

Policy Type: Executive Limitations  
Policy Title: BI – Financial Condition and Activities  
Last revised: May 3, 2021

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With respect to the actual, ongoing financial conditions and activities, the GM must not cause or allow the Cooperative to be unprepared for future opportunities, the development of fiscal jeopardy, or key operational indicators to be below average for our industry.

The GM must not:

1. Allow sales growth to be inadequate relative to market conditions.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner paid-in equity to stagnate without cause.
6. Allow an event of default under the Cooperative's loan agreements.
7. Allow late payment of contracts, payroll, loans, or other financial obligations.
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Acquire, encumber, or dispose of real estate.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Use restricted funds for any purpose other than that required by the restriction
12. Allow financial recordkeeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).