

# MEMO

Attachment F



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**Date:** September 11, 2020  
**To:** Board of Directors  
**From:** Roni Luckenbill, CEO  
**Subject:** 2021 Plan of Work and Budget Presentation

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In preparation for the plan of work and budget presentation at the September board meeting, the following documents are provided for your review:

- Document 1 – Tactical Planning Process
- Document 2 – Budgeted Sources and Uses Summary
- Document 3 – Cost Center Budget
- Document 4 – Line Item Budget
- Document 5 – Notes for the Line Item Budget
- Document 6 – Capital Budget
- Attachment G – Policy 2.4 Monitoring Report

During the board meeting, I am going to present this budget a little differently than past years, with more detail about how COVID has impacted our organization and our priorities. We will review, briefly, the process used in the development of the plan and budget, but more time will be focused on the revenue and expense impacts of our current situation. We welcome your questions.

Preparing this budget has been a complex and difficult business challenge. We did not know, in March, that we would be seeing such drastic impacts on our business operations into 2021. At the time we sent staff home, put our cookie program on hold, and turned to virtual programming, we held an optimistic view that the temporary closures would be short-lived and that, while there might be a short upsurge in the fall, things would turn around and begin to get back to normal. Despite our optimism, our staff quickly pivoted our work to virtual platforms and creative solutions. We now know that this pandemic is going to be with us for quite some time and we face uncertainty at every turn. Girl Scouts are optimistic and resilient – we believe that we can come out of this situation much stronger and more flexible to face the next hurdles.

Because of the dramatic impact to our business, this year we asked our staff to consider a variety of scenarios for key drivers of our business model as they prepared the budget. The budget we are presenting supports an operating model that is feasible under a prospective 10% reduction in membership. Our goal this fall has been to keep our talent pool intact so we come out of this pandemic ready to “hit the ground”, equipped with new learnings and the ability to return as quickly as possible to in-person programming. While we are projecting a reduction in force, based on the fall membership, it will take into account vacancies and will attempt to reduce our workforce with the least impact possible.

Recognizing the potential of a deeper reduction in membership and related funding sources, we have identified key milestone events throughout the coming year that may trigger contingency actions to offset budget shortfalls. The primary drivers of contingency plans and our assumptions are as follows:

- Membership
  - Renewal membership: 18,615 girls, a 9% reduction from FY2020 projection
  - New recruitment membership: 7,026 girls, a 27% reduction from FY2020 projection
  - Outreach membership: 6,776 girls, a 9% increase from FY2020 projection
  
- Cookie Sale
  - Sales results are dependent upon membership
  - Parent and volunteer safety concerns must be mitigated
  - 17,370 girls selling in 2021 compared to 19,299 girls selling in 2020
  - Per girl average of 147 boxes compared to 158 boxes in 2020
  - Net revenue income down 15.6%
  - 1% cookie price increase to baker
  
- Fall Product Sale
  - Sales results are dependent upon membership
  - Parent and volunteer safety concerns must be mitigated
  - 16,982 girls selling in 2021 compared to 18,998 girls selling in 2020
  - Net revenue income down 22%

In working through the scenarios, we identified the following logical milestones by fiscal quarter. First quarter drivers are renewal, recruitment, and fall product sales. Second quarter drivers are membership, fall product sales, and initial cookie orders. Third quarter drivers are membership and the final cookie program results. It is assumed that shortfalls will be managed with a budgetary offset, as well as an understanding of deficit spending within the limits of this budget. We will review the key milestones and drivers monthly and quarterly. Decisions on levers to be pulled will be made during these reviews and the board will be kept informed.

This is the first time in my 31-year history with this council that we have presented a deficit budget. The PPP loan is ensuring that the bottom line looks much healthier than it really is - this pandemic is having a profound impact on how we operate. I see this as a short-term situation, and fully expect to come out of this pandemic in a stronger position. However, it is important to note that we are projecting the turnaround to take longer than originally expected - through 2022. This will make the 2022 budget another challenging one and there will not be a PPP loan to cushion the shortfall.

I like to think that presenting a “balanced budget” means something different to us this year. It means balancing the needs of girls and our long-term financial health and ensuring that we are making best use of our resources to help girls and our council get through the pandemic, while ensuring that we still have adequate resources to weather additional emergencies in the future. I believe that our ability to get to the other side of this crisis depends on everyone’s willingness to take chances and try new things. We must avoid being too cautious or risk averse. Our work this year has proven that we can do amazing things when we allow ourselves to be creative. I look forward to sharing more details in the September board meeting and answering your questions. Please feel free to reach out if you have questions before the board meeting. Thank you.

