GOLDEN GATE AREA COUNCIL (*SFBAC + MDSC + ALAMEDA)*

Merger Analysis: Financial Projections and Assumptions

<u>Revenue</u>

Combined 2020 revenue is budgeted at $8.4M, a 4.5% increase versus 2019 driven by increases in camping, FOS, special events and activity revenues

- Growth is expected to be flat in 2021 due to endowment withdrawal adjustment from 6% to 5%
- Growth in 2022 is expected to be 1%, with projected revenues at $8.5M
- Camping revenue of $3.6M in 2020 represents 43% of combined budgeted revenue
- FOS revenue of $1.3M in 2020 represents 15% of combined budgeted revenue
- Special events revenue of $976,000 in 2020 represents 12% of combined budgeted revenue
- Activity revenue of $886,000 in 2020 represents 11% of combined budgeted revenue
- The other 19% of revenue includes product sales, endowment draw, investment income, foundations, and other revenue, none of which exceed 10% of combined GGAC revenues

No pre-merger revenue synergies were built into the business case as a conservative measure; post-merger cross council camping, FOS, special events and activity synergies will be actively pursued

<u>Expenses</u>

Combined 2020 expenses are budgeted at just under $8.4M, a 5.7% decrease versus 2019 driven by decreases in compensation & benefits and other expenses

Pre-merger expense synergies are projected at almost $700,000, driven by compensation & benefit savings with the transition to one Scout Executive (from three) and hard savings from other cost efficiencies (3-to-1 rationalization of audit, accounting, insurance and other expenses)

Incremental post-merger expense synergies will be driven by the new Scout Executive and Finance Committee of the Board

<u>Net Surplus</u>

The combined entity is budgeted to generate a slight surplus in 2020 after a loss in 2019; pre and post-merger expense synergies are projected to generate surpluses in 2021 and 2022 even with the lower withdrawal rate from the endowment

<u>Assumptions</u>

Revenue growth of 1% per year in certain direct support and revenue categories

Expense inflation of 1% per year across all expense categories

Endowment investment return of 2% per year

Surpluses will be used to retire debt in 2020 and 2021; surpluses will also be used to fund program enhancements and support as well as outreach to underserved communities