According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 21 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION MI0048
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	PERIOD ENDED December, 2011 (Prepared with Audited Dat
INSTRUCTIONS - See help in the online application.	BORROWER NAME Great Lakes Energy Cooperative

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

[X] All of the obligations under the RUS loan documents have been fulfilled in all material respects.

[ ] There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part A Section C of this report.

Steven Boeckman

3/26/2012
DATE

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART F IC - INTERNAL COMBUSTION PLANT

INSTRUCTIONS - See help in the online application.

BORROWER DESIGNATION MI0048

PLANT Beaver Island

PERIOD ENDED December, 2011

SECTION A. INTERNAL COMBUSTION GENERATING UNITS

NO.	UNIT NO. *(a)*	SIZE (kW) *(b)*	FUEL CONSUMPTION: OIL (1000 Gals.) *(c)*	GAS (1000 C.F.) *(d)*	OTHER (e)	TOTAL *(f)*	OPERATING HOURS: IN SERVICE *(g)*	ON STANDBY *(h)*	OUT OF SERVICE: SCHED. *(i)*	UNSCH. *(j)*	GROSS GENER.(MWh) *(k)*	BTU PER kWh *(l)*
1.	1	1,250	5.14				93	8,667			78	
2.	2	1,250	5.14				93	8,667			78	
3.	3	900	3.70				80	8,680			69	
4.												
5.												
6.	**Total**	3,400	13.98	0.00	0.00		266	26,014	0	0	225	
7.	Average BTU		140.20				Station Service (MWh)				225.00	8.71
8.	Total BTU (10^6)		1.96			1.96	Net Generation (MWh)				0.00	
9.	Total Del. Cost ($)		48,847.00				Station Service % of Gross				100.00	0.00

SECTION B. LABOR REPORT

NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	No. Employees Full Time (Include Superintendent)		5.	Maintenance Plant Payroll ($)	
2.	No. Employees Part Time		6.	Other Accounts Plant Payroll ($)	
3.	**Total Employee Hours Worked**		7.	**Total Plant Payroll ($)**	
4.	Operating Plant Payroll ($)				

SECTION C. FACTORS & MAXIMUM DEMAND

NO.	ITEM	VALUE
1.	Load Factor (%)	0.95%
2.	Plant Factor (%)	0.76%
3.	Running Plant Capacity Factor (%)	73.89%
4.	15 Min. Gross Max. Demand (kW)	2,700
5.	Indicated Gross Max. Demand (kW)	2,700

SECTION D. COST OF NET ENERGY GENERATED

NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT ($) *(a)*	MILLS/NET (kWh) *(b)*	$/10^6 BTU *(c)*
1.	Operation, Supervision and Engineering	546	0		
2.	Fuel, Oil	547.1	51,618		
3.	Fuel, Gas	547.2	0		
4.	Fuel, Other	547.3	0		
5.	Energy for Compressed Air	547.4	0	0.00	
6.	**Fuel SubTotal *(2 thru 5)***	547	51,618	0.00	
7.	Generation Expenses	548	122,932		
8.	Miscellaneous Other Power Generation Expenses	549	0		
9.	Rents	550	0		
10.	**Non-Fuel SubTotal *(1 + 7 thru 9)***		122,932	0.00	
11.	**Operation Expense *(6 + 10)***		174,550	0.00	
12.	Maintenance, Supervision and Engineering	551	0		
13.	Maintenance of Structures	552	0		
14.	Maintenance of Generating and Electric Plant	553	14,258		
15.	Maintenance of Miscellaneous Other Power Generating Plant	554	0		
16.	**Maintenance Expense *(12 thru 15)***		14,258	0.00	
17.	**Total Production Expense *(11 + 16)***		188,808	0.00	
18.	Depreciation	403.4, 411.10	85,050		
19.	Interest	427	0		
20.	**Total Fixed Cost *(18 + 19)***		85,050	0.00	
21.	**Power Cost *(17 + 20)***		273,858	0.00	

Remarks (including Unscheduled Outages)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

INSTRUCTIONS - See help in the online application.

BORROWER DESIGNATION MI0048

PERIOD ENDED December, 2011 (Prepared with Audited Data)

BORROWER NAME Great Lakes Energy Cooperative

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

[X] All of the obligations under the RUS loan documents have been fulfilled in all material respects.

[ ] There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Steven Boeckman

3/26/2012
DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE LAST YEAR (*a*)	YEAR-TO-DATE THIS YEAR (*b*)	YEAR-TO-DATE BUDGET (*c*)	THIS MONTH (*d*)
1. Operating Revenue and Patronage Capital	154,912,162	164,335,520	169,021,895	15,163,648
2. Power Production Expense	180,086	188,808	184,500	16,085
3. Cost of Purchased Power	98,831,843	104,530,510	109,649,232	9,580,559
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	9,979,263	10,393,986	10,297,962	906,845
7. Distribution Expense - Maintenance	10,737,275	10,742,272	10,197,137	773,667
8. Customer Accounts Expense	4,156,820	4,521,359	4,404,504	419,308
9. Customer Service and Informational Expense	2,196,473	1,988,893	2,234,500	33,999
10. Sales Expense	429,601	456,560	474,339	56,012
11. Administrative and General Expense	7,463,579	7,731,323	8,365,160	669,171
12. Total Operation & Maintenance Expense (*2 thru 11*)	133,974,940	140,553,711	145,807,334	12,455,646
13. Depreciation and Amortization Expense	10,914,430	11,389,911	11,483,989	971,066
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	58,001	211,467	371,000	(125,725)
16. Interest on Long-Term Debt	9,734,739	9,968,973	10,100,300	872,077
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	186,481	113,924	153,000	11,180
19. Other Deductions	141,878	120,597	155,000	6,182
20. Total Cost of Electric Service (*12 thru 19*)	155,010,469	162,358,583	168,070,623	14,190,426
21. Patronage Capital & Operating Margins (*1 minus 20*)	(98,307)	1,976,937	951,272	973,222
22. Non Operating Margins - Interest	1,082,797	1,095,847	773,000	137,692
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	67,318	29,685	35,078	670
25. Non Operating Margins - Other	(409,040)	(420,699)	(423,000)	(64,272)
26. Generation and Transmission Capital Credits	0	6,053,018	7,795,000	579,384
27. Other Capital Credits and Patronage Dividends	304,508	349,584	344,500	28,708
28. Extraordinary Items				
29. Patronage Capital or Margins (*21 thru 28*)	947,276	9,084,372	9,475,850	1,655,404

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE LAST YEAR (*a*)	YEAR-TO-DATE THIS YEAR (*b*)	ITEM	YEAR-TO-DATE LAST YEAR (*a*)	YEAR-TO-DATE THIS YEAR (*b*)
1. New Services Connected	776	787	5. Miles Transmission		
2. Services Retired	2,222	749	6. Miles Distribution – Overhead	11,038.00	11,026.00
3. Total Services in Place	132,367	132,405	7. Miles Distribution - Underground	3,032.00	3,094.00
4. Idle Services (*Exclude Seasonals*)	9,120	9,135	**8. Total Miles Energized *(5 + 6 + 7)***	14,070.00	14,120.00

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	378,418,767	30. Memberships	519,740
2. Construction Work in Progress	7,328,288	31. Patronage Capital	127,598,766
3. Total Utility Plant *(1 + 2)*	385,747,055	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	104,969,483	33. Operating Margins - Current Year	8,379,539
5. Net Utility Plant *(3 - 4)*	280,777,572	34. Non-Operating Margins	704,833
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	3,250,427
7. Investments in Subsidiary Companies	563,285	**36. Total Margins & Equities *(30 thru 35)***	140,453,305
8. Invest. in Assoc. Org. - Patronage Capital	88,560,069	37. Long-Term Debt - RUS (Net)	119,707,322
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	78,002,479
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	4,889,637	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	748,157	40. Long-Term Debt Other (Net)	34,322,005
12. Other Investments	1,098,494	41. Long-Term Debt - RUS - Econ. Devel. (Net)	592,500
13. Special Funds	0	42. Payments – Unapplied	17,811,013
14. Total Other Property & Investments *(6 thru 13)*	95,859,642	**43. Total Long-Term Debt *(37 thru 41 - 42)***	214,813,293
15. Cash - General Funds	636,791	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	18,154,529
17. Special Deposits	5,040,970	**46. Total Other Noncurrent Liabilities *(44 + 45)***	18,154,529
18. Temporary Investments	0	47. Notes Payable	173,902
19. Notes Receivable (Net)	0	48. Accounts Payable	12,052,744
20. Accounts Receivable - Sales of Energy (Net)	18,436,460	49. Consumers Deposits	1,411,271
21. Accounts Receivable - Other (Net)	1,045,218		
22. Renewable Energy Credits	0	50. Current Maturities Long-Term Debt	4,856,579
23. Materials and Supplies - Electric & Other	2,192,061	51. Current Maturities Long-Term Debt - Economic Development	134,633
24. Prepayments	1,117,776	52. Current Maturities Capital Leases	0
25. Other Current and Accrued Assets	68,023	53. Other Current and Accrued Liabilities	6,588,711
26. Total Current and Accrued Assets *(15 thru 25)*	28,537,299	**54. Total Current & Accrued Liabilities *(47 thru 53)***	25,217,840
27. Regulatory Assets	127,053	55. Regulatory Liabilities	7,116,388
28. Other Deferred Debits	453,789	56. Other Deferred Credits	0
29. Total Assets and Other Debits *(5+14+26 thru 28)*	405,755,355	**57. Total Liabilities and Other Credits *(36 + 43 + 46 + 54 thru 56)***	405,755,355

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011

PART D. NOTES TO FINANCIAL STATEMENTS

Special funds at December 31, 2011 consisted of cash in the amount of $5,040,970.

The MPSC requires Michigan rural electric cooperatives to maintain funds to satisfy any refundable contributions in aid of construction (CIAC) plus any power supply cost recovery over collections net of any power supply cost under collections. Funds restricted to comply with MPSC's requirements are considered special depostis . At December 31, 2011 and 2010, special deposits were equal to the refundable CIAC plus the over collection of the power supply cost recovery charges. The status of refundable CIAC and power supply cost recovery net under or over collections is detailed below.

Refundable contributions in aid of construction	$3,826,537	$4,182,858
Power supply cost recovery over(under) collections	$1,214,433	$1,085,968
Special deposits required by MPSC	$5,040,970	$5,268,826
Special deposits available	$5,040,970	$5,268,826

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011
PART D. CERTIFICATION LOAN DEFAULT NOTES	

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

BORROWER DESIGNATION MI0048

PERIOD ENDED December, 2011

INSTRUCTIONS - See help in the online application.

PART E. CHANGES IN UTILITY PLANT

PLANT ITEM	BALANCE BEGINNING OF YEAR (*a*)	ADDITIONS (*b*)	RETIREMENTS (*c*)	ADJUSTMENTS AND TRANSFERS (*d*)	BALANCE END OF YEAR (*e*)
1. Distribution Plant	322,863,367	18,257,127	6,027,760		335,092,734
2. General Plant	26,472,131	2,016,616	994,231		27,494,516
3. Headquarters Plant	13,744,533	110,418			13,854,951
4. Intangibles	1,437,942	313,754	5,430	(1,722,709)	23,557
5. Transmission Plant	0				0
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	1,953,008				1,953,008
8. Total Utility Plant in Service (*1 thru 7*)	366,470,981	20,697,915	7,027,421	(1,722,709)	378,418,766
9. Construction Work in Progress	6,971,598	356,690			7,328,288
10. Total Utility Plant (*8 + 9*)	373,442,579	21,054,605	7,027,421	(1,722,709)	385,747,054

PART F. MATERIALS AND SUPPLIES

ITEM	BALANCE BEGINNING OF YEAR (*a*)	PURCHASED (*b*)	SALVAGED (*c*)	USED (NET) (*d*)	SOLD (*e*)	ADJUSTMENT (*f*)	BALANCE END OF YEAR (*g*)
1. Electric	2,309,154	5,403,114	51,018	5,320,842	293,327	42,944	2,192,061
2. Other	0						0

PART G. SERVICE INTERRUPTIONS

ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				
	POWER SUPPLIER (*a*)	MAJOR EVENT (*b*)	PLANNED (*c*)	ALL OTHER (*d*)	TOTAL (*e*)
1. Present Year	25.120	15.080	3.140	180.730	224.070
2. Five-Year Average	26.820	101.630	5.440	200.520	334.410

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	234	4. Payroll - Expensed	9,181,944
2. Employee - Hours Worked - Regular Time	479,083	5. Payroll – Capitalized	3,507,079
3. Employee - Hours Worked - Overtime	25,740	6. Payroll - Other	3,565,905

PART I. PATRONAGE CAPITAL

ITEM	DESCRIPTION	THIS YEAR (*a*)	CUMULATIVE (*b*)
1. Capital Credits - Distributions	a. General Retirements	3,928,883	
	b. Special Retirements	231,436	
	c. Total Retirements (*a + b*)	4,160,319	
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	2,848,691	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	239,922	
	c. Total Cash Received (*a + b*)	3,088,613	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE

1. Amount Due Over 60 Days	$ 761,383	2. Amount Written Off During Year	$ 124,544

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2011

PART K. kWh PURCHASED AND TOTAL COST

No	ITEM (a)	SUPPLIER CODE (b)	RENEWABLE ENERGY PROGRAM NAME (c)	RENEWABLE FUEL TYPE (d)	kWh PURCHASED (e)	TOTAL COST (f)	AVERAGE COST (Cents/kWh) (g)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT (h)	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES (i)
1	Wolverine Pwr Supply Coop, Inc	20910			1,376,318,417	100,370,196	7.29		
2	Wolverine Pwr Supply Coop, Inc	20910	Wind Farm	Wind	57,047,983	4,160,314	7.29		
	Total				1,433,366,400	104,530,510	7.29		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application	PERIOD ENDED December, 2011

PART K. kWh PURCHASED AND TOTAL COST

No	Comments
1	
2	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011

PART L. LONG-TERM LEASES

No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Antenna Designs	Tower	4,200
2	EW Marine	Tower	10,200
3	Paul La Torre	Tower	12
4	CSX Transport	Railroad	2,800
5	State of Michigan	Railroad	325
	TOTAL		17,537

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011

PART M. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting	2. Total Number of Members	3. Number of Members Present at Meeting	4. Was Quorum Present?
8/24/2011	104,244	5	N
5. Number of Members Voting by Proxy or Mail	**6. Total Number of Board Members**	**7. Total Amount of Fees and Expenses for Board Members**	**8. Does Manager Have Written Contract?**
3,980	9	$ 525,329	Y

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011

PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	119,707,322	5,714,888	3,383,808	9,098,696
2	National Rural Utilities Cooperative Finance Corporation	7,845,515	279,014	1,107,237	1,386,251
3	CoBank, ACB	25,565,532	1,186,750	1,738,391	2,925,141
4	Federal Financing Bank	78,002,479	3,450,448	1,399,236	4,849,684
5	RUS - Economic Development Loans	592,500		143,386	143,386
6	Payments Unapplied	17,811,013			
7	Econ Dev City of Newaygo	400,000			
8	IRP	510,958	5,695	29,341	35,036
	TOTAL	214,813,293	10,636,795	7,801,399	18,438,194

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011

PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (*a*)	AVERAGE NO. CONSUMERS SERVED (*b*)	TOTAL YEAR TO DATE (*c*)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	75,651	75,654	
	b. kWh Sold			709,593,064
	c. Revenue			89,447,660
2. Residential Sales - Seasonal	a. No. Consumers Served	36,846	36,798	
	b. kWh Sold			82,959,831
	c. Revenue			20,148,852
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	10,461	10,423	
	b. kWh Sold			168,110,608
	c. Revenue			20,436,114
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	312	307	
	b. kWh Sold			402,543,703
	c. Revenue			31,567,913
6. Public Street & Highway Lighting	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (*lines 1a thru 9a*)		123,270	123,182	
11. Total kWh Sold (*lines 1b thru 9b*)				1,363,207,206
12. Total Revenue Received From Sales of Electric Energy (*lines 1c thru 9c*)				161,600,539
13. Transmission Revenue				
14. Other Electric Revenue				2,734,981
15. kWh - Own Use				
16. Total kWh Purchased				1,433,366,400
17. Total kWh Generated				225,000
18. Cost of Purchases and Generation				104,719,318
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident___ Coincident_X_				300,825

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION**	BORROWER DESIGNATION MI0048
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011

PART P. ENERGY EFFICIENCY PROGRAMS

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers *(a)*	**Amount Invested** *(b)*	**Estimated MMBTU Savings** *(c)*	**No. of Consumers** *(d)*	**Amount Invested** *(e)*	**Estimated MMBTU Savings** *(f)*
1. Residential Sales (excluding seasonal)	1,437	554,601	4,965	1,437	554,601	4,965
2. Residential Sales - Seasonal	169	65,492	587	169	65,492	587
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	18	322,317	2,041	18	322,317	2,041
5. Comm. and Ind. Over 1000 KVA	11	175,921	9,772	11	175,921	9,772
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total	1,635	1,118,331	17,365	1,635	1,118,331	17,365

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2011

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

No	DESCRIPTION (a)	INCLUDED ($) (b)	EXCLUDED ($) (c)	INCOME OR LOSS ($) (d)	RURAL DEVELOPMENT (e)
2	**Investments in Associated Organizations**				
	Investment in Subsidiaries	563,284			
	WPC patronage - G&T		86,796,316		
	NRUCFC Patronage		752,873		
	Federated Patronage	324,284			
	CoBank patronage		277,795		
	NISC Patronage	156,965			
	Resco Patronage	251,836			
	Resco Stock	5,400			
	MECA Statewide Membership	141,720			
	WPC Membership - G&T	600			
	NRUCFC Membership		1,000		
	CoBank Membership		1,000		
	NRTC Membership	2,000			
	NISC Membership	25			
	Geothermal Energy Membership	600			
	NRUCFC CTC's/Membership Certificates		4,737,292		
	Totals	1,446,714	92,566,276		
3	**Investments in Economic Development Projects**				
	Boyne USA Resort		17,292		X
	IRP Loans		103,634		X
	Revolving Loan Fund		82,231		X
	Kilwins Confections		545,000		X
	Totals		748,157		
4	**Other Investments**				
	Homestead Funds - GLE employees.		95,387		
	Homestead funds - Director Def. Comp.		95,783		
	American Funds - Mutual Funds		907,324		
	Totals		1,098,494		
6	**Cash - General**				
	Fifth Third Bank	(1,133,797)	250,000		
	West Shore Bank		29,137		
	Choice One Bank	15,515			
	Huntington Bank		12,837		
	United Bank of Michigan		3,926		
	Choice One Bank - Economic Dev.	450,324	250,000		X
	Huntington Bank - Revolving Loan Fund	63,442	250,000		X
	Choice One Bank - IRP Account	441,334			X
	Working Funds - Petty Cash	4,075			
	Totals	(159,107)	795,900		
7	**Special Deposits**				
	Fifth Third Bank - See section D, note 1	5,040,970			
	Totals	5,040,970			
9	**Accounts and Notes Receivable - NET**				
	Other Accounts Receivable - Net	1,045,218			
	Totals	1,045,218			
11	TOTAL INVESTMENTS (1 thru 10)	7,373,795	95,208,827		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2011

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION II. LOAN GUARANTEES

No	**ORGANIZATION** **(a)**	**MATURITY DATE** **(b)**	**ORIGINAL AMOUNT ($)** **(c)**	**LOAN BALANCE ($)** **(d)**	**RURAL DEVELOPMENT** **(e)**
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS**	BORROWER DESIGNATION MI0048 PERIOD ENDED December, 2011

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

SECTION III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	1.91 %

SECTION IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT ($) (c)	LOAN BALANCE ($) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors		22,318	10,607	
2	Energy Resources Conservation Loans				
	TOTAL		22,318	10,607	

Consolidated Financial Statements
December 31, 2011 and 2010

Great Lakes Energy Cooperative

GREAT LAKES ENERGY COOPERATIVE

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the consolidated balance sheets of Great Lakes Energy Cooperative as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in equities and cash flows for the years then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative, as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 5, 2012 on our consideration of Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

Eide Bailly LLP

Fargo, North Dakota
April 5, 2012

GREAT LAKES ENERGY COOPERATIVE
Consolidated Balance Sheets
as of December 31, 2011 and 2010

ASSETS	2011	2010
ELECTRIC PLANT:		
Distribution and generation plant, at cost	$ 385,747,055	$ 373,442,579
Less accumulated depreciation	104,969,483	100,802,516
Net electric plant	280,777,572	272,640,063
OTHER ASSETS AND INVESTMENTS:		
Nonutility property, net of accumulated depreciation	3,142	6,261
Investments and memberships	94,548,200	91,116,456
Notes and other receivables	520,762	112,829
Total other assets and investments	95,072,104	91,235,546
CURRENT ASSETS:		
Cash	1,153,023	2,386,393
Temporary investments and special funds	5,040,970	5,268,826
Accounts receivable, net of allowance for uncollectible accounts of $1,355,264 in 2011 and $1,207,461 in 2010	19,550,729	19,979,922
Materials and supplies	2,192,061	2,309,154
Other current assets, including current portion of notes and other receivables	1,837,390	1,984,540
Total current assets	29,774,173	31,928,835
DEFERRED CHARGES	149,654	423,972
Total assets	$ 405,773,503	$ 396,228,416

EQUITIES AND LIABILITIES	2011	2010
EQUITIES:		
Memberships	$ 519,740	$ 519,740
Patronage capital	144,386,718	139,391,458
Donated capital	3,250,427	3,251,135
Accumulated other comprehensive expenses	(7,703,580)	(7,001,905)
Total equities	140,453,305	136,160,428
LONG-TERM DEBT, net of current maturities	214,813,292	208,505,110
OTHER NON-CURRENT LIABILITIES	18,154,529	16,205,092
CURRENT LIABILITIES:		
Current maturities of long-term debt	4,991,213	6,602,100
Notes payable	173,902	3,759,969
Accounts payable	12,054,198	10,701,999
Accrued expenses	6,605,405	6,360,337
Customer deposits	1,411,271	1,285,328
Total current liabilities	25,235,989	28,709,733
DEFERRED CREDITS	7,116,388	6,648,053
Total equities and liabilities	$ 405,773,503	$ 396,228,416

The accompanying notes are a part of these financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Revenue and Net Margins
for the years ended December 31, 2011 and 2010

	2011	2010
OPERATING REVENUES	$ 164,335,520	$ 154,912,162
OPERATING EXPENSES:		
Purchased and produced power	104,719,318	99,011,929
Distribution expenses:		
Operations	10,393,986	9,979,263
Maintenance	10,742,272	10,737,275
Customer accounts and service expense	6,966,811	6,782,894
Administration and general	7,732,129	7,465,097
Depreciation and amortization	11,393,031	10,917,691
Other operating expenses	392,627	249,075
Total operating expenses	152,340,174	145,143,224
OPERATING MARGINS BEFORE FIXED CHARGES	11,995,346	9,768,938
FIXED CHARGES, interest expense	10,082,897	9,921,220
OPERATING MARGINS AFTER FIXED CHARGES	1,912,449	(152,282)
NON-OPERATING MARGINS:		
Interest income	1,099,412	1,087,784
Other expenses, net of other income	(311,085)	(265,734)
Total non-operating margins	788,327	822,050
CAPITAL CREDITS, from associated organizations	6,402,602	304,508
Net margins before federal income taxes	9,103,378	974,276
PROVISION FOR FEDERAL INCOME TAX	19,006	27,000
Net margins	$ 9,084,372	$ 947,276

The accompanying notes are a part of these financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Cash Flows
for the years ended December 31, 2011 and 2010

Increase (Decrease) in Cash

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margins	$ 9,084,372	$ 947,276
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	11,393,031	10,917,691
Capital credits from associated organizations	(6,402,602)	(304,508)
Net (gain) loss on sale of assets	15,495	(44,046)
Unrealized appreciation on investments	641	(4,532)
Bad debt provision	288,264	378,985
Changes in assets and liabilities:		
Accounts receivable	(16,369)	(264,477)
Materials and supplies	168,027	(125,313)
Other assets and deferred charges	389,052	262,033
Accounts payable	1,358,491	299,245
Accrued expenses and other liabilities	245,068	1,083,987
Customer deposits	125,943	50,848
Other non-current liabilities and deferred credits	1,948,140	1,172,601
Net cash provided by operating activities	18,597,553	14,369,790
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash from short-term investments	227,855	(1,343,891)
Net investments and memberships	2,940,524	71,765
Proceeds from sale of assets	22,875	54,470
Property additions	(19,423,989)	(19,787,669)
Plant removal costs	(1,518,086)	(1,652,858)
Additions to notes receivable	(610,899)	(17,620)
Collection on notes receivable	139,169	95,921
Changes in deferred charges	(204,311)	(403,076)
Net cash (used) in investing activities	(18,426,862)	(22,982,958)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions in aid of construction received net of refunds	1,411,524	1,072,355
Net proceeds from (payment of) short-term debt	(3,586,067)	(12,144,333)
Proceeds from long-term debt	19,163,000	32,600,000
Payment of long-term debt	(14,465,704)	(10,885,904)
Capital credits paid out	(3,926,107)	(3,581,676)
Capital credits paid out of donated capital	-	(309)
Recovery of previously paid out capital credits	(707)	227,519
Sales tax returned related to equity provided by operating margins	-	2,058
Net cash provided by financing activities	(1,404,061)	7,289,710
Net change in cash	(1,233,370)	(1,323,458)
CASH, beginning of year	2,386,393	3,709,851
CASH, end of year	$ 1,153,023	$ 2,386,393

The accompanying notes are a part of these financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Changes in Equities
Years ended December 31, 2011 and 2010

	Memberships	Patronage Capital	Donated Capital	AOCE	Total
Balance at December 31, 2009	$ 519,740	$ 142,395,824	$ 3,023,310	$ (4,484,303)	$ 141,454,571
Net margins	-	947,276	-	-	947,276
Other comprehensive income (expense):					
Unrealized holding loss on securities	-	-	-	54,206	54,206
Directors' Pension and Retiree Welfare Benefit Plan liability adjustment	-	-	-	(2,571,808)	(2,571,808)
Sales tax refund	-	2,058	-	-	2,058
Undeliverable retired patronage refunds to members	-	-	227,519	-	227,519
Patronage refunds to members:					
Cash refunds	-	(3,580,390)	(309)	-	(3,580,699)
Non-cash refunds	-	(373,310)	615	-	(372,695)
Balance at December 31, 2010	519,740	139,391,458	3,251,135	(7,001,905)	136,160,428
Net margins	-	9,084,372	-	-	9,084,372
Other comprehensive income (expense):					
Unrealized holding gain on securities	-	-	-	(29,693)	(29,693)
Directors' Pension and Retiree Welfare Benefit Plan liability adjustment	-	-	-	(671,982)	(671,982)
Sales tax returned	-	68,432	-	-	68,432
Undeliverable retired patronage refunds to members and other adjustments	-	-	(197)	-	(197)
Patronage refunds to members:					
Cash refunds	-	(3,926,107)	-	-	(3,926,107)
Non-cash refunds	-	(231,437)	(511)	-	(231,948)
Balance at December 31, 2011	$ 519,740	$ 144,386,718	$ 3,250,427	$ (7,703,580)	$ 140,453,305

The accompanying notes are a part of these financial statements.

GREAT LAKES ENERGY COOPERATIVE
Consolidated Statements of Comprehensive Income
for the years ended December 31, 2011 and 2010

	2011	2010
NET MARGINS	$ 9,084,372.12	$ 947,276.03
Other comprehensive income (expense):		
Unrealized holding gain on securities arising during year	(29,693.00)	54,206.03
Directors' pension liability adjustment	(70,972.00)	(10,135.00)
Employees' Postretirement Health Insurance Benefit Plan liability adjustment	(601,010.00)	(2,561,673.00)
Net other comprehensive income (expense)	(701,675.00)	(2,517,601.97)
Comprehensive income (loss)	$ 8,382,697.12	$ (1,570,325.94)

The accompanying notes are a part of these financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Great Lakes Energy Cooperative (the "Company") is an electric distribution company servicing rural areas in parts of 26 counties located in the western portion of Michigan's Lower Peninsula.

The Company is organized as a member cooperative with all customers being members. Each member who joins the cooperative is entitled to certain membership rights, including the right to vote on certain corporate matters. The Company is governed by a board of directors elected by the members.

As a cooperative, annual net margins are assigned to members as capital credits based on their relative purchase of electric power during the year. It is the Company's policy to retire these capital credits when the financial condition of the Company permits.

The Company has a wholly-owned subsidiary which engages in certain business activities unrelated to the distribution of electricity.

The Company is a nonprofit organization exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code, except for tax on any unrelated business income. The Company's subsidiary is a corporation that is not exempt from federal income tax. The Company and its subsidiary are each subject to the Michigan Business Tax.

Basis of Accounting

The Company is subject to the accounting and reporting rules and regulations of Rural Utilities Service, a Federal Government agency. The Company follows the Federal Energy Regulatory Commission's Uniform System of Accounts prescribed for Class A and B Electric Utilities as modified by the Rural Utilities Service.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Great Lakes Utilities Services Corporation ("GLUS"). All significant intercompany transactions have been eliminated in preparing the consolidated financial statements.

Electric Plant

Electric plant includes the electric distribution system, a small generating plant, real estate and various buildings and operating equipment. These assets are recorded at cost, net of any contributions received from customers to defray the cost of constructing the distribution system. Assets are depreciated over their estimated useful lives under the straight-line method.

The cost of any distribution system and generating plant that is retired, plus the cost of removal, net of any salvage value realized, is charged, in total, against accumulated depreciation; a gain or loss is not recognized. The cost and related accumulated depreciation of buildings and operating equipment retired or sold is removed from their respective accounts and a gain or loss is recognized.

Nonutility Property

At December 31, 2011 and 2010, non-utility property consisted of equipment which is being depreciated under the straight-line method over its estimated useful life using the lives permitted for income tax purposes.

Investments and Memberships

Investments and memberships include investments in other cooperatives and various mutual funds. The investments in cooperatives, which comprise the majority of investments, are carried at cost plus assigned capital credits less any capital credits paid to the Company. Income from investments in other cooperatives is recognized when capital credits are assigned by those cooperatives.

Investments in mutual funds are carried at market value. Certain of these investments are directly related to deferred-compensation obligations and changes in market value are recorded as changes in the related liability. The remaining investments are classified as available-for-sale with changes in market value reported in other comprehensive income until realized.

Notes and Other Receivables

Notes and other receivables include primarily low or zero interest loans made under Federal Rural Economic Development programs. These receivables, as reported in the balance sheets, are net of related allowances for uncollectible accounts of $68,987 in 2011 and $55,987 in 2010 with any additions to the allowance charged against margins. Interest income is recognized on these receivables by applying the stipulated interest rates to any unpaid balance; any fee revenue is recognized when assessed.

Special Funds

Special funds consisted of cash at the end of 2011 and 2010.

Electric Revenues and Accounts Receivable

Rates for electricity charged to members are established by the Board of Directors and were subject to approval of the Michigan Public Service Commission ("MPSC") before becoming effective. Revenue is recognized when electricity is delivered to customers. Bills are rendered in staggered cycles throughout each month for economic and business reasons. Consequently, at the end of each month a portion of the recorded revenue remains unbilled. The unbilled revenue was computed by applying approved revenue rates to the difference between total kilowatt hours ("KWH") delivered to customers, as determined from electronic meter readings taken at month end, and the KWH used for cycle billing purposes.

The Company bills and collects Michigan sales tax related to electric revenue from most of its customers. The sales tax billed is reflected in accounts receivable and recorded as a liability; it is not recorded as revenue or as an expense.

Any electric accounts receivable not collected within one month of billing are assessed a one-time late fee of 2 pct. This fee is included as part of operating revenue.

Allowances are provided for accounts receivable that may become uncollectible, with additions to the allowance charged against margins. Past collection experience is tracked by the Company and is used to determine additions to the allowance. Accounts receivable are written off by a charge against the allowance only after collection efforts have been exhausted and future collection appears unlikely.

Regulation

In December 2011, the Board of Directors voted to become member-regulated as of March 20, 2012. On that date, the Company will become self-regulated for rates, billing practices, and accounting standards. All other aspects of electric service will continue to be regulated by the Michigan Public Service Commission. The Company's accounting policies and the accompanying financial statements will continue to follow generally accepted accounting principles applicable to rate-regulated enterprises and reflect the effects of the ratemaking process.

Materials and Supplies

Materials and supplies, which are recorded at average cost, consist primarily of items necessary to construct and maintain the distribution system and fuel to operate the generating plant.

Deferred Charges

Deferred charges consist primarily of preliminary survey, pole inspection, and deferred Energy Optimization Program costs. The preliminary survey and pole inspection costs are being amortized straight-line over periods not exceeding twenty years, the Energy Optimization costs over a four-year period ending December 31, 2015, and the other deferred costs over various periods.

Deferred Credits

Deferred credits consist primarily of refundable contributions in aid of construction, which are refundable for a certain period of time, contributions received for future construction, and revenues billed in advance. Upon expiration of the refund period, any contributions not refunded are credited to the electric plant's distribution system. Contributions for future construction are applied against the distribution system when construction costs related to the contribution are incurred. Service availability charges billed in advance are amortized straight-line to revenue over the period covered by the advanced billing.

Fair Value of Financial Instruments

Certain investment assets are recorded at fair value and the fair value of long term debt is disclosed below. Fair values were determined in accordance with fair value measuring criteria under generally accepted accounting principles. Fair value is defined as the price that would be received in exchange for an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at year end, the measurement date, in the principal or most advantageous market for the asset or liability being valued at its fair value.

Under generally accepted accounting principles a hierarchy has been established which prioritizes the techniques for determining fair value. The highest priority, level 1, is quoted market prices on an active market. Level 2 involves quoted market prices in a market that is not considered active while level 3 involves fair value established using other factors but without a market. The valuation level used in determining fair value depends on the Company's ability to access the markets at the measurement date.

Financial instruments, such as cash, temporary investments and special funds, accounts receivable, accounts payable, accrued expenses and customer deposits are carried in the consolidated financial statements at cost. These amounts approximate the fair value of such instruments due to their short maturity. Notes and other receivables are carried at cost as they are made under various government programs which specify below-market interest rates. Investments and memberships in other cooperatives are carried at cost plus undistributed capital credits assigned by the investee cooperatives as there is no practical way to determine a market value for these investments. Investments in mutual funds are carried at active published market prices as of year-end.

The fair value of long-term debt at December 31, 2011, based on borrowing rates available from current lenders at that date, is estimated at approximately $296 million versus the carrying amount of approximately $238 million. At December 31, 2010 the comparable fair value was estimated at approximately $191 million versus the carrying amount of approximately $215 million.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Areas requiring the use of significant estimates by management include useful lives of plant, potential uncollectible accounts, notes and other receivables, and postretirement benefit costs. Actual results could differ from the estimates embedded in the consolidated financial statements.

Cash Flows

The Company reports its cash flows using the indirect method in order to present a reconciliation of net margins to significant changes in cash. Cash reported on the consolidated statement of cash flows is cash reflected on the consolidated balance sheet; it does not include special funds.

NOTE B - ELECTRIC PLANT

Major classes of electric plant as of December 31, 2011 and 2010 are as follows:

	2011	2010
Distribution System	$ 335,092,734	$ 322,863,367
Generation plant	1,953,008	1,953,008
General plant	41,349,468	40,216,664
Intangible plant	23,557	1,437,942
Construction work in progress, net of related contributions in aid of construction	7,328,288	6,971,598
	385,747,055	373,442,579
Less accumulated depreciation	104,969,483	100,802,516
Total	$ 280,777,572	$ 272,640,063

During 2011 and 2010, the various components of the electric plant were depreciated based on management’s estimate of their useful lives. The lives used equate to an annual composite rate of approximately 3.0 pct. for the distribution system and 4.4 pct. for the generation plant.

General plant is being depreciated over the following lives:

General Plant	
Structures and improvements	50 years
Office furniture and equipment:	
General office equipment and general purpose data processing equipment	3-16 years
Special purpose data processing equipment	3 years
Computer software	3 years
Transportation equipment:	
Automobile and pickup trucks	5-8.5 years
Heavy trucks	10 years
Power operated equipment	8 years
Communications equipment,	5-12.5 years
Load control equipment	10 years
Other	20 years

The nonutility property is being depreciated over the following lives:

Nonutility Plant	
Equipment	5-7 years
Computer software	3 years

NOTE C - INVESTMENTS AND MEMBERSHIPS

Investments consisted of the following as of December 31, 2011 and 2010:

	2011	2010
Wolverine Power Supply Cooperative, Inc:		
Patronage capital credits and membership	$ 86,796,916	$ 83,591,994
National Rural Utilities Cooperative Finance Corporation:		
Capital Term Certificates	4,737,292	4,754,655
Patronage capital credits and membership	753,873	736,339
Other memberships, patronage capital and mutual fund investments	2,260,119	2,033,468
Total	$ 94,548,200	$ 91,116,456

Wolverine Power Cooperative, Inc. (“Wolverine”) is an electric generating and transmission cooperative in which the Company has as an approximate 56 pct. interest. According to the contract with Wolverine, all electric power required by the Company is to be purchased from Wolverine (see Note R).

The Company carries its investments in various mutual funds at their fair values. A portion of the investments aggregating $191,170 at December 31, 2011 and $170,633 at December 31, 2010 represent investments held on behalf of current and former directors and employees. Accordingly, annual changes in the fair values of these investments are recorded as an adjustment to their related liability accounts rather than as a part of accumulated other comprehensive income.

Management classifies the remaining investments as available-for-sale. Annual changes in fair value are determined under level 1 valuation techniques and are recorded as a component of accumulated other comprehensive income. A comparison of cost and fair value of these investments at December 31, 2011 and 2010 follows:

	2011	2010
Cost of remaining mutual fund investments	$ 965,487	$ 821,294
Unrealized loss	(58,163)	(28,552)
Fair value	$ 907,324	$ 792,742

NOTE D -NOTES AND LOANS RECEIVABLE

Notes receivable consisted of the following as of December 31, 2011 and 2010:

	2011	2010
Rural Economic Development loans, net of allowance for uncollectable loans	$ 679,170	$ 218,296
Land contract receivable	38,100	38,931
Employee loans	10,607	11,419
	727,877	268,646
Less current portion	207,115	155,817
Total	$ 520,762	$ 112,829

The current portion of notes receivable is classified with other current assets in the consolidated balance sheets.

Rural Economic Development Loans Receivable

The Rural Economic Development loans receivable are zero or low interest loans due in periodic installments of principal and, where appropriate, interest until final maturity. The loans are financed from grants or loans obtained by the Company under various federal programs established for the purpose of promoting loans through electric cooperatives to qualifying entities within their communities for the purpose of promoting economic development. The loans are collateralized by real estate mortgages, an irrevocable stand-by letter of credit or a security interest in equipment.

NOTE E –SPECIAL FUNDS

Special funds at December 31, 2011 consisted of cash in the amount of $5,040,970.

The MPSC requires Michigan rural electric cooperatives to maintain funds to satisfy any refundable contributions in aid of construction (CIAC) plus any power supply cost recovery over collections net of any power supply cost under collections. Funds restricted to comply with MPSC's requirements are considered special funds. At December 31, 2011 and 2010, special funds were equal to the refundable CIAC plus the over collection of the power supply cost recovery charges. The status of refundable CIAC and power supply cost recovery net under or over collections is detailed below.

	2011	2010
Refundable contributions in aid of construction	$ 3,826,537	$ 4,182,858
Power supply cost recovery over (under) collections	1,214,433	1,085,968
Special funds required by the MPSC	$ 5,040,970	$ 5,268,826
Special funds available	$ 5,040,970	$ 5,268,826

NOTE F – ACCOUNTS RECEIVABLE

Accounts receivable include both billed and unbilled revenues. At December 31, 2011 and 2010 accounts receivable consisted of the following:

	2011	2010
Billed accounts	$ 10,579,520	$ 11,293,916
Unbilled accounts	10,326,473	9,893,467
	20,905,993	21,187,383
Less allowance for uncollectible accounts	1,355,264	1,207,461
Net accounts receivable	$ 19,550,729	$ 19,979,922

NOTE G - DEFERRED CHARGES

Deferred charges at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Unamortized debt costs	$ 20,520	$ 22,915
Pole inspection	89,660	145,440
Preliminary survey costs	335,327	602,313
Deferred Energy Optimization Program costs	127,053	79,949
	572,560	850,617
Less current portion	422,906	426,645
Totals	$ 149,654	$ 423,972

NOTE H - EQUITY

At December 31, 2011 and 2010, cumulative transactions in patronage capital consisted of the following:

	2011	2010
Assigned and assignable margins	$ 189,761,173	$ 180,608,369
Retired	(43,140,534)	(38,982,478)
Undeliverable, transferred to donated capital	(2,233,921)	(2,234,433)
Balance	$ 144,386,718	$ 139,391,458

The returnable sales tax reflects the State of Michigan’s acknowledgement of an electric cooperative principal that amounts paid for electrical service in excess of the cost of providing that service are considered additions to capital, not sales, and accordingly not subject to sales tax. Returnable sales tax represents the tax paid on amounts ultimately determined to be capital additions.

It is the practice of the Company to make patronage refunds to its patrons or members. Such refunds may be made provided total equity, after such refunds are made and excluding the results of GLUS, is greater than 20 pct. of total assets. At both December 31, 2011 and 2010 equities of the Company, excluding GLUS, represented approximately 34.5 pct. and 34.4 pct., respectively, of its total assets.

NOTE I - LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2011 and 2010:

	2011	2010
Rural Utilities Service ("RUS")	$ 123,068,373	$ 126,452,182
Less RUS Cushion of Credit, advance payment earning 5 pct. interest	(21,178,374)	(14,514,068)
	101,889,999	111,938,114
National Rural Utilities Cooperative Finance Corporation ("CFC")	9,354,931	7,462,168
CoBank ACB ("CoBank")	27,394,377	29,132,767
Federal Financing Bank ("FFB")	79,527,106	64,763,342
Rural Economic Development Loan Program ("REDLG")	1,638,092	1,810,819
	219,804,505	215,107,210
Less current maturities	4,991,213	6,602,100
Total long-term debt	$ 214,813,292	$ 208,505,110

Loans under the RUS mortgage carry fixed or semi-fixed interest rates as detailed below. They are payable in either monthly or quarterly installments, which include both principal and interest, until final maturity during 2035.

Mortgages with 2 pct. fixed interest	$ 37,582
Mortgages with 3 pct. to 4.87 pct., semi-fixed interest	52,679,564
Mortgages with 5 pct. fixed interest	70,351,227
Total	$ 123,068,373

CFC loans are payable in quarterly or bi-annual installments, including principal and interest, and have various maturity dates through 2041. They bear interest at variable or fixed rates ranging between 1.31 pct. and 5.5 pct.

CoBank loans are payable in monthly or quarterly installments, including principal and interest, and have various maturity dates through 2031. They bear interest at fixed rates ranging between 2.53 pct. and 5.48 pct.

FFB and REDLG loans are payable primarily in either monthly or quarterly installments, including principal and interest, and have various maturity dates. The FFB loans bear interest at various rates, which ranged between 2.44 pct. and 7.43 pct. The REDLG borrowings bear no interest or interest at one percent.

The loan agreement with FFB is collateralized by a joint mortgage agreement with RUS, CFC and CoBank. Under the joint agreement, substantially all of the Company's assets, except transportation and power operated equipment, certain investments and memberships, certain temporary investments and special funds, and some office equipment, are pledged as collateral under terms of the joint agreement.

In addition to pledging its assets as collateral for the above loans, the Company has agreed under terms of loan agreements with the RUS, CFC and CoBank, to maintain margins at adequate levels to meet certain financial ratios of times interest earned and debt service coverage. RUS, CFC and CoBank use the three most recent years, including the current year, to determine whether these loan covenants have been met through an averaging computation. The Company was in compliance with these loan covenants during 2011 and 2010.

Aggregate annual future maturities of long-term debt, net of amortization of the cushion of credit, are as follows:

Years	Loans
2012	$ 4,991,213
2013	5,998,902
2014	5,688,813
2015	5,751,478
2016	5,548,898
2017 and beyond	191,825,201
Total	$ 219,804,505

NOTE J – OTHER NON-CURRENT LIABILITIES

The other non-current liabilities at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Accumulated provision for directors' pension plan and employees' postretirement health insurance benefits	$ 17,963,359	$ 16,034,451
Employees' and directors' deferred Compensation	191,170	170,641
Total	$ 18,154,529	$ 16,205,092

NOTE K - NOTES PAYABLE

The Company has two revolving lines of credit aggregating $35,000,000. One line of credit is with CFC and is an unsecured perpetual line in the amount of $25,000,000. The other line of credit is with CoBank. It is a one-year line expiring October 31, 2012 in the amount of $10,000,000. Any borrowings under the CoBank line are subject to a statutory first lien on the Company's equity, but are otherwise unsecured. At December 31, 2011 there were no outstanding loans under the CFC line. Loans outstanding under the CoBank line totaled $173,902 at December 31, 2011 with an interest rate of 3.05 pct. The remaining available balance under the two lines of credit aggregated $34,826,098 at December 31, 2011.

NOTE L - DEFERRED CREDITS

Deferred credits at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Customer advances to defray system construction costs:		
Non-refundable	$ 540,252	$ 540,252
Refundable	3,826,537	4,182,858
Total customer advances	4,366,789	4,723,110
Estimated labor cost associated with initial installation of transformers and meters	136,037	139,523
Deferred revenue associated with seasonal accounts	934,283	794,678
Deferred Energy Optimization Program surcharge Revenue	1,679,279	990,742
Total	$ 7,116,388	$ 6,648,053

NOTE M - CASH FLOW INFORMATION

Additional cash flow information for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Cash paid during the year for:		
Interest	$ 10,636,796	$ 9,057,979
Federal income tax	14,265	14,520

NOTE N - FEDERAL INCOME TAX AND MICHIGAN BUSINESS TAX

The Company, as a tax exempt entity, is exempt from federal income tax except for the rent it receives on its towers. Its subsidiary is subject to federal income tax. The Company and subsidiary file separate federal income tax returns to report their respective taxable income.

The Company and its subsidiary are also subject to the Michigan Business Tax ("MBT"). They are considered a unitary business group under this tax and accordingly file a single return that includes both entities. The MBT is a tax on both gross receipts and taxable income, including the Company's income that is exempt from federal income tax.

Management believes that positions taken during prior years and to be taken for 2011 in reporting federal taxable income for the Company and for its subsidiary and reporting the taxable base subject to the MBT are not controversial and have a high degree of being sustained upon any future examination by the taxing authority.

The Company's Federal income tax returns are subject to examination by the IRS, generally for three years after they were filed. The Company's State tax returns are subject to examination by State authorities, generally for four years after they were filed.

NOTE O - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, special funds, investments and memberships, and accounts receivable.

Cash and special funds are maintained in credit worthy banks. Accordingly, the Company believes it has no significant credit risk regarding cash and temporary investments or special funds.

The majority of the Company's investments and memberships are invested in Wolverine, the Company's exclusive power supplier, in Capital Term Certificates issued by CFC, and in other cooperatives. The Company believes there is no significant credit risk associated with these investments. Mutual fund investments, which comprise 1.2 pct. of investments, are subject to normal market fluctuations.

Any credit risk relative to accounts receivable is dissipated due to the large number of customers throughout the Company's service area.

Cash on deposit at December 31, 2011 and 2010, including the cash assigned to special funds, exceeded the Federal Depository Insurance limits by $6,795,424 and $6,593,503, respectively.

NOTE P - EMPLOYEE BENEFITS

The Company currently offers most employees several types of employee benefits, including retirement plans and health insurance benefits. The Company also provides certain directors a retirement plan.

Retirement Plans for Employees

The Company participates with other electric cooperatives in a multi-employer retirement and security program sponsored by the National Rural Electric Cooperative Association (NRECA). Substantially all employees are covered by this program. This program is a defined benefit pension plan qualified under Section 501(a) of the Internal Revenue Code.

The NRECA retirement and security program provides benefits based on years of service and the highest five years of compensation during the last 10 years of employment. The Company makes contributions to the program equal to the amounts reflected as an expense in the consolidated financial statements. The plan is a multi-employer plan which is available to all member cooperatives of NRECA. The accumulated benefits and plan assets are not determined or allocated separately to any participating cooperative. The Company's contributions to the program for 2011 and 2010 were $2,482,627 and $2,381,513, respectively.

Retirement Plan for Directors

The Company has a non-qualified unfunded pension plan for certain directors. The plan covers directors who serve on the Board for at least ten years, who were on the Board as of June 22, 2005, and who, under normal circumstances, retire before reaching the age of 72. Directors elected to the Board subsequent to that date are not eligible for the Plan. The plan provides only for retirement benefits; it does not provide for death or disability benefits.

The Company accrues the annual cost associated with this plan and reports a liability for any unpaid benefits. However, there is no trust associated with this plan and monies to fund the plan come from the unrestricted assets of the Company.

The following table provides information regarding projected benefit obligations, plan assets and funded status of the directors' plan as of December 31, 2011 and 2010:

	2011	2010
Change in benefit obligation:		
Benefit obligation at January 1	$ 1,989,691	$ 1,940,891
Service cost	13,325	-
Interest cost	100,801	107,777
Actuarial loss (gain)	118,494	56,078
Benefits paid	(120,100)	(115,055)
Benefit obligation at December 31	$ 2,102,211	$ 1,989,691
Change in plan assets:		
Fair value of plan assets at January 1	$ -	$ -
Company contributions	120,100	115,055
Benefits paid	(120,100)	(115,055)
Fair value of plan assets at December 31	$ -	$ -
Reconciliation of funded status of plans:		
Projected benefit obligation	2,102,211	1,989,691
Fair value of plan assets	-	-
Recorded accrued benefit cost at December 31	$ 2,102,211	$ 1,989,691
Weighted average assumptions used to determine the benefit obligations as of December 31:		
Discount rate	4.50%	5.25%
Rate of compensation increase	4.00%	4.00%

Net period costs for the directors' plan were as follows for the years ended December 31, 2011 and 2010:

	2011	2010
Service cost	$ 13,325	$ -
Interest cost	100,801	107,777
Amortization of prior service cost	9,587	19,149
Amortization of loss	37,935	26,794
Recorded net benefit cost	$ 161,648	$ 153,720

Future benefits expected to be paid during the next 10 years are as follows:

2012	$ 136,677
2013	145,246
2014	149,786
2015	147,876
2016	145,940
2017 – 2021	670,516
Total	$ 1,396,041

The Company believes its contributions for the Plan during 2012 will approximate the expected benefits to be paid for that year, as indicated above.

Retirement Savings Plan for Employees

The Company offers selective retirement savings plans to employees. The plans are offered to employees, pursuant to Section 401(k) of the Internal Revenue Code. The Company and employees make contributions to the employees' accounts. The Company's contributions are equal to the amounts reflected as an expense in the consolidated financial statements. The Company contributed approximately $387,071 and $356,394 during 2011 and 2010, respectively. Employees vest immediately in their contributions and in the contributions made by the Company.

Postretirement Health Insurance Benefits for Employees

The Company sponsors a defined benefit postretirement medical plan which covers most retired employees and provides partial or full medical insurance benefits for these employees and, under certain circumstances, their spouses and covered dependents. Determination of benefits is based on an employee’s status upon retirement.

Plan assets have been placed in a separate trust with a conservative investment approach and a strategy of diversification. The allocation of Plan assets at December 31, 2011 includes 3.8 pct. in a money market fund, 15.7 pct. in a fixed income fund, and 80.5 pct. in an equity fund. The estimated overall long-term rate of return on Plan assets, based on historical rates for similar investments, is 7.75 pct.

The Medicare Prescription Drug, Improvement and Modernization Act (“Act”) provides for a refund to companies who provide a drug benefit as a part of their postretirement health benefit program that is at least actuarially equivalent to Medicare. The Company’s program provides a level of drug benefits that meet these criteria. During 2011 and 2010, the Company received a refund under the Act in the amount of $35,389 and $63,486, respectively. These amounts have been included in net margins. Future refunds under this Act will be recorded in net margins during the year received.

The following table provides information regarding accumulated postretirement benefit obligations, plan assets and funded status of the plan as of December 31, 2011 and 2010:

	2011	2010
Change in benefit obligation:		
Benefit obligation at January 1	$ 16,168,344	$ 12,588,975
Service cost	518,518	372,757
Interest cost	913,417	739,073
Actuarial loss (gain)	810,092	2,847,024
Benefits paid from plan assets	(391,900)	(379,485)
Benefit obligation at December 31	$ 18,018,471	$ 16,168,344
Change in plan assets:		
Fair value of plan assets at January 1	$ 2,121,908	$ 1,906,653
Actual return on plan assets	33,739	215,255
Company contributions	391,900	379,485
Benefits paid	(391,900)	(379,485)
Fair value of plan assets at December 31	$ 2,155,647	$ 2,121,908

	2011	2010
Reconciliation of funded status of plans:		
Benefit plan obligation at December 31	$ (18,018,471)	$ (16,168,344)
Fair value of plan assets at December 31	2,155,647	2,121,908
Recorded accrued benefit cost at December 31	$ (15,862,824)	$ (14,046,436)
Weighted average assumptions as of December 31:		
Discount rate used to determine accumulated postretirement benefit obligation	4.75%	5.75%
Expected long-term rate of return on plan assets	7.75%	7.75%

Net periodic costs include the following components for the years ended December 31, 2011 and 2010:

	2011	2010
Service cost	$ 518,518	$ 372,757
Interest cost	913,417	739,073
Expected return on plan assets	(164,448)	(147,766)
Amortization of prior service cost	112,997	112,997
Amortization of net loss	226,794	104,860
Recorded net benefit cost	$ 1,607,278	$ 1,181,921

Future benefits expected to be paid during the next 10 years are as follows:

2012	$ 553,958
2013	569,712
2014	629,911
2015	671,952
2016	673,482
2017 – 2021	3,911,238
Total	$ 7,010,253

The Company expects 2012 benefits to be paid by the Plan will approximate those listed above.

The 2011 costs were developed based on the health insurance plan in effect at January 1, 2011. For the year ended December 31, 2011, the actuary assumed that retiree medical cost increases would be 8.00 pct. and would gradually decrease each year until the rate of increase was 5.00 pct. by 2017. The health care cost trend rate assumption significantly affects the amounts reported. For example, a one percentage point increase in each year would increase the accumulated postretirement benefit obligation as of December 31, 2011 by approximately $3,466,242 and the aggregate of the service and interest cost components of net periodic retiree medical costs for 2011 by approximately $323,698.

NOTE Q - LEASES

The Company rents radio tower space under terms of non-cancelable operating leases expiring at various dates, including renewal options, through October 2030. Rent expense for 2011 and 2010 was approximately $17,537 and $14,633, respectively. Future rentals under the non-cancelable leases, including renewals with escalation clauses, are as follows:

2012	$	16,812
2013		16,905
2014		17,220
2015		17,220
2016 and beyond		65,055
Total	$	133,212

NOTE R - RELATED PARTY TRANSACTIONS

Wolverine, the Company's exclusive power supplier, is owned by its member cooperative customers. The Company's investment in Wolverine includes a membership and Wolverine's capital credits allocated to the Company. During 2011 Wolverine allocated capital credits of $6,053,014 to the Company. During 2010 Wolverine sustained negative net margins. Under RUS accounting procedures negative net margins are not allocated to a cooperative's members, but are carried forward to offset future non-operating margins.

During 2005 the Company entered into an agreement with Wolverine to extend the 1949 power purchase agreement through 2041. This agreement requires the Company to purchase all the electric power it sells from Wolverine at Wolverine's current prices. The cost of electric power purchased from Wolverine amounted to $104,530,510 in 2011 and $98,831,843 in 2010.

The Company also joined Wolverine and two of its other cooperative members during 2009 in the operation of a phone and radio communication system. The Company's share of the operating costs of these systems was $266,526 during 2011 and $252,815 during 2010.

At December 31, 2011, the Company's share of Wolverine's capital credits amounted to $86,796,316, which equates to approximately 56 pct. of all capital credits allocated by Wolverine. Capital Credits in the amount of $2,848,691 were paid by Wolverine in 2011. No Capital Credits were paid by Wolverine in 2010.

Amounts payable to Wolverine at December 31, 2011 and 2010 were $10,000,047 and $8,969,580, respectively. These payables were related to obligations under the purchase power agreement and the communication agreement.

NOTE S – SUBSEQUENT EVENTS

The Company reviewed events occurring subsequent to December 31, 2011 for any requiring disclosure in accordance with generally accepted accounting principles. No such events, other than those listed below, had occurred. The review covered the period from year end through April 5, 2012, the date the financial statements were available to be issued.

In January 2012, the Company entered into a debt refinancing agreement with CoBank to refinance $69,695,502 in RUS debt that bore interest at a fixed rate of 5 pct. and matured at various times between 2031 and 2034. The refinancing agreement calls for the debt to be refinanced on March 23rd 2012. Terms of the agreement include a fixed interest rate of 4.18 pct. with maturity in November 2031.

Supplementary Information
December 31, 2011 and 2010

Great Lakes Energy Cooperative

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the consolidated financial statements of Great Lakes Energy Cooperative as of and for the year ended December 31, 2011 and 2010, and our report thereon dated April 5, 2012, which expressed an unqualified opinion on the financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information presented on pages 28-30 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Eide Bailly LLP

Fargo, North Dakota
April 5, 2012

GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING BALANCE SHEET
as of December 31, 2011

ASSETS	Great Lakes Energy Cooperative	Great Lakes Utilities Services Corporation	Adjustments and Eliminations	Consolidated
ELECTRIC PLANT:				
Distribution and generation plant, at cost	$ 385,747,055	$ -	$ -	$ 385,747,055
Less accumulated depreciation	104,969,483	-	-	104,969,483
Net electric plant	280,777,572	-	-	280,777,572
OTHER ASSETS AND INVESTMENTS:				
Nonutility property, net of accumulated depreciation	-	3,142	-	3,142
Investments and memberships	95,111,485	-	(563,285)	94,548,200
Notes and other receivables	482,662	38,100	-	520,762
Total other assets and investments	95,594,147	41,242	(563,285)	95,072,104
CURRENT ASSETS:				
Cash	636,791	516,231	-	1,153,022
Temporary investments and special funds	5,040,970	-	-	5,040,970
Accounts receivable, net of allowance for uncollectible accounts	19,540,058	21,749	(11,078)	19,550,729
Materials and supplies	2,192,061	-	-	2,192,061
Other current assets	1,824,103	13,288	-	1,837,391
Total current assets	29,233,983	551,268	(11,078)	29,774,173
DEFERRED CHARGES	149,654	-	-	149,654
Total assets	$ 405,755,356	$ 592,510	$ (574,363)	$ 405,773,503

GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING BALANCE SHEET
as of December 31, 2011

EQUITIES AND LIABILITIES

EQUITIES:				
Memberships	$ 519,740	$ -	$ -	$ 519,740
Patronage capital	144,386,718	-	-	144,386,718
Equity in subsidiaries	-	563,285	(563,285)	-
Total memberships, patronage capital, including equity in subsidiaries	144,906,458	563,285	(563,285)	144,906,458
Donated capital	3,250,427	-	-	3,250,427
Accumulated other comprehensive loss	(7,703,580)	-	-	(7,703,580)
Total equities	140,453,305	563,285	(563,285)	140,453,305
LONG-TERM DEBT, net of current maturities	214,813,292	-	-	214,813,292
OTHER NON-CURRENT LIABILITIES	18,154,529	-	-	18,154,529
CURRENT LIABILITIES:				
Current maturities of long-term debt	4,991,213	-	-	4,991,213
Notes payable	173,902	-	-	173,902
Accounts payable	12,052,744	12,532	(11,078)	12,054,198
Accrued expenses	6,588,712	16,693	-	6,605,405
Customer deposits	1,411,271	-	-	1,411,271
Total current liabilities	25,217,842	29,225	(11,078)	25,235,989
DEFERRED CREDITS	7,116,388	-	-	7,116,388
Total equities and liabilities	$ 405,755,356	$ 592,510	$ (574,363)	$ 405,773,503

GREAT LAKES ENERGY COOPERATIVE
DETAIL CONSOLIDATING STATEMENT OF REVENUES AND NET MARGINS
for the year ended December 31, 2011

	Great Lakes Energy Cooperative	Great Lakes Utilities Services Corporation	Adjustments and Eliminations	Consolidated
OPERATING REVENUES	$ 164,335,520	$ -	$ -	$ 164,335,520
OPERATING EXPENSES:				
Purchased and produced power	104,719,318	-	-	104,719,318
Distribution expenses:				
Operations	10,393,986	-	-	10,393,986
Maintenance	10,742,272	-	-	10,742,272
Customer accounts, service and selling expenses	6,966,811	-	-	6,966,811
Administration and general	7,731,323	805	-	7,732,128
Depreciation and amortization	11,389,911	3,119	-	11,393,030
Other operating expenses	320,546	72,082	-	392,628
Total operating expenses	152,264,167	76,006	-	152,340,173
OPERATING MARGINS BEFORE FIXED CHARGES	12,071,353	(76,006)	-	11,995,347
FIXED CHARGES, interest expense	10,082,897	-	-	10,082,897
OPERATING MARGINS AFTER FIXED CHARGES	1,988,456	(76,006)	-	1,912,450
NON-OPERATING MARGINS:				
Interest income	1,095,847	3,565	-	1,099,412
Other income (expense), net	(418,451)	107,364	-	(311,087)
Total non-operating margins	677,396	110,929	-	788,325
CAPITAL CREDITS, and equity in subsidiary's net income:				
From associated organizations	6,402,602	-	-	6,402,602
Equity in subsidiary's net income	29,685	-	(29,685)	-
Total capital credits	6,432,287	-	(29,685)	6,402,602
Net margins before federal income tax	9,098,139	34,923	(29,685)	9,103,377
PROVISION FOR FEDERAL INCOME TAX	13,767	5,238	-	19,005
NET MARGINS	$ 9,084,372	$ 29,685	$ (29,685)	$ 9,084,372

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the consolidated financial statements of Great Lakes Energy Cooperative as of and for the year ended December 31, 2011, and have issued our report thereon dated April 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Great Lakes Energy Cooperative's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

A deficiency in internal control exist when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

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4310 17th Ave. S. | P.O. Box 2545 | Fargo, ND 58108-2545 | T 701.239.8500 | F 701.239.8600 | EOE

Compliance and Other Matters

As part of obtaining reasonable assurance about Cooperative's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management and the Rural Utilities Service and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Fargo, North Dakota
April 5, 2012

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MANAGEMENT LETTER

The Board of Directors
Great Lakes Energy Cooperative
Boyne City, Michigan

We have audited the consolidated financial statements of Great Lakes Energy Cooperative for the year ended December 31, 2011, and have issued our report thereon dated April 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

Section 1773.33 requires comments on specific aspects of the internal control structure over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control structure over financial reporting, of compliance with specific RUS loan and security instrument provisions and of additional matters. The specific aspects of the internal control structure over financial reporting, compliance with specific RUS loan and security instrument provision, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in § 1773.33(e)(1), related party transactions, depreciation rates, a schedule of deferred debits and credits, and a schedule of investments upon which we express an opinion. In addition, our audit of the financial statements also included the procedures specified in § 1773.38 through 1773.45. Our objective was not to provide an opinion on these specific aspects of the internal control structure over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters and, accordingly, we express no opinion thereon.

A description of the responsibility of management for establishing and maintaining the internal control over financial reporting and the objectives of and inherent limitations in such control is set forth in our independent auditor's report on internal control over financial reporting and on compliance and other matters dated April 5, 2012, and should be read in conjunction with this report.

No reports other than our independent auditor's report, and our independent auditor's report on compliance and on internal control over financial reporting, and communication with those charged with governance according to SAS 114, all dated April 5, 2012 or summary of recommendations related to our audit have been furnished to management.

Our comments on specific aspects of the internal control structure over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by § 1773.33 are presented below.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Great Lakes Energy Cooperative's internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

* The accounting procedures and records;
* The process for accumulating and recording labor, material and overhead costs and the distribution of these costs to construction, retirement, and maintenance or other expense accounts; and,
* The materials control.

COMMENTS ON COMPLIANCE WITH SPECIFIC LOAN AND SECURITY INSTRUMENT PROVISIONS

Management's responsibility for compliance with laws, regulations, contracts and grants is set forth in our independent auditor's report on compliance and internal control over financial reporting dated April 5, 2012, and should be read in conjunction with this report. At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, and contracts. The procedures we performed are summarized as follows:

* Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of its property or for the use of mortgaged property by others for the year ended December 31, 2011, of Great Lakes Energy Cooperative.
  - Obtained management's representation that there were no new contracts entered into during the year for the operation or maintenance of all or any part of its property, or for the use of its property by others as defined in § 1773.33(e)(1)(i).
  - Reviewed board minutes and ascertained there were no such contracts.
* Procedure performed with respect to the requirement to submit RUS Form 7 to the RUS:
  - Agreed amounts reported in Form 7 to Great Lakes Energy Cooperative's records.

The results of our tests indicate that with respect to the items tested, Great Lakes Energy Cooperative, complied, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested include the requirements that:

* The borrower has submitted its Form 7 and Form 12 to RUS and the Form 7 Financial and Statistical Report, as of December 31, 2011, as represented by the Company as having been submitted to RUS, is in agreement with the Great Lakes Energy Cooperative's records in all material respects.

* The borrower has obtained written approval of the RUS to enter into any contract for the operation and maintenance of property, or for the use of mortgaged property by others as defined in § 1773.33(e)(1)(i).

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the consolidated financial statements of Great Lakes Energy Cooperative, nothing came to our attention that caused us to believe that Great Lakes Energy Cooperative, failed to comply with respect to:

* The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR Part 1773.33(c)(1);

* The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33(c)(2);

* The retirement of plant addressed at 7 CFR Part 1773.33(c)(3) and (4);

* Sales, lease or transfer for capital assets secured under the mortgage and proceeds from sale of plant, material or scrap addressed at 7 CFR Part 1773.33(c)(5);

* The disclosure of material related party transactions, in accordance with ASC 850, Related Party Transactions, for the year ended December 31, 2011, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR Part 1773.33(f);

* Depreciation rates addressed at 7 CFR Part 1773.33(g);

* The detailed schedule of deferred debits and credits addressed at 7 CFR Part 1773.33(h); and

* The detailed schedule of investments addressed at 7 CFR Part 1773.33(i).

DETAILED SCHEDULE OF DEFERRED DEBITS AND DEFERRED CREDITS

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The detailed schedule of deferred debits and deferred credits required by 7 CFR part 1773.33(h) and the detailed schedule of investments required by 7 CFR part 1773.33(i) and provided below is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. This information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

	2011	2010
Deferred debits		
Preliminary survey and investigation charges	**$ 335,327**	$ 602,313
Pole inspection costs	**89,660**	145,440
Deferred energy optimization program costs	**127,053**	79,949
Unamortized debt refinancing costs	**20,520**	22,915
	$ 572,560	$ 850,617
Deferred credits		
Consumer advances for contributions in aid of construction	**$ 4,366,790**	$ 4,723,110
Deferred revenue, seasonal accounts	**934,284**	794,678
Estimated installation cost - special equipment	**136,038**	139,524
Deferred energy optimization program surcharge	**1,679,279**	990,741
Total deferred credits	**$ 7,116,391**	$ 6,648,053

DETAILED SCHEDULE OF INVESTMENTS

	Great Lakes Utilities Service Corporation
Book value of investment as of December 31, 2009	$ 466,281
Dividends paid to parent	-
Undistributed earnings as of December 31, 2010	67,318
Book value of investment as of December 31, 2010	533,599
Dividends paid to parent	-
Undistributed earnings as of December 31, 2011	29,685
Book value of investment as of December 31, 2011	$ 563,284

This report is intended solely for the information and use of the Board of Directors and management of Great Lakes Energy Cooperative and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Fargo, North Dakota
April 5, 2012