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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, 2009, 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:

- Allowance 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:

- Endowment
- Current economic conditions

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 or which they choose to record, despite not being material.

Areas in which adjustments were proposed and recorded include:

- Prepaid expenses
- Custodial funds

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, 2009, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

A 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 and correct misstatements of the Council's financial statements on a timely basis. A 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 would not be met. A 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 competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be deficiencies. Previously we made observations as a result of our 2008 audit engagement in a letter dated March 26, 2009.

<u>Deficiencies</u>

Reconciliation of Inventory

During the implementation of the RMS software, incorrect costs, which had historically been used in one of the regions, were uploaded as the database supporting the inventory management aspect of the software. This issue was not discovered until year-end inventory counts revealed relatively significant discrepancies between the RMS inventory balances and those maintained in the general ledger. We recognize that these costs were corrected once discovered by management and new store procedures and monthly reconciliations have been implemented to avoid future issues of this kind.

Membership and Event Software

The new membership and event registration software implemented during the year is not being effectively used to track revenue and the associated deferrals. Consequently, reports generated out of this software for planning and budgeting purposes may contain inaccurate information. Parallel spreadsheets are being used to also track this information for reconciliation purposes. To ensure accurate reporting of membership and event information and to more effectively use the new software and efficiently use employee time, we suggest additional training for software users so they may fully understand the capabilities of the program.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or 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.

Spending Rate Policy for Endowment Funds

Effective June 1, 2009, Ohio enacted its version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). UPMIFA, which replaces the *Uniform Management of Institutional Funds Act* (UMIFA), provides statutory guidelines for the management, investment and expenditure of donor-restricted endowment funds. We recommend the Council review its current endowment spending rate policy to ensure its compliance with the provisions of Ohio's UPMIFA legislation.

Disaster Recovery Procedures

Currently, the Council does not have a written disaster recovery plan in place. We suggest management develop a disaster recovery plan that includes, but is not limited to, the following matters:

- Location of, and access to, off-site storage
- A listing of all data files that would have to be obtained from the off-site storage location
- Back-up location with similar or compatible equipment for emergency processing; arrangements for such a location with computer vendors or a service center should be in writing
- Responsibilities of various personnel in an emergency
- Priority of critical applications and reporting requirements during the emergency period

We understand the Council is currently working on the development of a disaster recovery plan and has already developed and implemented related policies and procedures included in the Council Risk Management Plan Summary.

Current Economic Conditions

The current protracted economic decline continues to present difficult 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 recommend that management and the Board of Directors vigilantly monitor and aggressively manage all of these matters, including:

- Challenge the quality and values of 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 organization and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

May 5, 2010

Girl Scouts.
Girl Scouts of Western Ohio

May 5, 2010

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Nancy C. Dawes

Chief Executive Officer
Barbara J. Bonifas

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We are providing this letter in connection with your audits of our financial statements as of and for the years ended December 31, 2009 and 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.

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.

   (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, 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.

14. We have no board-designated endowment funds at December 31, 2009 or 2008.

15. 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.

16. 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.

17. 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.

18. 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 FASB ASC 958-720-45.

19. We acknowledge the current protracted economic decline continues to present difficult 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

Barbara J. Bonifas, Chief Executive Officer

Linda J. Odenbeck

Linda J. Odenbeck, Finance Director