

Policy Type: Executive Limitations
Policy Title: BI – Financial Condition and Activities
Last revised: May 4, 2020

The GM must not:

1. Through inattention or inaction cause or allow the development of fiscal jeopardy.
2. Allow key operational indicators to be below average for consumer grocery cooperatives.
3. Allow sales growth to be inadequate relative to market conditions.
4. Allow operations to generate net income that is inadequate to pay current obligations.
5. Allow liquidity to be insufficient.
6. Allow the debt-to-equity ratio to be insufficient.
7. Allow growth in owner paid-in equity to stagnate without cause.
8. Allow an event of default under the Cooperative's loan agreements.
9. Allow late payment of contracts, payroll, loans or other financial obligations.
10. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business without prior Board approval.
11. Acquire, encumber, or dispose of real estate without prior Board approval.
12. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
13. Use restricted funds for any unauthorized purpose.
14. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).