

Form **990**  
 Department of the Treasury  
 Internal Revenue Service

# Return of Organization Exempt From Income Tax

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)**

▶ Do not enter social security numbers on this form as it may be made public  
 ▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047  
2017  
**Open to Public Inspection**

**A For the 2017 calendar year, or tax year beginning 01-01-2017, and ending 12-31-2017**

|  |   |  |
|--|---|--|
| <p><b>B</b> Check if applicable</p> <p><input type="checkbox"/> Address change</p> <p><input type="checkbox"/> Name change</p> <p><input type="checkbox"/> Initial return</p> <p><input type="checkbox"/> Final return/terminated</p> <p><input type="checkbox"/> Amended return</p> <p><input type="checkbox"/> Application pending</p> | <p><b>C</b> Name of organization<br/>Roseau Electric Cooperative Inc</p> <hr/> <p>Doing business as</p> <hr/> <p>Number and street (or P O box if mail is not delivered to street address) Room/suite<br/>PO Box 100</p> <hr/> <p>City or town, state or province, country, and ZIP or foreign postal code<br/>Roseau, MN 567510100</p> | <p><b>D</b> Employer identification number<br/><br/>41-0510033</p> <hr/> <p><b>E</b> Telephone number<br/><br/>(218) 463-1543</p> <hr/> <p><b>G</b> Gross receipts \$ 19,099,094</p>   |
| <p><b>F</b> Name and address of principal officer<br/>Tracey Stoll<br/>PO Box 100<br/>Roseau, MN 567510100</p>   |   | <p><b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No<br/>If "No," attach a list (see instructions)</p> <p><b>H(c)</b> Group exemption number ▶</p> |
| <p><b>I</b> Tax-exempt status <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c) ( 12 ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527</p>  |   |  |
| <p><b>J</b> Website: ▶ www.roseauelectric.coop</p>   |   |  |
| <p><b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶</p>  |   | <p><b>L</b> Year of formation 1940</p> <p><b>M</b> State of legal domicile MN</p>  |

**Part I Summary**

|  |  |                           |              |
|--|--|---------------------------|--------------|
| <b>1</b>   | Briefly describe the organization's mission or most significant activities<br>To deliver electricity to members                        |                           |              |
| <b>2</b>   | Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets |                           |              |
| <b>3</b>   | Number of voting members of the governing body (Part VI, line 1a)  | <b>3</b>                  | 9            |
| <b>4</b>   | Number of independent voting members of the governing body (Part VI, line 1b)  | <b>4</b>                  | 9            |
| <b>5</b>   | Total number of individuals employed in calendar year 2017 (Part V, line 2a)   | <b>5</b>                  | 28           |
| <b>6</b>   | Total number of volunteers (estimate if necessary)   | <b>6</b>                  | 0            |
| <b>7a</b>  | Total unrelated business revenue from Part VIII, column (C), line 12   | <b>7a</b>                 | 3,053        |
| <b>7b</b>  | Net unrelated business taxable income from Form 990-T, line 34   | <b>7b</b>                 | 0            |
| <b>Revenue</b>   | <b>8</b> Contributions and grants (Part VIII, line 1h)   | Prior Year                | Current Year |
|  | <b>9</b> Program service revenue (Part VIII, line 2g)  | 0                         | 0            |
|  | <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)  | 18,636,678                | 19,045,580   |
|  | <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)   | 84,450                    | 53,514       |
|  | <b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)   | 0                         | 0            |
| <b>Expenses</b>  | <b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)   | 494,412                   | 809,042      |
|  | <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)  | 2,579,118                 | 2,716,548    |
|  | <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)  | 0                         | 0            |
|  | <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)   | 0                         | 0            |
|  | <b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 0   |                           |              |
| <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)             | 15,256,775   | 15,303,645                |              |
| <b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) | 18,330,305   | 18,829,235                |              |
| <b>19</b> Revenue less expenses Subtract line 18 from line 12                      | 390,823  | 269,859                   |              |
| <b>Net Assets or Fund Balances</b>   | <b>20</b> Total assets (Part X, line 16)   | Beginning of Current Year | End of Year  |
|  | <b>21</b> Total liabilities (Part X, line 26)  | 38,111,583                | 37,992,788   |
|  | <b>22</b> Net assets or fund balances Subtract line 21 from line 20  | 21,131,775                | 20,383,939   |
|  |  | 16,979,808                | 17,608,849   |

**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

|                  |   |   |
|------------------|---|---|
| <b>Sign Here</b> | <p>*****<br/>                 Signature of officer</p>                                | <p>2018-07-30<br/>                 Date</p> |
|                  | <p>Tracey Stoll General Manager<br/>                 Type or print name and title</p> |   |

|                               |   |  |                    |   |                   |
|-------------------------------|---|--|--------------------|---|-------------------|
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name<br>LISA CHAFFEE CPA                      | Preparer's signature<br>LISA CHAFFEE CPA | Date<br>2018-07-30 | Check <input type="checkbox"/> if self-employed | PTIN<br>P00193453 |
|                               | Firm's name ▶ EIDE BAILLY LLP                                       |  |                    | Firm's EIN ▶ 45-0250958                         |                   |
|                               | Firm's address ▶ 4310 17TH AVE S PO BOX 2545<br>FARGO, ND 581082545 |  |                    | Phone no (701) 239-8500                         |                   |

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III

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

Roseau Electric Cooperative is committed to providing its member owners low cost, high quality, safe and reliable electricity with friendly, efficient and knowledgeable service

**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 organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 \$ )  
See Additional Data

**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 \$ )

**4e** Total program service expenses ▶

**Part IV Checklist of Required Schedules**

|   | Yes | No |
|---|-----|----|
| <b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> . . . . .   |     | No |
| <b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? . . . . .   |     | No |
| <b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> . . . . .  |     | No |
| <b>4 Section 501(c)(3) organizations.</b><br>Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> . . . . .   |     |    |
| <b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i> . . . . .   |     | No |
| <b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> 🗑️ . . . . .   |     | No |
| <b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> 🗑️ . . . . .   |     | No |
| <b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> 🗑️ . . . . .  |     | No |
| <b>9</b> Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> 🗑️ . . . . .          | Yes |    |
| <b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> 🗑️ . . . . .  |     | No |
| <b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable  |     |    |
| <b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> 🗑️ . . . . .  | Yes |    |
| <b>b</b> 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? <i>If "Yes," complete Schedule D, Part VII</i> 🗑️ . . . . .  |     | No |
| <b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII</i> 🗑️ . . . . .  | Yes |    |
| <b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX</i> 🗑️ . . . . .   |     | No |
| <b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> 🗑️ . . . . .  | Yes |    |
| <b>f</b> 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 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> 🗑️ . . . . .   | Yes |    |
| <b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> 🗑️ . . . . .   | Yes |    |
| <b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> 🗑️ . . . . .  |     | No |
| <b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> . . . . .  |     | No |
| <b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .  |     | No |
| <b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i> . . . . . |     | No |
| <b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i> . . . . .   |     | No |
| <b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i> . . . . .   |     | No |
| <b>17</b> 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? <i>If "Yes," complete Schedule G, Part I</i> (see instructions) . . . . .  |     | No |
| <b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> . . . . .   |     | No |
| <b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> . . . . .   |     | No |

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

|  | Yes | No |
|--|-----|----|
| <b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H . . . . .</i>  |     | No |
| <b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?  |     |    |
| <b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II . . . . .</i>   |     | No |
| <b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III . . . . .</i>   |     | No |
| <b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J . . . . .</i>  | Yes |    |
| <b>24a</b> 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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a . . . . .</i>                           |     | No |
| <b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .   |     |    |
| <b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .  |     |    |
| <b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .   |     |    |
| <b>25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b><br>Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I . . . . .</i>  |     |    |
| <b>b</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? <i>If "Yes," complete Schedule L, Part I . . . . .</i>  |     |    |
| <b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II . . . . .</i>                                 |     | No |
| <b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III . . . . .</i> |     | No |
| <b>28</b> 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)   |     |    |
| <b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . . . .</i>  |     | No |
| <b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . . . .</i>   |     | No |
| <b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV . . . . .</i>   |     | No |
| <b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M . . . . .</i>  |     | No |
| <b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M . . . . .</i>  |     | No |
| <b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I . . . . .</i>  |     | No |
| <b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II . . . . .</i>  |     | No |
| <b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I . . . . .</i>  |     | No |
| <b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . . . .</i>  | Yes |    |
| <b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?   | Yes |    |
| <b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2 . . . . .</i>  |     | No |
| <b>36 Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . . . .</i>  |     |    |
| <b>37</b> 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? <i>If "Yes," complete Schedule R, Part VI . . . . .</i>   |     | No |
| <b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .  | Yes |    |

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with columns for question ID, question text, and Yes/No response boxes. Includes sections for backup withholding, employee reporting, foreign accounts, prohibited transactions, contributions, and organizational details.

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

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (Voting members), 1b (Independent members), 2 (Family/Business relationships), 3 (Delegation of control), 4 (Changes to governing documents), 5 (Asset diversion), 6 (Members/stockholders), 7a (Power to elect/appoint), 7b (Governance decisions), 8 (Meeting documentation), 8a (Governing body), 8b (Committee authority), 9 (Officer/director/trustee/employee listed).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (Local chapters), 10b (Policies for chapters), 11a (Form 990 distribution), 11b (Review process), 12a (Conflict of interest policy), 12b (Disclosure of interests), 12c (Monitoring compliance), 13 (Whistleblower policy), 14 (Document retention), 15a (Compensation review - CEO), 15b (Compensation review - Other), 16a (Investment in taxable entity), 16b (Policy for joint ventures).

Section C. Disclosure

Table with 3 columns: Question, Yes, No. Rows include: 17 (States for Form 990), 18 (Public inspection methods), 19 (Governing documents availability), 20 (Books and records location).

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

Check if Schedule O contains a response or note to any line in this Part VII

**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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any 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 neither the organization nor any related organization compensated any current officer, director, or trustee

| (A)<br>Name and Title                             | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W- 2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W- 2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|---|--|---|-----------------------|---------|--------------|------------------------------|--------|---|--|---|
|   |  | Individual trustee or director  | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former |   |  |   |
| (1) Mark Sax<br>.....<br>President                | 3 30<br>.....<br>0 00  | X   |                       | X       |              |                              |        | 3,250   | 0  | 0   |
| (2) James Hallan<br>.....<br>Vice President       | 5 70<br>.....<br>0 00  | X   |                       | X       |              |                              |        | 4,650   | 0  | 0   |
| (3) Collin Jensen<br>.....<br>Secretary/Treasurer | 3 30<br>.....<br>0 00  | X   |                       | X       |              |                              |        | 4,050   | 0  | 0   |
| (4) Roger Amundson<br>.....<br>Director           | 3 50<br>.....<br>0 00  | X   |                       |         |              |                              |        | 3,600   | 0  | 0   |
| (5) Shawn Gust<br>.....<br>Director               | 5 50<br>.....<br>0 00  | X   |                       |         |              |                              |        | 3,600   | 0  | 0   |
| (6) Curtis Hukee<br>.....<br>Director (Jan-Apr)   | 5 80<br>.....<br>0 00  | X   |                       |         |              |                              |        | 1,600   | 0  | 0   |
| (7) Wes McFarlane<br>.....<br>Director            | 5 00<br>.....<br>0 00  | X   |                       |         |              |                              |        | 5,250   | 0  | 0   |
| (8) Dale Moser<br>.....<br>Director               | 5 90<br>.....<br>0 00  | X   |                       |         |              |                              |        | 6,350   | 0  | 0   |
| (9) Joe Tesarek<br>.....<br>Director              | 3 60<br>.....<br>0 00  | X   |                       |         |              |                              |        | 4,600   | 0  | 0   |
| (10) Mike Wahl<br>.....<br>Director (Apr-Dec)     | 3 10<br>.....<br>0 00  | X   |                       |         |              |                              |        | 2,450   | 0  | 0   |
| (11) Tracey Stoll<br>.....<br>CEO/General Manager | 40 00<br>.....<br>0 10   |   |                       | X       |              |                              |        | 121,594   | 0  | 68,133  |
| (12) Ryan Severson<br>.....<br>Assistant Manager  | 40 00<br>.....<br>0 00   |   |                       | X       |              |                              |        | 104,276   | 0  | 61,844  |
|   |  |   |                       |         |              |                              |        |   |  |   |
|   |  |   |                       |         |              |                              |        |   |  |   |
|   |  |   |                       |         |              |                              |        |   |  |   |
|   |  |   |                       |         |              |                              |        |   |  |   |





**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

|   |   | (A)<br>Total revenue | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from<br>tax under sections<br>512-514 |
|---|---|----------------------|--|---|--|
| <b>Contributions, Gifts, Grants and Other Similar Amounts</b> | <b>1a</b> Federated campaigns . . . . .   | <b>1a</b>            |  |   |  |
|   | <b>b</b> Membership dues . . . . .  | <b>1b</b>            |  |   |  |
|   | <b>c</b> Fundraising events . . . . .   | <b>1c</b>            |  |   |  |
|   | <b>d</b> Related organizations . . . . .  | <b>1d</b>            |  |   |  |
|   | <b>e</b> Government grants (contributions) . . . . .  | <b>1e</b>            |  |   |  |
|   | <b>f</b> All other contributions, gifts, grants, and similar amounts not included above . . . . . | <b>1f</b>            |  |   |  |
|   | <b>g</b> Noncash contributions included in lines 1a-1f \$ _____                                   |                      |  |   |  |
|   | <b>h Total.</b> Add lines 1a-1f . . . . . ▶   |                      |  |   |  |

| <b>Program Service Revenue</b>              |                               |        | Business Code |            |            |  |
|---|-------------------------------|--------|---------------|------------|------------|--|
|   | <b>2a</b> Sale of Electricity |        | 221000        | 18,768,119 | 18,768,119 |  |
| <b>b</b> Capital Credits                    |                               | 221000 | 202,965       | 202,634    | 331        |  |
| <b>c</b> City of Roseau                     |                               | 221000 | 61,563        | 61,563     |            |  |
| <b>d</b> Wildblue                           |                               | 519100 | 10,587        | 8,117      | 2,470      |  |
| <b>e</b> Powercomm                          |                               | 517000 | 1,134         | 882        | 252        |  |
| <b>f</b> All other program service revenue  |                               |        | 1,212         | 1,212      |            |  |
| <b>g Total.</b> Add lines 2a-2f . . . . . ▶ |                               |        | 19,045,580    |            |            |  |

|   |  |                |               |            |       |        |  |
|---|--|----------------|---------------|------------|-------|--------|--|
| <b>Other Revenue</b>  | <b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . . ▶  |                | 53,514        |            |       | 53,514 |  |
|   | <b>4</b> Income from investment of tax-exempt bond proceeds . . . . . ▶  |                |               |            |       |        |  |
|   | <b>5</b> Royalties . . . . . ▶   |                |               |            |       |        |  |
|   | <b>6a</b> Gross rents  | (i) Real       | (ii) Personal |            |       |        |  |
|   | <b>b</b> Less rental expenses  |                |               |            |       |        |  |
|   | <b>c</b> Rental income or (loss)   |                |               |            |       |        |  |
|   | <b>d</b> Net rental income or (loss) . . . . . ▶   |                |               |            |       |        |  |
|   | <b>7a</b> Gross amount from sales of assets other than inventory   | (i) Securities | (ii) Other    |            |       |        |  |
|   | <b>b</b> Less cost or other basis and sales expenses   |                |               |            |       |        |  |
|   | <b>c</b> Gain or (loss)  |                |               |            |       |        |  |
|   | <b>d</b> Net gain or (loss) . . . . . ▶  |                |               |            |       |        |  |
|   | <b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . . <b>a</b> |                |               |            |       |        |  |
|   | <b>b</b> Less direct expenses . . . . . <b>b</b>   |                |               |            |       |        |  |
|   | <b>c</b> Net income or (loss) from fundraising events . . . . . ▶  |                |               |            |       |        |  |
|   | <b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . . <b>a</b>  |                |               |            |       |        |  |
| <b>b</b> Less direct expenses . . . . . <b>b</b>                                    |  |                |               |            |       |        |  |
| <b>c</b> Net income or (loss) from gaming activities . . . . . ▶                    |  |                |               |            |       |        |  |
| <b>10a</b> Gross sales of inventory, less returns and allowances . . . . . <b>a</b> |  |                |               |            |       |        |  |
| <b>b</b> Less cost of goods sold . . . . . <b>b</b>                                 |  |                |               |            |       |        |  |
| <b>c</b> Net income or (loss) from sales of inventory . . . . . ▶                   |  |                |               |            |       |        |  |
| Miscellaneous Revenue   | Business Code  |                |               |            |       |        |  |
| <b>11a</b>  |  |                |               |            |       |        |  |
| <b>b</b>  |  |                |               |            |       |        |  |
| <b>c</b>  |  |                |               |            |       |        |  |
| <b>d</b> All other revenue . . . . .  |  |                |               |            |       |        |  |
| <b>e Total.</b> Add lines 11a-11d . . . . . ▶                                       |  |                |               |            |       |        |  |
| <b>12 Total revenue.</b> See Instructions . . . . . ▶                               |  |                | 19,099,094    | 19,042,527 | 3,053 | 53,514 |  |

**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).

Check if Schedule O contains a response or note to any line in this Part IX

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.  | (A)<br>Total expenses | (B)<br>Program service expenses | (C)<br>Management and general expenses | (D)<br>Fundraising expenses |
|---|-----------------------|---------------------------------|--|-----------------------------|
| <b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21.  |                       |                                 |  |                             |
| <b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22.   |                       |                                 |  |                             |
| <b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, line 15 and 16.   |                       |                                 |  |                             |
| <b>4</b> Benefits paid to or for members  | 809,042               |                                 |  |                             |
| <b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .   | 389,950               |                                 |  |                             |
| <b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .  |                       |                                 |  |                             |
| <b>7</b> Other salaries and wages   | 1,653,148             |                                 |  |                             |
| <b>8</b> Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions) . . . . .  | 529,705               |                                 |  |                             |
| <b>9</b> Other employee benefits . . . . .  |                       |                                 |  |                             |
| <b>10</b> Payroll taxes . . . . .   | 143,745               |                                 |  |                             |
| <b>11</b> Fees for services (non-employees)   |                       |                                 |  |                             |
| <b>a</b> Management . . . . .   |                       |                                 |  |                             |
| <b>b</b> Legal . . . . .  |                       |                                 |  |                             |
| <b>c</b> Accounting . . . . .   |                       |                                 |  |                             |
| <b>d</b> Lobbying . . . . .   |                       |                                 |  |                             |
| <b>e</b> Professional fundraising services. See Part IV, line 17.   |                       |                                 |  |                             |
| <b>f</b> Investment management fees . . . . .   |                       |                                 |  |                             |
| <b>g</b> Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)   |                       |                                 |  |                             |
| <b>12</b> Advertising and promotion . . . . .   |                       |                                 |  |                             |
| <b>13</b> Office expenses . . . . .   |                       |                                 |  |                             |
| <b>14</b> Information technology . . . . .  |                       |                                 |  |                             |
| <b>15</b> Royalties . . . . .   |                       |                                 |  |                             |
| <b>16</b> Occupancy . . . . .   |                       |                                 |  |                             |
| <b>17</b> Travel . . . . .  |                       |                                 |  |                             |
| <b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .  |                       |                                 |  |                             |
| <b>19</b> Conferences, conventions, and meetings . . . . .  |                       |                                 |  |                             |
| <b>20</b> Interest . . . . .  | 786,615               |                                 |  |                             |
| <b>21</b> Payments to affiliates . . . . .  |                       |                                 |  |                             |
| <b>22</b> Depreciation, depletion, and amortization . . . . .   | 1,782,322             |                                 |  |                             |
| <b>23</b> Insurance . . . . .   |                       |                                 |  |                             |
| <b>24</b> Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)   |                       |                                 |  |                             |
| <b>a</b> Cost of Power  | 11,424,489            |                                 |  |                             |
| <b>b</b> Distributions  | 1,890,884             |                                 |  |                             |
| <b>c</b> Customer Serv & Accts  | 1,037,410             |                                 |  |                             |
| <b>d</b> Admin & Gen Expense  | 1,030,235             |                                 |  |                             |
| <b>e</b> All other expenses   | -2,648,310            |                                 |  |                             |
| <b>25</b> Total functional expenses. Add lines 1 through 24e  | 18,829,235            |                                 |  |                             |
| <b>26</b> Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.<br>Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) |                       |                                 |  |                             |

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part IX

|  |   | (A)<br>Beginning of year |            | (B)<br>End of year    |
|--|---|--------------------------|------------|-----------------------|
| <b>Assets</b>  | <b>1</b> Cash—non-interest-bearing . . . . .  | 1,774,323                | <b>1</b>   | 1,764,160             |
|  | <b>2</b> Savings and temporary cash investments . . . . .   |                          | <b>2</b>   |                       |
|  | <b>3</b> Pledges and grants receivable, net . . . . .   |                          | <b>3</b>   |                       |
|  | <b>4</b> Accounts receivable, net . . . . .   | 2,419,364                | <b>4</b>   | 2,358,181             |
|  | <b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .   |                          | <b>5</b>   |                       |
|  | <b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L . . . . . |                          | <b>6</b>   |                       |
|  | <b>7</b> Notes and loans receivable, net . . . . .  |                          | <b>7</b>   |                       |
|  | <b>8</b> Inventories for sale or use . . . . .  | 896,505                  | <b>8</b>   | 1,014,423             |
|  | <b>9</b> Prepaid expenses and deferred charges . . . . .  | 1,006,904                | <b>9</b>   | 695,340               |
|  | <b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D  | <b>10a</b> 54,255,852    |            |                       |
|  | <b>b</b> Less accumulated depreciation  | <b>10b</b> 25,178,527    | 28,966,606 | <b>10c</b> 29,077,325 |
|  | <b>11</b> Investments—publicly traded securities . . . . .  |                          | <b>11</b>  |                       |
|  | <b>12</b> Investments—other securities See Part IV, line 11 . . . . .   |                          | <b>12</b>  |                       |
|  | <b>13</b> Investments—program-related See Part IV, line 11 . . . . .  | 3,044,195                | <b>13</b>  | 3,083,359             |
|  | <b>14</b> Intangible assets . . . . .   |                          | <b>14</b>  |                       |
|  | <b>15</b> Other assets See Part IV, line 11 . . . . .   | 3,686                    | <b>15</b>  | 0                     |
| <b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . . | 38,111,583  | <b>16</b>                | 37,992,788 |                       |
| <b>Liabilities</b>   | <b>17</b> Accounts payable and accrued expenses . . . . .   | 2,031,948                | <b>17</b>  | 2,007,525             |
|  | <b>18</b> Grants payable . . . . .  |                          | <b>18</b>  |                       |
|  | <b>19</b> Deferred revenue . . . . .  | 101,980                  | <b>19</b>  | 75,337                |
|  | <b>20</b> Tax-exempt bond liabilities . . . . .   |                          | <b>20</b>  |                       |
|  | <b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D  | 9,219                    | <b>21</b>  | 9,590                 |
|  | <b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .   |                          | <b>22</b>  |                       |
|  | <b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .  | 15,504,280               | <b>23</b>  | 17,655,865            |
|  | <b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .  | 3,356,292                | <b>24</b>  | 500,000               |
|  | <b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D  | 128,056                  | <b>25</b>  | 135,622               |
|  | <b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .   | 21,131,775               | <b>26</b>  | 20,383,939            |
| <b>Net Assets or Fund Balances</b>   | <b>27</b> <b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b><br>Unrestricted net assets   |                          | <b>27</b>  |                       |
|  | <b>28</b> Temporarily restricted net assets . . . . .   |                          | <b>28</b>  |                       |
|  | <b>29</b> Permanently restricted net assets   |                          | <b>29</b>  |                       |
|  | <b>30</b> <b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 30 through 34.</b><br>Capital stock or trust principal, or current funds . . . . .   | 0                        | <b>30</b>  | 0                     |
|  | <b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .   | 0                        | <b>31</b>  | 0                     |
|  | <b>32</b> Retained earnings, endowment, accumulated income, or other funds  | 16,979,808               | <b>32</b>  | 17,608,849            |
|  | <b>33</b> Total net assets or fund balances . . . . .   | 16,979,808               | <b>33</b>  | 17,608,849            |
|  | <b>34</b> Total liabilities and net assets/fund balances . . . . .  | 38,111,583               | <b>34</b>  | 37,992,788            |

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

|           |   |           |            |
|-----------|---|-----------|------------|
| <b>1</b>  | Total revenue (must equal Part VIII, column (A), line 12) . . . . .   | <b>1</b>  | 19,099,094 |
| <b>2</b>  | Total expenses (must equal Part IX, column (A), line 25) . . . . .  | <b>2</b>  | 18,829,235 |
| <b>3</b>  | Revenue less expenses Subtract line 2 from line 1 . . . . .   | <b>3</b>  | 269,859    |
| <b>4</b>  | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .           | <b>4</b>  | 16,979,808 |
| <b>5</b>  | Net unrealized gains (losses) on investments . . . . .  | <b>5</b>  |            |
| <b>6</b>  | Donated services and use of facilities . . . . .  | <b>6</b>  |            |
| <b>7</b>  | Investment expenses . . . . .   | <b>7</b>  |            |
| <b>8</b>  | Prior period adjustments . . . . .  | <b>8</b>  |            |
| <b>9</b>  | Other changes in net assets or fund balances (explain in Schedule O) . . . . .                                | <b>9</b>  | 359,182    |
| <b>10</b> | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | <b>10</b> | 17,608,849 |

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

|   |           | Yes | No |
|---|-----------|-----|----|
| <p><b>1</b> Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____</p> <p>If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O</p>   |           |     |    |
| <p><b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant?</p> <p>If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both</p> <p><input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis</p> | <b>2a</b> |     | No |
| <p><b>b</b> Were the organization's financial statements audited by an independent accountant?</p> <p>If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both</p> <p><input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis</p>                 | <b>2b</b> | Yes |    |
| <p><b>c</b> If "Yes," to line 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?</p> <p>If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O</p>   | <b>2c</b> | Yes |    |
| <p><b>3a</b> 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?</p>   | <b>3a</b> |     | No |
| <p><b>b</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</p>  | <b>3b</b> |     |    |

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 41-0510033

**Name:** Roseau Electric Cooperative Inc

Form 990 (2017)

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**Form 990, Part III, Line 4a:**

The Cooperative delivers electric energy to its 6,450 members

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**SCHEDULE D**  
(Form 990)  
  
Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**  
**► Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.**  
**Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

OMB No 1545-0047  
**2017**  
**Open to Public Inspection**

**Name of the organization**  
Roseau Electric Cooperative Inc

**Employer identification number**  
41-0510033

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

|  | (a) Donor advised funds                                  | (b) Funds and other accounts |
|--|--|------------------------------|
| <b>1</b> Total number at end of year   |  |                              |
| <b>2</b> Aggregate value of contributions to (during year)   |  |                              |
| <b>3</b> Aggregate value of grants from (during year)  |  |                              |
| <b>4</b> Aggregate value at end of year  |  |                              |
| <b>5</b> 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?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |                              |
| <b>6</b> Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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? | <input type="checkbox"/> Yes <input type="checkbox"/> No |                              |

**Part II Conservation Easements.** Complete if the organization answered "Yes" on 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 education)       Preservation of an historically important land area

Protection of natural habitat       Preservation of a certified historic structure

Preservation of open space

**2** Complete lines 2a through 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 |  |
|---|-----------------------------|--|
| <b>a</b> Total number of conservation easements   | <b>2a</b>                   |  |
| <b>b</b> Total acreage restricted by conservation easements   | <b>2b</b>                   |  |
| <b>c</b> Number of conservation easements on a certified historic structure included in (a)   | <b>2c</b>                   |  |
| <b>d</b> Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register | <b>2d</b>                   |  |

**3** Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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, handling of violations, and enforcing conservation easements during the year ► \_\_\_\_\_

**7** Amount of expenses incurred in monitoring, inspecting, handling of violations, 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 section 170(h)(4)(B)(ii)?  Yes  No

**9** In Part XIII, 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" on Form 990, Part IV, line 8.

**1a** If the organization elected, as permitted under SFAS 116 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

**b** If the organization elected, as permitted under SFAS 116 (ASC 958), 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)** Revenue included on 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 (ASC 958) relating to these items

**a** Revenue included on 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 acquisition, 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 XIII
- 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" on 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 XIII and complete the following table
- |  | Amount |
|--|--------|
| <b>c</b> Beginning balance             |        |
| <b>d</b> Additions during the year     |        |
| <b>e</b> Distributions during the year |        |
| <b>f</b> Ending balance                |        |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No
- b** If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . .

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

|   | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|------------------|----------------|--------------------|----------------------|---------------------|
| <b>1a</b> Beginning of year balance . . . . .                     |                  |                |                    |                      |                     |
| <b>b</b> Contributions . . . . .                                  |                  |                |                    |                      |                     |
| <b>c</b> Net investment earnings, gains, and 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 current year end balance (line 1g, column (a)) held as
- a** Board designated or quasi-endowment ▶
  - b** Permanent endowment ▶
  - c** Temporarily restricted endowment ▶
- The percentages on lines 2a, 2b, and 2c should equal 100%
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- |  |            |           |
|--|------------|-----------|
| <b>(i)</b> unrelated organizations . . . . .   | <b>Yes</b> | <b>No</b> |
| <b>3a(i)</b>   |            |           |
| <b>(ii)</b> related organizations . . . . .  |            |           |
| <b>3a(ii)</b>  |            |           |
| <b>b</b> If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R? . . . . . |            |           |
| <b>3b</b>  |            |           |
- 4** Describe in Part XIII the intended uses of the organization's endowment funds

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

| Description of property   | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|--------------------------------------|---------------------------------|------------------------------|----------------|
| <b>1a</b> Land . . . . .  |                                      | 210,000                         |                              | 210,000        |
| <b>b</b> Buildings . . . . .  |                                      | 2,506,951                       | 786,456                      | 1,720,495      |
| <b>c</b> Leasehold improvements   |                                      |                                 |                              |                |
| <b>d</b> Equipment . . . . .  |                                      | 51,024,258                      | 24,392,071                   | 26,632,187     |
| <b>e</b> Other . . . . .  |                                      | 514,643                         |                              | 514,643        |
| <b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c) ) . . . ▶ |                                      |                                 |                              | 29,077,325     |

**Part VII Investments—Other Securities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

| (a) Description of security or category<br>(including name of security)  | (b)<br>Book<br>value | (c) Method of valuation<br>Cost or end-of-year market value |
|--|----------------------|---|
| (1) Financial derivatives . . . . .                                      |                      |   |
| (2) Closely-held equity interests . . . . .                              |                      |   |
| (3) Other _____  |                      |   |
| (A)  |                      |   |
| (B)  |                      |   |
| (C)  |                      |   |
| (D)  |                      |   |
| (E)  |                      |   |
| (F)  |                      |   |
| (G)  |                      |   |
| (H)  |                      |   |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 12 ) |                      |   |

**Part VIII Investments—Program Related.** Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

| (a) Description of investment  | (b) Book value | (c) Method of valuation<br>Cost or end-of-year market value |
|--|----------------|---|
| (1) Notes Receivables  | 273,619        | C   |
| (2) Patronage Cap from Assoc Coop - MPC                                  | 846,973        | C   |
| (3) Investment in Assoc Enterprises                                      | 1,530,842      | C   |
| (4) Subscription to CTC from CFC   | 383,153        | C   |
| (5) Investments in Non-Associated Orgs                                   | 48,772         | C   |
| (6)  |                |   |
| (7)  |                |   |
| (8)  |                |   |
| (9)  |                |   |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 13 ) | 3,083,359      |   |

**Part IX Other Assets.** Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d. See Form 990, Part X, line 15

| (a) Description  | (b) Book value |
|--|----------------|
| (1)  |                |
| (2)  |                |
| (3)  |                |
| (4)  |                |
| (5)  |                |
| (6)  |                |
| (7)  |                |
| (8)  |                |
| (9)  |                |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 15 ) |                |

**Part X Other Liabilities.** Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

| (a) Description of liability   | (b) Book value |
|--|----------------|
| (1) Federal income taxes   |                |
| Consumer Deposits  | 135,622        |
| (2)  |                |
| (3)  |                |
| (4)  |                |
| (5)  |                |
| (6)  |                |
| (7)  |                |
| (8)  |                |
| (9)  |                |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 25 ) | 135,622        |

**2.** Liability for uncertain tax positions In Part XIII, 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 (ASC 740) Check here if the text of the footnote has been provided in Part XIII



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

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

|          |   |           |           |            |
|----------|---|-----------|-----------|------------|
| <b>1</b> | Total revenue, gains, and other support per audited financial statements . . . . .                      |           | <b>1</b>  | 19,037,978 |
| <b>2</b> | Amounts included on line 1 but not on Form 990, Part VIII, line 12                                      |           |           |            |
| <b>a</b> | Net unrealized gains (losses) on investments . . . . .  | <b>2a</b> |           |            |
| <b>b</b> | Donated services and use of facilities . . . . .  | <b>2b</b> |           |            |
| <b>c</b> | Recoveries of prior year grants . . . . .   | <b>2c</b> |           |            |
| <b>d</b> | Other (Describe in Part XIII ) . . . . .  | <b>2d</b> | -61,116   |            |
| <b>e</b> | Add lines <b>2a</b> through <b>2d</b> . . . . .   |           | <b>2e</b> | -61,116    |
| <b>3</b> | Subtract line <b>2e</b> from line <b>1</b> . . . . .  |           | <b>3</b>  | 19,099,094 |
| <b>4</b> | Amounts included on Form 990, Part VIII, line 12, but not on line 1                                     |           |           |            |
| <b>a</b> | Investment expenses not included on Form 990, Part VIII, line 7b . . . . .                              | <b>4a</b> |           |            |
| <b>b</b> | Other (Describe in Part XIII ) . . . . .  | <b>4b</b> |           |            |
| <b>c</b> | Add lines <b>4a</b> and <b>4b</b> . . . . .   |           | <b>4c</b> | 0          |
| <b>5</b> | Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . . |           | <b>5</b>  | 19,099,094 |

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

|          |  |           |           |            |
|----------|--|-----------|-----------|------------|
| <b>1</b> | Total expenses and losses per audited financial statements . . . . .                                     |           | <b>1</b>  | 17,959,077 |
| <b>2</b> | Amounts included on line 1 but not on Form 990, Part IX, line 25   |           |           |            |
| <b>a</b> | Donated services and use of facilities . . . . .   | <b>2a</b> |           |            |
| <b>b</b> | Prior year adjustments . . . . .   | <b>2b</b> |           |            |
| <b>c</b> | Other losses . . . . .   | <b>2c</b> |           |            |
| <b>d</b> | Other (Describe in Part XIII ) . . . . .   | <b>2d</b> |           |            |
| <b>e</b> | Add lines <b>2a</b> through <b>2d</b> . . . . .  |           | <b>2e</b> | 0          |
| <b>3</b> | Subtract line <b>2e</b> from line <b>1</b> . . . . .   |           | <b>3</b>  | 17,959,077 |
| <b>4</b> | Amounts included on Form 990, Part IX, line 25, but not on line 1:                                       |           |           |            |
| <b>a</b> | Investment expenses not included on Form 990, Part VIII, line 7b . . . . .                               | <b>4a</b> |           |            |
| <b>b</b> | Other (Describe in Part XIII ) . . . . .   | <b>4b</b> | 870,158   |            |
| <b>c</b> | Add lines <b>4a</b> and <b>4b</b> . . . . .  |           | <b>4c</b> | 870,158    |
| <b>5</b> | Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . . |           | <b>5</b>  | 18,829,235 |

**Part XIII Supplemental Information**

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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

| Return Reference          | Explanation |
|---------------------------|-------------|
| See Additional Data Table |             |
|                           |             |
|                           |             |
|                           |             |
|                           |             |
|                           |             |
|                           |             |

**Part XIII** Supplemental Information *(continued)*

| Return Reference | Explanation |
|------------------|-------------|
|                  |             |
|                  |             |
|                  |             |
|                  |             |
|                  |             |
|                  |             |
|                  |             |
|                  |             |
|                  |             |
|                  |             |

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 41-0510033

**Name:** Roseau Electric Cooperative Inc

## Supplemental Information

| Return Reference | Explanation  |
|------------------|--|
| Part IV, Line 2b | The Cooperative collects funds for the Operation Round Up Program for the Roseau Electric Cooperative Trust from the members. These funds are recorded as a liability on the Cooperative financials until they are released to the Trust on a semi-annual basis. The amount recorded in the financial statements at December 31, 2017 and December 31, 2016 was \$9,590 and \$9,219, respectively. |

## Supplemental Information

| Return Reference | Explanation   |
|------------------|---|
| Part X, Line 2   | <p>The Cooperative is exempt from income taxes under Section 501(c)(12). The Cooperative is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Cooperative files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. The Cooperative evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2017 and 2016, 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 incurred.</p> |

## Supplemental Information

| Return Reference                     | Explanation  |
|--------------------------------------|--|
| Part XI, Line 2d - Other Adjustments | Expense included in income on financial statements -61,116 |

## Supplemental Information

| Return Reference                      | Explanation   |
|---------------------------------------|---|
| Part XII, Line 4b - Other Adjustments | Patronage Capital Credits Allocated During Current Year 809,042 Expense included in income on financial statements 61,116 |

**Schedule J**  
(Form 990)

Department of the Treasury  
Internal Revenue Service

## Compensation Information

**For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**  
▶ **Attach to Form 990.**

▶ **Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

OMB No 1545-0047

# 2017

**Open to Public Inspection**

Name of the organization  
Roseau Electric Cooperative Inc

Employer identification number  
41-0510033

**Part I Questions Regarding Compensation**

|  |  | Yes  | No |  |  |
|--|--|--|----|--|--|
| <p><b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> First-class or charter travel<br/> <input checked="" type="checkbox"/> Travel for companions<br/> <input type="checkbox"/> Tax indemnification and gross-up payments<br/> <input type="checkbox"/> Discretionary spending account                 </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Housing allowance or residence for personal use<br/> <input type="checkbox"/> Payments for business use of personal residence<br/> <input type="checkbox"/> Health or social club dues or initiation fees<br/> <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)                 </td> </tr> </table> | <input type="checkbox"/> First-class or charter travel<br><input checked="" type="checkbox"/> Travel for companions<br><input type="checkbox"/> Tax indemnification and gross-up payments<br><input type="checkbox"/> Discretionary spending account   | <input type="checkbox"/> Housing allowance or residence for personal use<br><input type="checkbox"/> Payments for business use of personal residence<br><input type="checkbox"/> Health or social club dues or initiation fees<br><input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |    |  |  |
| <input type="checkbox"/> First-class or charter travel<br><input checked="" type="checkbox"/> Travel for companions<br><input type="checkbox"/> Tax indemnification and gross-up payments<br><input type="checkbox"/> Discretionary spending account   | <input type="checkbox"/> Housing allowance or residence for personal use<br><input type="checkbox"/> Payments for business use of personal residence<br><input type="checkbox"/> Health or social club dues or initiation fees<br><input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |  |    |  |  |
| <p><b>b</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 of the expenses described above? If "No," complete Part III to explain</p>   | <b>1b</b>  | Yes  |    |  |  |
| <p><b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</p>   | <b>2</b>   | Yes  |    |  |  |
| <p><b>3</b> Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Compensation committee<br/> <input type="checkbox"/> Independent compensation consultant<br/> <input checked="" type="checkbox"/> Form 990 of other organizations                 </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Written employment contract<br/> <input checked="" type="checkbox"/> Compensation survey or study<br/> <input checked="" type="checkbox"/> Approval by the board or compensation committee                 </td> </tr> </table>   | <input type="checkbox"/> Compensation committee<br><input type="checkbox"/> Independent compensation consultant<br><input checked="" type="checkbox"/> Form 990 of other organizations   | <input type="checkbox"/> Written employment contract<br><input checked="" type="checkbox"/> Compensation survey or study<br><input checked="" type="checkbox"/> Approval by the board or compensation committee  |    |  |  |
| <input type="checkbox"/> Compensation committee<br><input type="checkbox"/> Independent compensation consultant<br><input checked="" type="checkbox"/> Form 990 of other organizations   | <input type="checkbox"/> Written employment contract<br><input checked="" type="checkbox"/> Compensation survey or study<br><input checked="" type="checkbox"/> Approval by the board or compensation committee  |  |    |  |  |
| <p><b>4</b> During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization</p>  |  |  |    |  |  |
| <p><b>a</b> Receive a severance payment or change-of-control payment?</p>  | <b>4a</b>  |  | No |  |  |
| <p><b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p>  | <b>4b</b>  |  | No |  |  |
| <p><b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement?<br/>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</p>  | <b>4c</b>  |  | No |  |  |
| <p><b>Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</b></p>   |  |  |    |  |  |
| <p><b>5</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of</p>  |  |  |    |  |  |
| <p><b>a</b> The organization?</p>  | <b>5a</b>  |  |    |  |  |
| <p><b>b</b> Any related organization?<br/>If "Yes," on line 5a or 5b, describe in Part III</p>   | <b>5b</b>  |  |    |  |  |
| <p><b>6</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of</p>  |  |  |    |  |  |
| <p><b>a</b> The organization?</p>  | <b>6a</b>  |  |    |  |  |
| <p><b>b</b> Any related organization?<br/>If "Yes," on line 6a or 6b, describe in Part III</p>   | <b>6b</b>  |  |    |  |  |
| <p><b>7</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described in lines 5 and 6? If "Yes," describe in Part III</p>  | <b>7</b>   |  |    |  |  |
| <p><b>8</b> Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III</p>  | <b>8</b>   |  |    |  |  |
| <p><b>9</b> If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>   | <b>9</b>   |  |    |  |  |





**Part III Supplemental Information**

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

| Return Reference                                     | Explanation  |
|--|--|
| Part I, Line 1a                                      | The Cooperative will schedule and pay for any employee's spouse's standard airfare to attend the annual meeting. The Cooperative pays for this expense directly.   |
| Schedule J, Part II, column C, Deferred Compensation | Included in other compensation is the estimated current year increase in the actuarial value of the defined benefit plan. These amounts do not represent any current year contributions to the plan. They are estimates of the increase in the actuarial value of the plans received from the NRECA. The current year expense and the increase in actuarial value for each employee is reflected in the Schedule O statement for Form 990, Part VII, column F. |

**SCHEDULE O**  
(Form 990 or 990-EZ)**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**2017****Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Roseau Electric Cooperative Inc

Employer identification number

41-0510033

**990 Schedule O, Supplemental Information**

| Return Reference                     | Explanation                                      |
|--------------------------------------|--|
| Form 990, Part VI, Section A, line 6 | The Cooperative has only one class of membership |

## 990 Schedule O, Supplemental Information

| Return Reference                               | Explanation   |
|--|---|
| Form 990,<br>Part VI,<br>Section A,<br>line 7a | All members are of the same class and each member is entitled to one vote |

# 990 Schedule O, Supplemental Information

| Return Reference                      | Explanation   |
|---------------------------------------|---|
| Form 990, Part VI, Section A, line 7b | A sale of more than 25% of the Cooperative's assets must be approved by the membership. Approval from the membership is also required for an amendment of the bylaws. |

## 990 Schedule O, Supplemental Information

| Return Reference                               | Explanation  |
|--|--|
| Form 990,<br>Part VI,<br>Section A,<br>line 8b | There are no committees with authority to act on behalf of the full Board of Directors |

## 990 Schedule O, Supplemental Information

| Return Reference                       | Explanation  |
|--|--|
| Form 990, Part VI, Section B, line 11b | The Office Manager will review a draft of the Form 990. The reviewed Form 990 will be presented by the Office Manager to the General Manager and Board of Directors for approval prior to filing with the IRS. |

**990 Schedule O, Supplemental Information**

| <b>Return Reference</b>                | <b>Explanation</b>   |
|--|--|
| Form 990, Part VI, Section B, line 12c | The Board of Directors and all staff employees are covered by the conflict of interest policy. The Manager reviews the disclosures. If a conflict arises the existence and nature of the conflicting interest and all facts known are provided to the disinterested directors, who will deliberate and vote regarding the transaction outside the presence of, and without participation by, the interested person. A majority of the disinterested directors, but not less than two, authorizes the transaction as long as it has fair terms and is comparable to what might have been obtained in an arm's length transaction. |

## 990 Schedule O, Supplemental Information

| Return Reference                      | Explanation  |
|---------------------------------------|--|
| Form 990, Part VI, Section B, line 15 | The Board of Directors annually determines the General Manager and Assistant Manager's salaries. Deliberation is based on performance and a salary survey of similar positions from surrounding cooperatives. The General Manager and Assistant Manager's salaries are adjusted accordingly and the deliberation is documented in the minutes. |



## 990 Schedule O, Supplemental Information

| Return Reference                               | Explanation   |
|--|---|
| Form 990,<br>Part VI,<br>Section C,<br>line 19 | The governing documents, conflict of interest policy, and financial statements are available to the public upon request |

**990 Schedule O, Supplemental Information**

| <b>Return Reference</b>                   | <b>Explanation</b>  |
|---|---|
| Form 990, Part VII, Section A, Column (F) | Included in column "F", Estimated Amount of Other Compensation, is the estimated annual increase in the actuarial value of the defined benefit plan. The estimated increase for the following people is: Ryan Severson \$28,276; Tracey Stoll \$34,447. These amounts are estimates in the increase of the value of the plan and are not current year expenses of the cooperative. The current year expenses for this defined benefit plan were \$26,648 and \$30,168 respectively. |

**990 Schedule O, Supplemental Information**

| <b>Return Reference</b>  | <b>Explanation</b>  |
|--|---|
| Form 990,<br>Part IX,<br>Statement of<br>Functional<br>Expenses,<br>Line 24e | The labor, pension and payroll taxes reported on lines 5-10 are already included in distribution expense, administrative and general expense and customer expense. Therefore, these amounts are being subtracted out as an other deduction on line 24e in the amount of \$(2,716,548) |

## 990 Schedule O, Supplemental Information

| Return Reference          | Explanation  |
|---------------------------|--|
| Form 990, Part IX, Line 4 | The Cooperative has interpreted the instructions to Part IX, Line 4, to mean patronage capital allocated for the year, rather than patronage capital retired. This is consistent with the Bylaws of the Cooperative. |

**990 Schedule O, Supplemental Information**

| <b>Return Reference</b>         | <b>Explanation</b>  |
|---------------------------------|---|
| Form 990,<br>Part XI, line<br>9 | Retirement of Patronage Capital -489,401 Discounted Capital Credits 17,125 Retired Capital Credit Gain 22,416 Patronage Capital Credits Allocated During the Current Year 809,042 |

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2017**

**Open to Public  
Inspection**

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
- ▶ Attach to Form 990.
- ▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Roseau Electric Cooperative Inc

**Employer identification number**

41-0510033

**Part I Identification of Disregarded Entities** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

| (a)<br>Name, address, and EIN (if applicable) of disregarded entity | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Total income | (e)<br>End-of-year assets | (f)<br>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)<br>Name, address, and EIN of related organization  | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Exempt Code section | (e)<br>Public charity status (if section 501(c)(3)) | (f)<br>Direct controlling entity | (g)<br>Section 512(b)(13) controlled entity? |    |
|--|-------------------------|--|----------------------------|---|----------------------------------|--|----|
|  |                         |  |                            |   |                                  | Yes  | No |
| <b>(1)</b> Roseau Electric Cooperative Trust<br>1107 3rd St NE<br><br>Roseau, MN 567510100<br>38-7092612 | Community Support       | MN   | 501(c)(3)                  | Line 11   | Roseau Electric Cooperative Inc  | Yes  |    |
|  |                         |  |                            |   |                                  |  |    |
|  |                         |  |                            |   |                                  |  |    |
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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)<br>Name, address, and EIN of<br>related organization | (b)<br>Primary<br>activity | (c)<br>Legal<br>domicile<br>(state<br>or<br>foreign<br>country) | (d)<br>Direct<br>controlling<br>entity | (e)<br>Predominant<br>income(related,<br>unrelated,<br>excluded from<br>tax under<br>sections 512-<br>514) | (f)<br>Share of<br>total income | (g)<br>Share of<br>end-of-year<br>assets | (h)<br>Disproportionate<br>allocations? |    | (i)<br>Code V-UBI<br>amount in box<br>20 of<br>Schedule K-1<br>(Form 1065) | (j)<br>General or<br>managing<br>partner? |    | (k)<br>Percentage<br>ownership |
|--|----------------------------|---|--|--|---------------------------------|--|---|----|--|---|----|--------------------------------|
|  |                            |   |  |  |                                 |  | Yes                                     | No |  | Yes                                       | No |                                |
|  |                            |   |  |  |                                 |  |   |    |  |   |    |                                |
|  |                            |   |  |  |                                 |  |   |    |  |   |    |                                |
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|  |                            |   |  |  |                                 |  |   |    |  |   |    |                                |

**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)<br>Name, address, and EIN of<br>related organization | (b)<br>Primary activity | (c)<br>Legal<br>domicile<br>(state or foreign<br>country) | (d)<br>Direct controlling<br>entity | (e)<br>Type of entity<br>(C corp, S corp,<br>or trust) | (f)<br>Share of total<br>income | (g)<br>Share of end-of-<br>year<br>assets | (h)<br>Percentage<br>ownership | (i)<br>Section 512(b)<br>(13) controlled<br>entity? |    |
|--|-------------------------|---|-------------------------------------|--|---------------------------------|---|--------------------------------|---|----|
|  |                         |   |                                     |  |                                 |   |                                | Yes   | No |
|  |                         |   |                                     |  |                                 |   |                                |   |    |
|  |                         |   |                                     |  |                                 |   |                                |   |    |
|  |                         |   |                                     |  |                                 |   |                                |   |    |
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|  |                         |   |                                     |  |                                 |   |                                |   |    |
|  |                         |   |                                     |  |                                 |   |                                |   |    |

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

|  |   | Yes       | No  |
|--|---|-----------|-----|
| <b>1</b> 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? |   |           |     |
| <b>a</b>   | Receipt of <b>(i)</b> interest, <b>(ii)</b> annuities, <b>(iii)</b> royalties, or <b>(iv)</b> rent from a controlled entity . . . . . | <b>1a</b> | No  |
| <b>b</b>   | Gift, grant, or capital contribution to related organization(s) . . . . .   | <b>1b</b> | No  |
| <b>c</b>   | Gift, grant, or capital contribution from related organization(s) . . . . .   | <b>1c</b> | No  |
| <b>d</b>   | Loans or loan guarantees to or for related organization(s) . . . . .  | <b>1d</b> | No  |
| <b>e</b>   | Loans or loan guarantees by related organization(s) . . . . .   | <b>1e</b> | No  |
| <b>f</b>   | Dividends from related organization(s) . . . . .  | <b>1f</b> | No  |
| <b>g</b>   | Sale of assets to related organization(s) . . . . .   | <b>1g</b> | No  |
| <b>h</b>   | Purchase of assets from related organization(s) . . . . .   | <b>1h</b> | No  |
| <b>i</b>   | Exchange of assets with related organization(s) . . . . .   | <b>1i</b> | No  |
| <b>j</b>   | Lease of facilities, equipment, or other assets to related organization(s) . . . . .  | <b>1j</b> | No  |
| <b>k</b>   | Lease of facilities, equipment, or other assets from related organization(s) . . . . .  | <b>1k</b> | No  |
| <b>l</b>   | Performance of services or membership or fundraising solicitations for related organization(s) . . . . .                              | <b>1l</b> | No  |
| <b>m</b>   | Performance of services or membership or fundraising solicitations by related organization(s) . . . . .                               | <b>1m</b> | No  |
| <b>n</b>   | Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .                               | <b>1n</b> | No  |
| <b>o</b>   | Sharing of paid employees with related organization(s) . . . . .  | <b>1o</b> | No  |
| <b>p</b>   | Reimbursement paid to related organization(s) for expenses . . . . .  | <b>1p</b> | No  |
| <b>q</b>   | Reimbursement paid by related organization(s) for expenses . . . . .  | <b>1q</b> | No  |
| <b>r</b>   | Other transfer of cash or property to related organization(s) . . . . .   | <b>1r</b> | Yes |
| <b>s</b>   | Other transfer of cash or property from related organization(s) . . . . .   | <b>1s</b> | 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)<br>Name of related organization | (b)<br>Transaction type (a-s) | (c)<br>Amount involved | (d)<br>Method of determining amount involved |
|-------------------------------------|-------------------------------|------------------------|--|
|                                     |                               |                        |  |
|                                     |                               |                        |  |
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|                                     |                               |                        |  |
|                                     |                               |                        |  |





**Part VII** **Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions)