



**Realignment News**

Happy New Year! In this issue of Realignment News, there is information about developing new salary structures, CES accounting software, advocacy, unemployment trusts, a review of legal steps in a merger, a Q & A and a list of new councils that have merged as of January 1, 2008. With councils in various stages of realignment, we will continue to provide new information and also will reprint information from past issues to help those who are just starting realignment.

For councils who have completed their mergers, we would like to begin a section focusing on the integration phase of mergers. If your council has merged and you have tools, suggestions or ideas that you would like to share with your colleagues as they get close to the integration, please send them to [realignmentnews@girlscouts.org](mailto:realignmentnews@girlscouts.org).

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ITEMS OF INTEREST 

**Assistance in the Development of Salary Structures**

The Compensation & Benefits staff at GSUSA is providing an alternative to the traditional salary structures in the form of customized structures being developed specifically for newly realigned councils. The customized structures are being designed to represent the new council's size (using various measures), its specific geography, the number and types of jobs within the new council, and the council's compensation philosophy and financial realities.

Representatives from the compensation staff are working directly with chairs of the CEO search committees, CRCs, HR subcommittees, and council CEOs to ensure that the new structures represent both internal and external equity, provide the maximum flexibility with the lowest possible immediate cost while allowing councils to recruit, retain and reward employees. This is a wonderful opportunity for each new council to review its compensation program and design one that meets the needs and expectations of the new organization.

In addition to developing customized structures for councils that request them, the Compensation & Benefits staff fully intends to provide updates to the traditional salary structures as soon as the new market data are published by various compensation consulting firms and organizations.

For more information on the services that GSUSA's Compensation and Benefits staff offer, please contact Don Bentivoglio at 212-852-8034, Lori Meyer at 212-852-5067 or Almesha Pegues at 212-852-8067.

### **CES Phase II - Accounting Software**

The Financials Working Committee has recommended two accounting software vendors for final selection. GSUSA staff and an external consulting firm (North Highland) have begun the due diligence and negotiation phase, and anticipate announcing a selection in February. GSUSA's next steps will be to establish a timeline and process for discovery, pilot and roll out of the software.

Please contact Cheryl Olson [colson@girlscouts.org](mailto:colson@girlscouts.org) or [https://ocn.girlscouts.org/OCN/ContentPage.aspx?CMXML=ContentModules/Downloads/ADM\\_Finance\\_ChartOfAccounts.xml&sn=2.0&cpn=2.3&docid=090007d0804b2e6c&BaseReferrer=/OCN/2.0/2.3/2.3.aspx](https://ocn.girlscouts.org/OCN/ContentPage.aspx?CMXML=ContentModules/Downloads/ADM_Finance_ChartOfAccounts.xml&sn=2.0&cpn=2.3&docid=090007d0804b2e6c&BaseReferrer=/OCN/2.0/2.3/2.3.aspx) if your council is interested in piloting the chosen software sometime during 2008, and if you propose any changes to the recommended chart of accounts structure released in 2007.

### **The Importance of Advocacy**

Advocacy supports the Girl Scout mission, contributes to the organization's institutional advancement, and is an integral part of the leadership development experience. Effective advocacy not only provides direct service to girls, but can help improve the quality of life for entire communities.

This is, therefore, an opportune time—while making decisions about staffing and structure—to consider hiring a government relations specialist or to involve your board in advocacy. Because advocacy efforts can be conducted in a variety of ways, the Public Policy and Advocacy office can help you determine a strategy that best suits your council's needs. For more information, contact [advocacy@girlscouts.org](mailto:advocacy@girlscouts.org).

### **Commonly Asked Questions about Unemployment Trusts During Realignment** (submitted by 501(c) Agencies Trust)

Girl Scout councils handle unemployment coverage in various ways. Some pay state unemployment taxes, some self-reimburse (pay their state for claims rather than pay taxes) and some belong to unemployment trusts that help them self-reimburse while providing additional services to assist them.

Staff members of 501(c) Agencies Trust (one of the trust providers) have received inquiries from councils participating in unemployment trusts or merging with councils participating in trusts.

**1. How does the reimbursement process work?**

**Answer:** Nonprofit organizations have the option, by law, to leave their state unemployment tax system and just reimburse the state for any claims paid to former employees. Whether a nonprofit pays SUI taxes, reimburses the state or is a member of the 501(c) Agencies Trust, employees are not affected when they file for benefits.

**2. Is there anything we should do in advance to reduce the unemployment costs resulting from job restructuring and related employee displacement?**

**Answer:** Taking steps six months or more in advance can be helpful in reducing costs. Self-reimburers should plan to set aside enough money through the budgeting process to pay the state for higher than normal claims. If you belong to the Trust, contact them as soon as possible to begin planning. Realize that if you are in the tax system, layoffs may result in higher claims and will probably result in higher taxes.

**3. We are considering a merger with another council. How would this affect our participation in the Trust?**

**Answer:** The answer depends on how the new council formed through the merger decides to handle the matter. As you plan your merger, have frank discussions about possible layoffs and project those unemployment costs. If you are a member of 501(c) Trust and need help in planning, please call Doug Adams at the 501(c) Agencies Trust, 800/442-4867. You may also want him to review the other organization’s unemployment history and give advice about the best option.

**4. If a member of an unemployment trust merges with a tax paying council, what happens to the Trust member’s reserve account?**

**Answer:** Every unemployment trust handles the situation uniquely. If the council is a member of the 501(c) Agencies Trust, the amount remaining in the reserve account at the time of the merger will be refunded to the council.

*For questions about planning for unemployment under the 501(c) Trust, please call Doug Adams or Ellen Johnson at 800/442-4867.*

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**Q & A** 

**1. What are some of the considerations that should be discussed when choosing the “surviving council”?**

**Answer:** First of all, remember that the “surviving corporation” is only a shell – the Tax ID number and Employer Identification Number. The first step is to secure a legal opinion with consideration to: due diligence, property or asset encumbrances, historical or landmark buildings, lawsuits, contracts, etc. Other



considerations might be benefit package decisions, sharing responsibilities and equity in decision making.

**2. We will be beginning the realignment process and want to know when to share our financial information?**

**Answer:** Early Adopter councils generally agree that it is essential to share all financial information as soon as possible after realignment discussions begin. It is also important — early on — for councils to project what assets will be used during their final months of operation so the CRC can clearly see what cash (and other assets) will be available on “day one” of the new council.

**3. Can an “essential” employee who takes the VERIP still work in the new council for a short time?**

**Answer:** No. Individuals taking the VERIP will be required to sign an agreement stating that they will terminate their employment with their current council immediately following the window election period and they will not apply for, or accept, any future employment with any Girl Scout council. A sample release agreement can be found on the REALIGNMENT Section of the OCN.

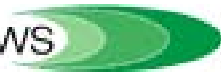
With the consent of GSUSA, the current council may extend the employment of “key” employees for up to 90 days beyond the end of the window election period. However, since the 90 days may not extend beyond the merger date, this option is only available to councils if their window election period ends prior to the merger date. Councils are advised to consult with their employment attorney if they are considering independent contractor arrangements since such arrangements must follow IRS regulations.

**4. Any suggestions about records retention related to volunteers? All of the councils coming together in our merger have different practices and none of them seem quite right.**

**Answer:** As a general practice, volunteer applications, background checks, driver’s license checks, and performance reviews should be kept for as long as the volunteer is registered and performing volunteer duties. Records should be kept permanently if there is litigation or if there is an unresolved issue that could become a source for litigation at a later date. It is also important to check (and follow!) applicable state laws regarding records retention for volunteers in your jurisdiction.

**5. Can you refresh me on the steps for legal merger process?**

**Answer:** Realignment transactions are structured as mergers and are governed by applicable state law merger requirements. Although the process may vary somewhat depending on individual circumstances or state law, the typical stages of the legal aspects of the realignment process are as follows. In addition to the steps described below, some states require approval by the state attorney general or another governmental or judicial authority.



CRC makes key decisions about the post-realignment council:

Board of Directors

Officers

New name

New Articles of Incorporation

New Bylaws

As a matter of **legal diligence**, legal counsel reviews the articles and bylaws of each council to ascertain specific legal requirements. Legal counsel also reviews material contracts and other documents to identify notice or consent requirements.

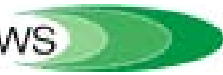
A “**Plan and Agreement of Merger**,” or merger agreement, a form is on the Gibson, Dunn & Crutcher Extranet. The merger agreement will reflect the key decisions by, for example, identifying the new board and new officers, and will attach as exhibits the new articles and bylaws of the post-realignment council.

The **board** of directors of each council must **approve the merger agreement** before it can be sent to the council’s delegates in the delegate meeting notice. Each council's board meeting is called and held in accordance with applicable requirements. A sample board resolution is on the Extranet. By approving the merger agreement, each board thereby approves the contents of the agreement, including the new board, new officers, new name, new articles and new bylaws. Separate votes are not necessary on each aspect of the agreement.

Each council calls a meeting of **voting members**. Notice of the meeting is sent in accordance with applicable requirements. The merger agreement (including the new articles and bylaws as exhibits) is included in the notice.

The **voting members** of each council **approve the merger agreement**. The meeting is held, and the vote is taken, in accordance with applicable requirements. By approving the merger agreement, each group of council members thereby approves the contents of the agreement, including the new board, new officers, new name, new articles and new bylaws. Separate votes are not necessary.

A **certificate of merger** (typically a short legal document) is **filed** with the state authorities. The realignment merger is effective at the time that the certificate of merger is filed, or at another time that is specified in the certificate of merger (e.g., on the first or last day of a month).



**NEWLY MERGED COUNCILS – January 1, 2008**

**Girl Scouts of Central and Western Massachusetts**

40 Harkness Avenue  
East Longmeadow, MA 01028  
413-525-4124  
Fax – 413-476-5958  
[www.gscwm.org](http://www.gscwm.org)

Pam Hallberg, CEO  
Edla Ann Bloom, Board Chair

**Formerly**

Montachusets  
Pioneer Valley  
Western Massachusetts

**Girl Scouts Louisiana - Pines to the Gulf**

1720 Kaliste Saloom Rd, C-1  
Layfayette, LA 70508  
387-984-1142  
Fax – 337-984-2799  
[www.girlscoutsbayou.org](http://www.girlscoutsbayou.org)

Sue Sewall, CEO  
Emma Price, Board Chair

Bayou  
Pelican  
Silver Waters

**Girl Scouts Minnesota and Wisconsin Lakes and Pines**

400 2<sup>nd</sup> Street South  
Waite Park, MN 76387  
320-252-2952  
Fax – 320-253-9403  
[www.girlscoutslolc.org](http://www.girlscoutslolc.org)

Leigh Ann Davis, CEO  
Jan Benson, Board Chair

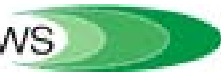
Land of Lakes  
Northern Pines

**Girl Scouts of the Texas Oklahoma Plains**

4901 Briarhaven Road  
Fort Worth, TX 76109  
817-869-0730  
Fax – 817-732-1261  
[www.gs-top.org](http://www.gs-top.org)

Becky Burton, CEO  
Robert Palmer, Board Chair

Caprock  
Circle T  
Five Star  
Norcentex



**Girl Scouts of Western Ohio**

4930 Cornell Road  
Cincinnati, OH 45242  
513-489-1025  
Fax: 513-489-1417  
[www.girlscoutsofwesternohio.org](http://www.girlscoutsofwesternohio.org)

Barbara J. Bonifas, CEO  
Nancy C. Dawes, Board Chair

**Girl Scouts of Wisconsin Southeast**

P.O. Box 14999  
Milwaukee, WI 53214-0999  
414-476-1050  
Fax – 414-476-5958  
[www.gswise.org](http://www.gswise.org)

Molly Fuller, CEO  
Joan Shafer, Board Chair

**Formerly**

Appleseed Ridge  
Buckeye Trails  
Great Rivers  
Maumee Valley

Greater Milwaukee  
Great Blue Heron  
Kenosha  
Racine County

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