

Board of Directors, Audit Committee and Management
Girl Scouts of Western Ohio
Cincinnati, Ohio

As part of our audit of the financial statements of Girl Scouts of Western Ohio as of and for the year ended December 31, 2008, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The Council's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowances for doubtful accounts
- Assigned lives of depreciable assets
- Functional expense allocations

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Council realignment
- Current economic conditions
- Fair value disclosures

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated.

Areas in which adjustments were proposed and recorded include:

- United Way revenues
- Unrealized loss on the beneficial interest in perpetual trust
- Net asset adjustments resulting from the Council merger

Auditor's Judgments About the Quality of the Entity's Accounting Principles

No matters are reportable.

Other Material Written Communications

Listed below are other material written communications between management and us related to the audit:

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of Girl Scouts of Western Ohio as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Council's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control. As such, our consideration of internal controls would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements of the Council's financial statements on a timely basis. A control deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective is not always met. A control deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal controls.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Council's financial statements will not be prevented or detected by the Council's internal controls.

We observed the following matters that we consider to be control deficiencies, significant deficiencies or material weaknesses.

Material Weaknesses

No matters are reportable.

Significant Deficiencies

No matters are reportable.

Other Control Deficiencies

Review of Journal Entries

Presently, there is no formal review of nonstandard journal entries being prepared by the Finance Director or Accounting Manager. We recommend another individual review significant nonstandard journal entries made on a monthly basis as a procedure to improve controls over the financial reporting process. This would also help ensure that another individual is adequately informed about, and involved in, decisions affecting the financial statements.

Interim Financial Statement Review

During our review of the Council's internal control environment, we noted one of the control activities established over financial reporting was a review of monthly budget-to-actual income and expenses by management and each department head. We understand that due to a number of factors, including the merger and software limitations, this review did not take place as designed in 2008. While the control deficiency was present in 2008, we have been informed that with the implementation of a new software system in 2009, these monthly detailed reviews will be resumed.

Accounting Documentation

During the course of the audit, we were provided certain adjustments prepared by the Finance Director. We understand the lack of timely communication of certain financial information to the finance department regarding grant awards in outlying regions was the cause for those late adjustments. To improve timely reporting of financial information we suggest centralizing communications with these outside parties through the administrative office so all transactions are appropriately recorded.

Service Provider SAS 70 Reports

The Council places reliance on certain service providers for functions not performed in house, such as payroll and investment safekeeping. As such, the Council should understand whether the controls over those service providers are effective in preventing error or fraud. We recommend that management obtain SAS 70 reports to obtain that understanding and review whether there are issues which must be addressed at the Council.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or other control deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting controls and the financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements if you require.

Improving System Security

All employees are required to enter passwords to gain access to computer systems utilized by the Council. However, it was noted that these passwords are not required to be changed on a regular basis. Over time, there is an increased risk of unauthorized individuals obtaining passwords which can lead to unauthorized access to computer systems. We recommend implementing controls to mandate the changes of passwords at frequent intervals, such as monthly or quarterly. We understand the Council's management has drafted a policy regarding the use of passwords.

Vacation Policy

The Council's current vacation policy is a "use it or lose it" policy which does not require personnel to take vacation. We recommend the Council revise its vacation policy to mandate a minimum amount of vacation to be used for employees with financial-related responsibilities that would help improve the internal control structure and also provide for cross training of certain key financial-related positions.

Current Economic Environment

The current economic environment has created unprecedented circumstances and challenges for not-for-profit organizations. As a result, not-for-profit organizations are facing declines in the fair values of investments and other assets and declines in contributions and grants. The values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to investment values and allowances for receivables, that could negatively impact the Council.

Now, more than ever, we believe management and the Board of Directors should vigilantly monitor and aggressively manage all of these matters, including:

- Challenge the quality and values of investments, especially hard-to-value investments
- Review and monitor allowances for uncollectible accounts
- Evaluate financing needs and liquidity plans

This communication is intended solely for the information and use of management, the Board of Directors, Audit Committee and others within the Council and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 26, 2009



Girl Scouts of Western Ohio

March 26, 2009

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Chief Executive Officer
Barbara J. Bonifas

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We are providing this letter in connection with your audit of our financial statements as of and for the year ended December 31 2008. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
3. We have made available to you:
 - (a) All financial records and related data.
 - (b) All minutes of directors' meetings held through the date of this letter.
 - (c) All significant contracts and grants.
4. We have informed you of all current risks of a material amount that are not adequately prevented or detected by Council procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net assets.

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5. We understand the potential penalties for failure to disclose reportable tax transactions to the taxing authorities and have fully disclosed to BKD any and all known reportable tax transactions.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Council received in communications from employees, customers, regulators, suppliers or others.
9. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial records.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the balance sheet date requiring adjustment or disclosure in the financial statements.
 - (e) Related party transactions, balances, arrangements or guarantees.
 - (f) Agreements to purchase assets previously sold.
 - (g) Violations of law, regulations or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.
 - (h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion. Since February 9, 2009, we have not sought or received attorney's services related to claims, asserted or unasserted, or assessments, nor are we aware of any claims, asserted or unasserted, for which legal counsel should be sought.

- (i) Restrictions on cash balances or compensating balance agreements.
 - (j) Guarantees, whether written or oral, under which the Council is contingently liable.
10. Adequate provisions and allowances have been accrued for any material losses from:
- (a) Uncollectible receivables, including pledges.
 - (b) Reducing obsolete or excess inventories to estimated net realizable value.
11. Except as disclosed in the financial statements, the Council has:
- (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
12. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
13. The fair values of financial and nonfinancial assets and liabilities instruments, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period (except for the period of adoption of FAS 157), taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions, our present intent and ability to carry out specific courses of action relevant to and inherent in those assumptions.
14. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
15. With respect to any nonattest services you have provided us during the year:
- (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

- (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
16. We are an organization exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated business income or excise tax on prohibited transactions and events.
 17. We have identified to you any activities conducted having both fund raising and program or management and general components (joint activities) and have allocated the costs of any joint activities in accordance with the provisions of AICPA Statement of Position 98-2.
 18. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
 19. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
 20. We acknowledge the current economic environment has created unprecedented circumstances and challenges for not-for-profit organizations. Not-for-profit organizations are facing declines in the fair values of investments and other assets, declines in contributions and constraints on liquidity. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for contributions receivable, etc. that could negatively impact the Council's ability to maintain sufficient liquidity. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the Council's financial statements. Further, management and the Board are solely responsible for all aspects of managing the Council, including questioning the quality and valuation of investments and other assets, reviewing allowances for uncollectible amounts and evaluating capital needs and liquidity plans.



Barbara J. Bonifas, Chief Executive Officer



Linda J. Odenbeck, Finance Director