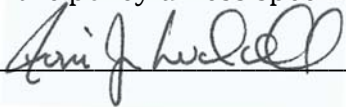


2.5 Financial Condition and Activities

I hereby present my monitoring report on Executive Limitations Policy 2.5, “Financial Condition and Activities” according to the schedule set out. I certify that the information contained in this report is true, and represents compliance with a reasonable interpretation of all aspects of the policy unless specifically stated otherwise.

Signed: , CEO

Date: June 11, 2021

Policy	CEO Interpretation	Compliance will be demonstrated when...	Evidence of Compliance
<p>With respect to the actual, ongoing financial condition and activities, the CEO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in the Ends policies. Further, without limiting the scope of the foregoing by this enumeration, he or she shall not:</p>	<p>“Cause or allow” = business acts of omission or commission by anyone in the operating organization.</p> <p>“Fiscal jeopardy” = any activity that would damage the financial health of the organization and would result in any fiscal year ending with insufficient liquid or near liquid assets to sustain normal operations, before depreciation.</p> <p>“A material deviation of actual expenditures from board priorities” = the resources are applied in such a way that the movement is not being made toward the Ends according to the priority specified by the board.</p>	<p>Audited year-end financial reports will show at least six months operating revenue, before depreciation.</p> <p>Corporate plan and budget demonstrates allocation of resources toward Council Ends.</p>	<p>According to the 2020 audit, our operating reserves on September 30, 2020 = \$13,517,413 or 11.5 months.</p> <p>The allocation of resources to achieve the Ends was provided in the 2021 budget presentation to the board.</p>

Policy	CEO Interpretation	Compliance will be demonstrated when...	Evidence of Compliance
<p>1. Expend more funds than have been received in the fiscal year to date or incur debt unless the debt can be repaid by certain, otherwise unencumbered revenues within 60 days.</p>		<p>Financial reports will document that revenues are equal or greater than expenses; cash flow projections account for the fact that the majority of our revenue comes in after the cookie sale.</p>	<p>A review of financial reports over the past twelve months will document that operating revenue was greater than expenses at year end, and in line with cash flow projections. (Depreciation is not considered an operating expense.)</p> <p>The 2020/2021 operating budget did not project a deficit.</p> <p>There were no debts incurred in the 2021 budget beyond the capital lease for the Toledo Administrative Office and routine leases of copiers and postage equipment.</p>
<p>2. Use any long term reserves.</p>	<p>“Long term reserves” = funds specifically designated by the board as long term reserves and identified as such on the Balance Sheet with its purpose and conditions of use defined in the Notes to the Financial Statements.</p>	<p>The financial auditor will document that there is no use of long term reserves.</p>	<p>The board has designated the following as long-term reserves:</p> <p><u>9/30/20 Fund Balances</u>  Operating Reserve = \$13,517,413  Asset Replacement = \$3,705,562</p>
<p>3. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered revenues within 30 days.</p>	<p>“Inter-fund shifting” = movement of dollars between funds designated for specific purposes.</p>	<p>A review of internal documents will show that any inter-fund shifting is restored within 30 days.</p>	<p>A review of investment funds and internal financial statements indicates that there has been no shifting of funds during the past twelve months.</p>


Policy	CEO Interpretation	Compliance will be demonstrated when...	Evidence of Compliance
<p>4. Allow payroll obligations to be unsettled or untimely.</p>	<p>“Unsettled or untimely” = failure to meet obligations within the timeframe previously established.</p> <p>Payroll obligations are interpreted in <i>Accounting and Financial Reporting: A Guide for United Ways and Not-for-Profit Human Services Organizations</i>. This describes standard operating procedures for payroll processing.</p>	<p>The financial auditor audits payroll obligations and finds evidence of semi-monthly payroll action and no evidence of unsettled or untimely payroll obligations.</p> <p>Processes include timesheets for hourly employees, approval by management of each timesheet, pay rates calculated for each employee and documented in journal entries, payroll journal that is balanced, and payroll summarized monthly and posted in the general ledger.</p>	<p>Payroll has been processed on time, bi-weekly, throughout the year, as may be verified by payroll records.</p> <p>Cash flow projections support sufficient funds to meet payroll obligations.</p> <p>Distribution of payroll checks is handled through auto-deposits. A centralized payroll process is in place, which has strengthened the internal controls on the management of payroll. This process includes involvement of three individuals with separate responsibilities, as well as oversight by senior management. Any changes to pay are documented and maintained with payroll reports relating to the effective date of the payroll change. Automated time and attendance software is used to track employee work hours. Hourly employees’ approved pay rates are maintained in the third party software and the payroll software automatically calculates wages. Third party vendor computes all taxes related to earnings. Month-end summary reports are used to prepare journal entries.</p>

Policy	CEO Interpretation	Compliance will be demonstrated when...	Evidence of Compliance
<p>5. Allow debts to be unpaid beyond a reasonable period of time or in such a way as to jeopardize the organization’s ability to receive trade credit, damage its credit-worthiness, or diminish its reputation in the trades or in the community.</p>		<p>A review of accounts payable records will document that there are no debts other than normal equipment leases and that late fees are not assessed.</p>	<p>Accounts payable are settled weekly and records will show no amounts outstanding beyond 30 days.</p> <p>There have been no instances of threats to the council’s credit-worthiness or reputation in trades or the community because of unpaid debts.</p>
<p>6. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.</p>		<p>The financial audit documents that no falsified information or late notice is uncovered by a review of filings.</p>	<p>A review of council files will show that there are no late notices for tax payments.</p>
<p>7. Make a single unbudgeted purchase or commitment of greater than \$50,000. Splitting orders to avoid this limit is not acceptable.</p>		<p>A review of accounts payable finds that 100% of purchases that are greater than \$50,000 are budgeted.</p>	<p>Signed, purchase requisitions are required for all council purchases, no matter what the amount. A review of accounts will find that 100% of purchases that are greater than \$50,000 are budgeted, unless they are for emergency expenditures.</p>
<p>8. Make a single purchase or commitment of \$10,000 without a competitive bid process unless deemed an emergency situation. Splitting orders to avoid this limit is not acceptable.</p>	<p>“Competitive bid process” = established council process that requires three written bids be received prior to expenditure of funds.</p> <p>“Emergency situation” = extraordinary mater with requires immediate attention and for which the requirement for three bids would be detrimental to the health and safety of members.</p>	<p>A review of accounts payable shows that 100% of purchases of over \$10,000 contain documentation on at least three competitive bids.</p>	<p>A review of accounts payable will show that purchases over \$10,000 contain three competitive bids. The bids are attached to all purchase documentation. Evaluation of bids and decisions about acceptance of specific bids is based on cost, timeframe, and quality of work. Exceptions are made in situations where specialty work precludes the option for three bids.</p>

<b>Policy</b>	<b>CEO Interpretation</b>	<b>Compliance will be demonstrated when...</b>	<b>Evidence of Compliance</b>
9. Acquire, encumber or dispose of real property.		The financial audit will document that there is no evidence of acquisition, encumbrance, or disposal of real property.	A review of council files will document that there has been no acquisition, encumbrance, or disposal of real property in the past twelve months except that which has been approved by the board.
10. Allow receivables to go uncollected beyond a reasonable period of time as established through administrative procedures, without aggressively pursuing their collection.	“Aggressive pursuit of collections” = reminder letters, followed by involvement of a collection agency if payment, or a response requesting reasonable repayment terms, due to unusual circumstances, has not been received within the timeframe established	A review of accounts receivable will document internal collection procedures and evidence of collection activity.	The council’s process for collection of outstanding accounts receivable is to send letters, followed by use of an outside collection agency, and or pursuit of legal action. Any debt larger than \$2,500 is automatically sent to the legal authorities. A review of council documents will show evidence of compliance with this policy. Current outstanding cookie debt will be sent to a collection agency, as well as handled through legal means. Outstanding cookie debt for 2021 is less than 1% of total gross sales.
11. Disburse funds without following established internal control procedures.		After review of internal procedures, the external auditor does not question the prudence, ethics, or lawfulness of disbursement funds.	A review of the 2020 audit will find no question of the prudence, ethics, or lawfulness of disbursement funds.  Girl Scouts of Western Ohio received a clean audit in 2020 with no material weaknesses or significant deficiencies noted.
12. Accept gifts and contributions that have stipulations that are contrary to board’s Ends.		A review of internal files will document no evidence of receipt of gifts or contributions that are contrary to the board’s Ends.	The board accepted the 2020 gift list at the January 2021 board meeting and found no evidence that are contrary to the board’s ends.

**2.6 Asset Protection**

I hereby present my monitoring report on Executive Limitations Policy 2.6, “Asset Protection” according to the schedule set out. I certify that the information contained in this report is true, and represents compliance with a reasonable interpretation of all aspects of the policy unless specifically stated otherwise.

Signed: , CEO

Date: June 11, 2021

Policy	CEO Interpretation	Compliance will be demonstrated when...	Evidence of Compliance
<p>The CEO shall not allow corporate assets to be unprotected, inadequately maintained or unnecessarily risked. Further, without limiting the scope of the foregoing by this enumeration, he or she shall not:</p>	<p>“Unprotected” = insecure or at risk.</p> <p>“Inadequately maintained” = failure to preserve or sustain.</p> <p>“Unnecessarily risked” = allowing assets to be jeopardized in a way that could have been avoided.</p>	<p>The auditor documents that no assets were mishandled or unprotected.</p>	<p>A review of the 2020 audit will find no question of the protection of assets.</p> <p>An annual review of the insurance policy takes place to ensure adequate protection of assets.</p>
<p>1. Assume property or casualty risk unnecessarily, including risk against liability losses to board members, staff and the organization.</p>		<p>A review of the council’s insurance coverage will show appropriate coverages to cover property or casualty risk, as well as liability losses to board members, staff, and the organization.</p>	<p>Girl Scouts of Western Ohio has established the following coverages and has included them in 2021:</p> <ul style="list-style-type: none"> <li>• Directors’ and Officers’ Insurance: \$7,000,000</li> <li>• Property Coverage: Blanket Buildings - \$30,780,000 and Blanket Contents - \$4,771,515. General Liability &amp; Auto: \$1,000,000 per occurrence (\$10,000,000 Excess Liability). Crime Coverage: \$500,000 - Employee Dishonesty &amp; Forgery and \$200,000 - Computer Fraud. This policy covers volunteers, corporate officers, employees, and members of the board.</li> </ul>

Policy	CEO Interpretation	Compliance will be demonstrated when...	Evidence of Compliance
2. Allow unbonded personnel access to material amounts of funds.	“Unbonded personnel” = individuals who are not employed staff or volunteers of the organization.	A review of council files will find no evidence of individuals who have access to council funds who are not covered by theft coverage insurance.	Insurance theft coverage limits loss potential. This includes \$500,000 for Employee Dishonesty and \$500,000 for Forgery. This policy covers volunteers, corporate officers, employees, and members of the board.
3. Subject property and equipment to improper wear and tear or insufficient maintenance.	“Improper wear and tear” = extraordinary usage of equipment or property, beyond the purpose for which it is intended to be used.	A review of council files will find that there are no reports of insufficient maintenance of property or equipment.	A fixed asset database is maintained within the finance software for all council assets with an initial cost in excess of \$1,000. We are investigating different software that will enable us to capture more thorough information on each asset and property.  The 2021 capital budget is being fully implemented. There are no critical instances of insufficient maintenance.
4. Unnecessarily expose the organization, its board or staff to claims of liability.		Sufficient processes are in place to manage areas of risk, such as volunteer management, safety of girls and employees, and asset management. In addition, adequate insurance coverage is in place to handle claims of liability.	Documented processes are in place in key areas of risk: hiring, volunteer management, safety, asset management, and are available for review at any time.  D&O coverage limits exposure and loss potential, as noted above.
5. Make purchases: a) wherein normally prudent protection has not been given against conflict of interest; b) without having obtained comparative prices and quality; and c) without considering the balance of long term quality and cost.	“Conflict of interest” = an individual is involved in multiple interests, which could possibly corrupt the motivation for an act in our organization.  “Comparative prices and quality” = seeking out multiple vendors and consideration of pricing against quality of product.	There is evidence that the council has taken steps to ensure that 100% of purchases are made with consideration for conflict of interest and competitive pricing and quality.	100% of staff and board members have completed conflict of interest forms.  A process is in place to ensure that competitive bids are obtained for all purchases over \$10,000.  There is a documented management process requiring that all purchase requisitions are reviewed by management and long-term quality versus cost is considered.

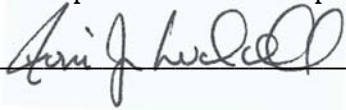
<b>Policy</b>	<b>CEO Interpretation</b>	<b>Compliance will be demonstrated when...</b>	<b>Evidence of Compliance</b>
6. Unnecessarily expose intellectual property, information and files to piracy, loss, theft or significant damage.	“Intellectual property” = copyrights, trademarks, organizational brand.	There is evidence that data is secured by means of back up procedures and protection of confidential information.	<p>A review of council files finds no evidence of inappropriate sharing or use of the Girl Scout brand or trademarked materials.</p> <p>A unified computer system that facilitates consistent data management standards and procedures has been implemented. Data is backed up daily, is password protected, and staff members with access to secure data are accountable to ensure confidentiality, as communicated in the personnel policy manual that all staff members receive upon employment.</p>
7. Receive, process or disburse funds under controls which are contrary to the board-appointed auditor’s standards.		The auditor documents that there are no concerns regarding receipt, processing, or disbursement of funds.	<p>The auditors review and test documented financial control processing and procedures and ensure adequate segregation of duties.</p> <p>A centralized process is in place to receive, process, and disburse funds. Centralized finance software ensures consistent processes.</p>
8. Invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating at any time, or in non interest-bearing accounts except where necessary to facilitate ease in operational transactions.		100% of operating capital is held in secure investments, as reported by the investment task group.	The board’s investment policies are monitored with investment managers and meetings are held twice a year with the managers of long-term investments to ensure compliance with these policies. A review of investments finds that 100% of investments are considered secure.



<b>Policy</b>	<b>CEO Interpretation</b>	<b>Compliance will be demonstrated when...</b>	<b>Evidence of Compliance</b>
9. Invest funds contrary to the board-appointed investment policy.	“Board-approved investment policy” = Girl Scouts of Western Ohio Investment Policy Statement 5/11/09	100% of funds invested by Girl Scouts of Western Ohio are found to be in compliance with the council’s investment policy statement.	100% of funds are invested in compliance with the investment policy statement.  A review by the volunteer investment task group takes place at least twice a year to ensure that funds are invested in compliance with the investment policy statement.
10. Endanger the organization’s public image or credibility, particular in ways that would hinder its accomplishment of mission.	“Endanger the organization’s public image or credibility” = all decisions regarding the assets of the organization are made to support the mission of the organization.	Communication concerning any assets of the organization is put in the context of supporting the mission.	Whistleblower and volunteer problem solving policies are in place to ensure that there is an avenue for reporting and addressing issues in which council standards and ethics are not being applied appropriately.

**2.7 Ends Focus of Grants, Commitments or Contracts**

I hereby present my monitoring report on Executive Limitations Policy 2.7, “Ends of Focus of Grants, Commitments or Contracts” according to the schedule set out. I certify that the information contained in this report is true, and represents compliance with a reasonable interpretation of all aspects of the policy unless specifically stated otherwise.

Signed: , CEO

Date: June 11, 2021

Policy	CEO Interpretation	Compliance will be demonstrated when...	Evidence of Compliance
<p>The CEO may not enter into any grants, commitments, or contract arrangements unless it primarily emphasizes the production of Ends and the avoidance of unacceptable means (Executive Limitations).</p>	<p>“Grants” = sources of grant funding include community and private foundations and corporations.</p> <p>“Unacceptable means” = means that are contrary to plans or that would be considered outside the scope of a typical operation of similar size and means, causing harm to the organization’s reputation.</p>	<p>100% of grant funds, commitments, and contracts are used for the purpose of our Ends and do not involve use of unacceptable means.</p>	<p>A review of grants and contracts will find that all are for the purpose of our Ends.</p> <p>Girl Scouts of Western Ohio does not request or pursue grants that are outside our current or projected plan of work and budget.</p>

