

GOLDEN GATE AREA COUNCIL (SFBAC + MDSC + ALAMEDA)

Merger Analysis: Risks & Opportunities

Opportunities: There are financial opportunities that are not reflected in the merger business case:

- Alignment of corporate and foundation fund raising activities across the North Bay (instead of competing against each other). Going to market to raise funds with a SINGLE VOICE and make it more impactful with the scale of the combined GGAC entity
- Through cross-pollination of GGAC special events across a wider donor/volunteer base, increase attendance and, in doing so, improve net financial impact
- Through cross-pollination of GGAC scouting activities across a wider scout/unit base, increase attendance and, in doing so, improve net financial impact
- Leverage best practices across the GGAC. For example, bring MDSC strong FOS process approach and focus to SFBAC and Alameda. For example, bring SFBAC strong special events approach and focus to MDSC
- Leverage greater GGAC scale to align combined vendor base and competitively bid business with higher GGAC volumes (i.e. food service vendors for resident camps, etc)
- Rationalize special events and activities that don't achieve meaningful resource creation
- Post-merger opportunities to right size and/or re-orient professional staff to focus on more unit/district facing support

Risks: There are financial risks that are not reflected in the merger business case:

- The business case combines each council's approved 2020 budget as the "base year". There is a risk that certain aspects of those budgets might not be achieved, resulting in a GGAC shortfall
- Budget shortfalls could impact the timing of addressing debt reductions and could limit the financial resources required to make investments in program-facing support
- There is a limited risk to the realization of the pre-merger expense synergies that total \$700,000. However, there are risks in realizing incremental post-merger expense synergies that will be driven by the new Scout Executive. Post-merger expense synergies could be significant, and include alignment of combined vendor base, leveraging the scale of the new GGAC entity, and right sizing professional staff to align with future work flows.
- Market volatility could impact the endowment corpus and the available funds for withdrawal

COVID-19 Risks and Mitigation Strategies: There are significant financial risks related to COVID-19 that are not reflected in the merger business case:

- Potential cancellation of or a reduction to summer camp season
- Current major delays in spring FOS unit presentations are impacting expected results
- Potential cancellation of or a reduction to scouting activities including cub day camps, camporees and training activities (Wood Badge, NYLT, etc)
- If COVID-19 extends into the fall it could impact membership recruiting if schools are closed
- Market volatility could impact the endowment corpus and the available funds for withdrawal
- Corporate and foundation fund raising could be impaired if corporate cutbacks are pursued
- **Each council has begun the process of assessing COVID-19 risks and mitigating strategies**