow many types of businesses in rural areas compared to urban areas. For starters, the customer base is typically smaller, meaning fewer sales. Then consider other factors such as price competition from urban areas and distance for delivery of goods. Affordable financing is one way to give rural entrepreneurs a leg up when building a new rural business or purchasing an existing one.

Towner County Economic Development Corporation works hard to help ensure the long-term success of its rural businesses. The Corporation sets aside loan funds to help businesses in its area secure an interest buydown from the Bank of North Dakota (BND). In essence, through an application process, BND may buy down the interest on a loan by as much as 5 percent below the rate on the promissory note, but not less than 5 percent below prime with a floor of 1 percent. One of the eligibility requirements is that a local entity must provide a pre-determined portion of the buydown. Many local development groups set aside a certain amount of money to loan to businesses that would like to access

BND's interest buydown program. Towner County EDC did just that. However, they had a run of good requests - more than its fund could handle.

To accommodate its requests, the Towner County EDC reached out to RDFC for additional funds. RDFC loans funds under this program at zero interest to the local entity. Because of this partnership, the following businesses could secure an interest buydown on their financing:

- Cando Lumber – the purchase of an existing business
- Pioneer Bulk Foods
- Cando Tesoro
- Farmers Union Insurance
- Cando Pasta
- Dakota View Properties

These businesses are vital to the community of Cando and add to the quality of life for the people who live and work there.



The Wing Theatre, located in Capital Electric's service area, received a \$2,000 grant from RDFC to help pay for the purchase and installation of a new digital projector.

RDFC gives back to communities

In 2016, RDFC offered a one-time grant allocation of \$2,000 to each member-cooperative. The members used the money to fund community-supported projects, nonprofits and community-based projects. Through this program, 39 entities received a total of \$37,400 in grant funds. Across the state, fire districts, child care centers, public school programs, arts, fair associations and more benefited from the grant funding.





Dakotas America boards find inspiration in the Black Hills

In the fall of 2016, a group representing Dakotas America gathered inside Rockyford School's Cultural Heritage room to listen as teachers told stories of hope for the future of Pine Ridge.

"Principal Monica Whirlwind Horse and her staff took us on a wonderful tour of the school and then brought us together in their Cultural Heritage room, a large circular space filled with artifacts and cultural displays. She told us the meaning behind the buffalo hide in the center of the circle," explains Lin Van Hofwegen, managing director of Dakotas America. "In the past, the buffalo provided everything they needed – food, shelter, warmth. Today, she told us, education is that buffalo."

Learning more about the projects Dakotas America and its investor partners help finance through the New Markets Tax

Credit program is important to the governing board and advisory board members of Dakotas America. Dakotas America is co-owned by RDFC and Dakota Resources, a South Dakota non-profit entity. The members come together once a year to tour projects supported or being considered for financing by the organization, which focuses on providing investment capital for projects designed to improve the quality of life for persons in low-income communities.

"There is nothing like seeing results in person and talking to people face-to-face," says Lin. "You can read about it or watch a video, but seeing it with your own eyes is so much more powerful."

The 2016 Dakotas America tour featured several highlights,



*Dakotas America governing board, from left to right: **Rachael Sherard, Linda Salmonson, David Sigloh, Martin Dahl, Gary Cammack, Bobby Koeplin** and **Lori Capouch**. Not pictured: **Jeff Lakner***



including a visit to Mt. Rushmore, a tour of a potential new project in Rapid City, a tour of the Rockyford School on the Pine Ridge Indian Reservation and a day at the buffalo roundup in Custer State Park.

Rockyford School was an especially important stop, since Dakotas America partnered with Citi Community Capital and Grow SD to help provide financing to expand the school with a 76,000-square-foot addition. The new annex, which was completed five years ago, includes a gym that seats 750, an updated kitchen, a multi-functional area, a legends room, 12 new classrooms, a bus garage, a storage shed and a playground.

“This was an investment for our future and was an important project for all of South Dakota,” says Coy Sasse, business manager at Oglala Lakota County School District. “We are proud of our school and that pride shows up in our classrooms, in our community and in surrounding communities. It’s making a difference.”

The Dakotas America group also toured the Youth and Family Services center in Rapid City, which provides programs and services primarily to underprivileged youth in western South Dakota. The organization, which currently serves 14,000 children and families each year, is seeking to expand its scope through a capital campaign that could potentially be supplemented with Dakotas America New Markets Tax Credit allocations.

“The Dakotas America advisory board helps ensure the types of transactions undertaken by the company create high community impact,” explains Lin.

Finally, Dakotas America topped off its Black Hills tour with a day at the annual Custer State Park buffalo roundup.

“While the focus of our trip was to see the people and places Dakotas America helps support through New Markets Tax Credit allocations, the roundup was a great way to end our time together,” says Lin. “Knowing that the buffalo is such a significant symbol of survival to Rockyford School and Pine Ridge was a unique way to bring our trip full circle.”

Rural Development Finance Corporation

BALANCE SHEETS | DECEMBER 31, 2016 AND 2015

UNAUDITED

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash	\$ 691,639	\$ 153,866
Certificates of deposit	654,505	350,942
Short-term investments	320,000	320,000
Interest receivable - investments	9,193	5,588
Interest receivable - notes	7,022	8,335
Accounts receivable	11,297	15,626
Total current assets	<u>1,693,656</u>	<u>854,357</u>
Notes receivable	2,285,097	2,212,932
Investments	347,059	347,059
	<u>\$ 4,325,812</u>	<u>\$ 3,414,348</u>
LIABILITIES AND MEMBERS' EQUITY		
Liabilities	\$ —	\$ —
Members' Equity	<u>4,325,812</u>	<u>3,414,348</u>
	<u>\$ 4,325,812</u>	<u>\$ 3,414,348</u>

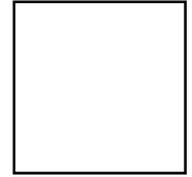
Rural Development Finance Corporation

STATEMENTS OF ACTIVITIES | YEAR ENDED DECEMBER 31, 2016 AND 2015 UNAUDITED

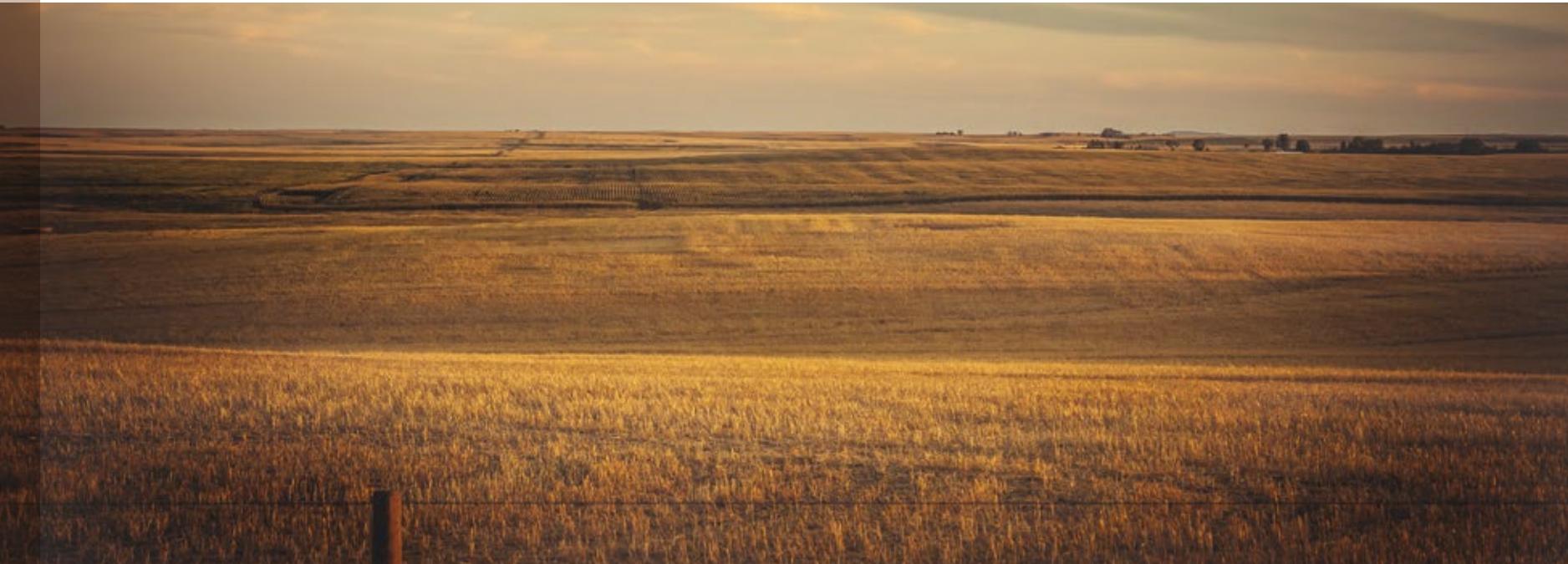
	<u>2016</u>	<u>2015</u>
REVENUES		
Interest on investments	\$ 10,674	\$ 7,118
Dakotas America distributions	945,985	284,054
Interest on loans receivable	<u>25,870</u>	<u>22,930</u>
Total revenues	<u>982,529</u>	<u>314,102</u>
EXPENSES		
Administrative service fees	15,000	15,000
Supplies	412	1,207
Postage	75	76
Legal fees	2,634	-
Accounting fees	2,700	2,250
Travel	218	-
Meeting expenses	1,364	1,589
Insurance	1,036	1,036
Grants	33,400	-
Loan loss provision	<u>14,226</u>	<u>-</u>
Total expenses	<u>71,065</u>	<u>21,158</u>
REVENUES OVER EXPENSES	911,464	292,944
MEMBERS' EQUITY, BEGINNING OF YEAR	<u>3,414,348</u>	<u>3,121,404</u>
MEMBERS' EQUITY, END OF YEAR	<u><u>\$ 4,325,812</u></u>	<u><u>\$ 3,414,348</u></u>



Rural Development
Finance Corporation
GROWING COMMUNITIES



3201 Nygren Dr. N.W.
P.O. Box 727
Mandan, ND 58554



RDFC Member Cooperatives

ELECTRIC COOPERATIVES

North Dakota Association of Rural Electric Cooperatives (NDAREC)	McLean Electric Cooperative
Burke-Divide Electric Cooperative	Mor-Gran-Sou Electric Cooperative
Capital Electric Cooperative	Mountrail-Williams Electric Cooperative
Cass County Electric Cooperative	Nodak Electric Cooperative
Cavalier Electric Cooperative	North Central Electric Cooperative
Dakota Valley Electric Cooperative	Northern Plains Electric Cooperative
KEM Electric Cooperative	Roughrider Electric Cooperative
McKenzie Electric Cooperative	Slope Electric Cooperative
	Verendrye Electric Cooperative

TELEPHONE COOPERATIVES

BEK Communications Cooperative
Consolidated Telecom
Dakota Central Telecommunications Cooperative
Dickey Rural Telephone Cooperative
Northwest Communications Cooperative
Polar Communications
Reservation Telephone Cooperative
SRT Communications, Inc.
United Communications



NDAREC is the administrative agent for RDFC
Lori Capouch, rural development director
Mary Stumpf, rural development assistant

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