



# Stewardship Report



# Stewardship Report



**National President**

Connie L. Lindsey

**Chief Executive Officer**

Kathy Cloninger

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**RENEWING  
THE PROMISE:  
Girl Scouts  
in a New  
Century**

**2011 National  
Council Session/  
52nd Convention**

**Houston, TX**

**Nov. 8-13**

## To the Members of the National Council



To the Members of the National Council Session:

We are proud to share with you, in this report, the story of our stewardship of the Movement from 2008 to 2011. Since we started together six years ago, you have helped to transform your Movement's core business strategies in governance and structure, program, brand, volunteerism and fund development. You have renewed the Girl Scout Movement and promised a great future for girls.

As you read, remember that we all are renewing the Promise for as many as one hundred million girls who may become Girl Scouts in our new century. Each time those millions of girls raise their hands to say the Girl Scout Promise, they will reflect the transformation that you—the countless dedicated women and men who daily commit through Girl Scouting to make the world a better place—have worked so well to achieve.

We can hardly wait to join you in Houston to take stock of all we have accomplished together and renew the Promise for all our girls, as well as kick off Girl Scouts' centennial celebration in an unforgettable way. Thank you for everything you do to make Girl Scouting the best leadership experience for girls!

A handwritten signature in cursive script that reads "Connie L. Lindsey".

Connie L. Lindsey

National President

A handwritten signature in cursive script that reads "Kathy Cloninger".

Kathy Cloninger

Chief Executive Officer

# Introduction

One of the oldest traditions in Girl Scouting is changing to meet the needs and interests of girls. Ever since Juliette Gordon Low returned from England in 1912 and changed “Guide” to “Scout” in response to the preference of American girls, those in our Movement have prided themselves on their ability to make periodic adjustments to meet the needs of girls.

In keeping with that tradition, in October of 2005 we stood before the assembled National Council of Girl Scouts of the USA and called for change. In fact, we called for a transformation of the organization. From thousands of voices at that National Council there echoed a rallying cry: “The status quo has got to go.”

At that same National Council we announced a set of five strategic priorities—structure, program, public identity, financial model, and approach to volunteers—that became the components of the Girl Scouts Core Business Strategy.



**Future: Long-term membership growth, outcomes**

To guide us in executing the strategy, in 2006 we appointed “gap teams,” whose assignment was to articulate for each area where we wanted to be (future state) and where we were at the time (current state).

## Excerpts from 2006 Gap Statements

**Governance and Structure.** “Governance and planning are uncoordinated across the country . . . council capacities vary widely, which challenges the resources of the Movement and dilutes the power of the brand . . . council/GSUSA relations are frequently characterized by conflict and mistrust.”

**Program.** “Nationally, there is no clear definition of essential elements of Girl Scouting. There is no system for consistent measurement of the impact of Girl Scouts on girls.”

**Brand.** “High brand recognition does not result in public perception of Girl Scouts as relevant, appealing, and of the moment. There is an organization-wide lack of clarity regarding the role of Girl Scouts as ‘the expert’ for girls.”



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**Funding.** "There is no Movement-wide, strategic and coordinated vision and infrastructure for raising contributed income . . . Leadership for fund development is weak across the Movement . . . we do not have a coordinated, effective, sustainable way to tap the giving power of Girl Scout alumnae."

**Volunteerism.** "Recruitment efforts for all volunteer positions overburden parents of elementary school girls . . . adults who volunteer are engaged in preparatory steps that are outdated, do not build on existing skill levels, and fail to address time constraints and busy lives."

A lot was accomplished in the year following that historic 2005 convention: the groundwork and early stages of realignment, the research and design that led to the Girl Scout Leadership Experience, and much, much more. And this triennium, 2008-2011, has also been a time of significant progress in achieving our strategic priorities and transforming the Movement. Here's what we, together, have done over the past three years:

**2005-2012 Strategy: Priorities and Timeline**

2005	2006	2007	2008	2009	2010	2011	2012
<b>Core Business Strategy</b>							
	<b>Governance/Structure</b>						
	<b>Program</b>						
			<b>Brand</b>				
					<b>Volunteerism</b>		
					<b>Funding</b>		
<b>GSUSA and Council Capacity Building</b>							

# GOVERNANCE and ORGANIZATIONAL STRUCTURE

## [Strategic Priority]

- Realigned 312 councils to 112
- Set up uniform business structures and digital infrastructure
- Aligned national and council strategy-making

## Realignment

**Background.** While we were determined to address all five priorities, we knew we couldn't address all of them full force at the same time; we would have to decide which to focus on first. The one that seemed most crucial to the unification of Girl Scouting itself was the development of a national program. We began developing what became the Girl Scout Leadership Experience immediately. Before we could actually implement the program, however, we knew we would have to do something about our organizational structure.

Initial planning for realignment began shortly after the 2005 National Council Session. The process was formalized on August 27, 2006, when the National Board of Directors approved the jurisdictional realignment of our councils. At the time, there were over 312 Girl Scout councils nationwide, many of them too small and underfunded to deliver a new national program or, in many cases, to effectively deliver traditional Girl Scout services. (There were 315 in 2005, but a few interim mergers had reduced the total to 312.) After a year of nationwide preparatory work, realignment began in late 2006.

**2008-2011.** At the beginning of FY 2009, there were still over 200 councils; by the end of the year, realignment was 90% complete. The last round of mergers took place in the spring of 2010; there are currently 112 regional high-capacity councils.







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**Business Practices and Technology**

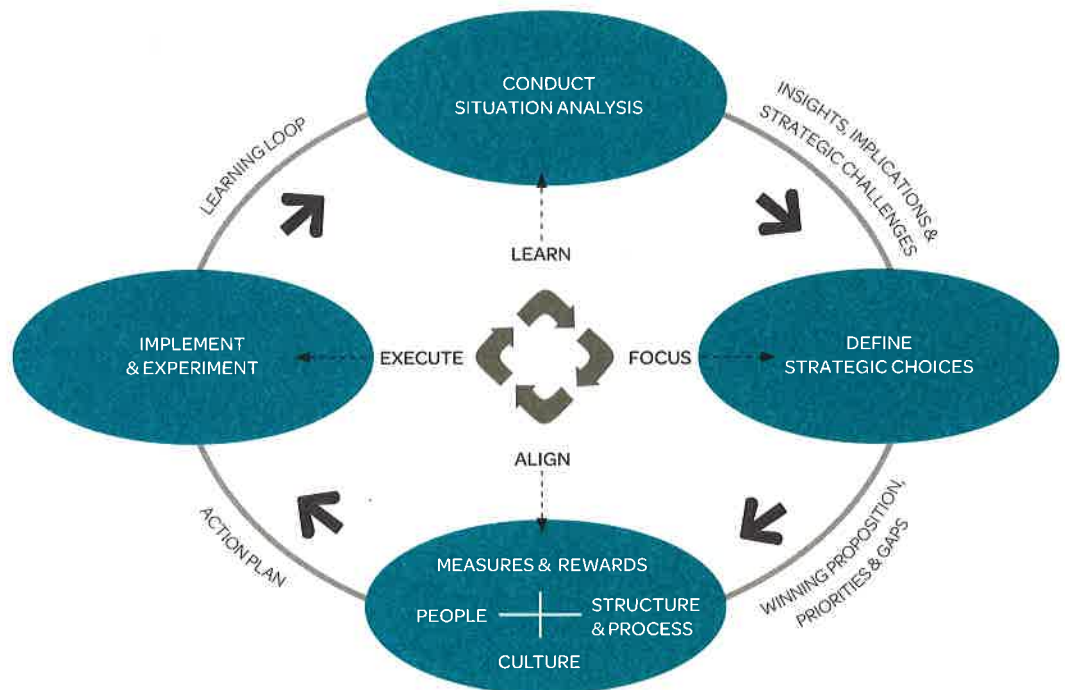
**Background.** In addition to wide disparities in size and capability, the councils, as of 2005, were hampered in their ability to function as part of a single nationwide movement by the lack of common business practices and technology platforms. We also lacked a nationwide membership data base. In 2007, we acquired and began to implement a Girl Scout-tailored enterprise resource planning package called Council Enterprise System (CES). After beta testing and initial debugging with a small pilot group, we began rolling CES out to councils in 2008.

**2008-2011.** By the end of FY 2011, 95 councils were using at least the customer relationship management module of CES, i.e., the nationwide membership data base. The financial management module is now running in 43 councils, and point-of-sale management in 23.

**Strategic Learning**

**Background.** When we began our transformational journey, we sought out a new way to go about the process of developing a strategy. The approach we adopted was one developed by Willie Pietersen, a management professor at Columbia University Graduate School of Business and former chief executive officer of Tropicana and Sterling Winthrop’s Consumer Health Group. It is known as Strategic Learning, a process for creating and implementing strategies that leads to organizational focus and clarity.

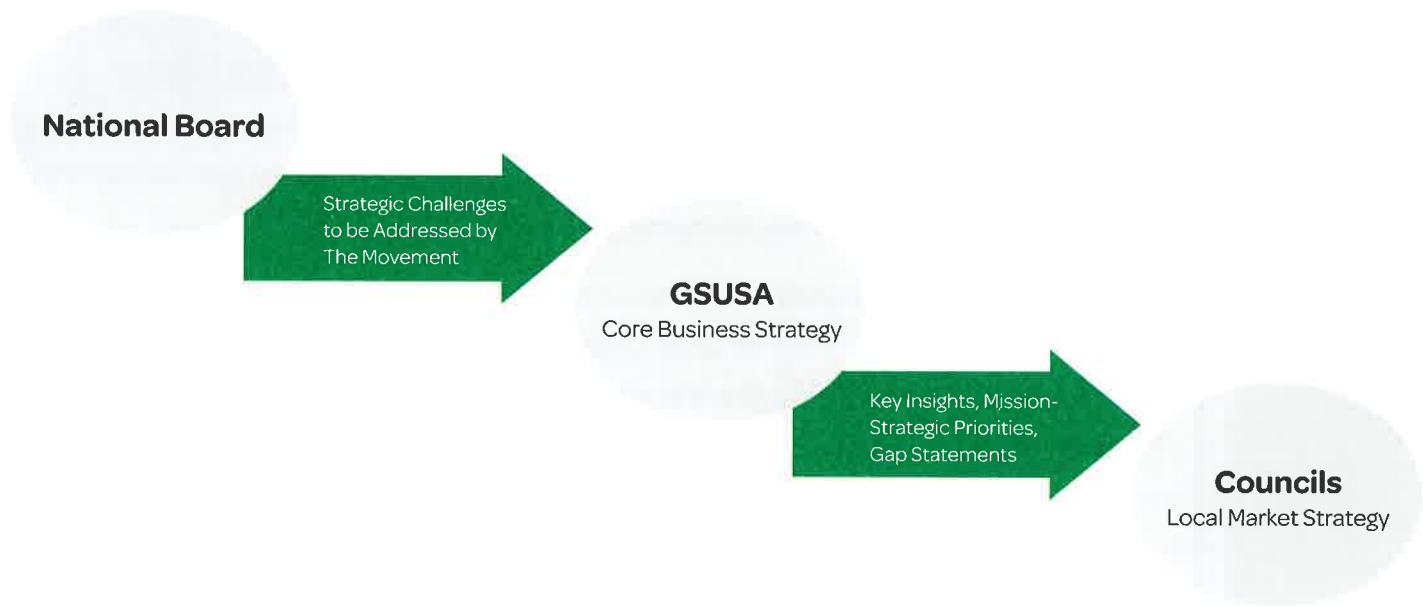
**Strategic Learning: The Leadership Process**



**2008-2011.** In 2009 we began teaching this methodology to council executive leadership teams. We established an integrated strategy-making process for councils and GSUSA. This is the first new planning resource utilized Movement-wide since the corporate planning model of the 1970s; in terms of process, it represents as much of an advance for councils as the Core Business Strategy itself represents for GSUSA. As of year-end 2011, 100 councils had received training in Strategic Learning and begun implementing it. This completes the roll-out of this method to councils. Going forward, we are positioned for a Movement-wide strategy-making process that links the national strategy to regional strategies and priorities.

### ***Cascading Process***

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## **PROGRAM MODEL and PATHWAYS**

### **[Strategic Priority]**

- **Adopted new Mission Statement**
- **Redesigned all Girl Scout age/grade levels**
- **Developed Girl Scout Leadership Experience**
- **Developed complete program portfolio**
- **Created measurable outcomes for program**
- **Developed online program training for volunteers**

### **Program Materials**

**Background.** At the 2005 National Council Session, the Movement adopted a new mission statement reflecting our leadership philosophy. At that time, councils and, frequently, individual volunteers designed activities for girls on a more or less ad hoc basis, selecting from a wide range of uncoordinated content. Working with a panel of outside experts, GSUSA developed a consistent national program, the Girl Scout Leadership Experience, which is delivered through thematically linked, age-appropriate books collectively known as Journeys.

Meanwhile, we redesigned the Girl Scout age/grade levels to the current system: Daisies (grades K-1), Brownies (2-3), Cadettes (4-5), Juniors (6-7) Seniors (8-9), and Ambassadors (10-12). The first Journeys series, *It's Your World—Change It!*, was published in the summer of 2008.

**2008-2011.** The second and third Journeys were published soon after: *It's Your Planet—Love It!* in 2009 and *It's Your Story—Tell It!* in December 2010. In the fall of 2011, we completed the national program portfolio with the publication of *The Girl's Guide to Girl Scouting*, a completely updated handbook of Girl Scout activities and badge programs. Badge categories include legacy, financial literacy, cookie business, and skill building. Badges have been restructured to work hand-in-hand with the Journeys and the three keys to leadership. Each badge has a purpose statement so every girl will know at the outset what she'll be able to do once she's earned the badge. Now every age level of Girl Scouts has a comprehensive program: three Journeys and *The Girl's Guide to Girl Scouting*.



This was an extraordinary achievement: we developed new outcomes-based materials for each of the new age levels, complete with badges and awards.

## Outcomes-Based Program

**Background.** When we began designing the Girl Scout Leadership Experience, we wanted to be able to show parents and the community that a young woman who completes a Girl Scout experience in, say, Seattle gets the same leadership benefits from it as a similar young woman completing a Girl Scout experience across the country in Boston. Not the same experience, necessarily—the program can be tailored in many different ways—but an experience leading to the same outcomes. This idea was the genesis of what became the 15 national outcomes.

**2008–2011.** After two years of development and testing, measurement data collection tools, collectively known as the National Program Evaluation System, were introduced to councils in FY 2010. Baseline data on girl outcomes—testable results of girls' participation in GSLE—were compiled and shared with councils. Following are some examples of the findings of the baseline study:

- Discover: Outcome 4, "Seek Challenges": Over 75% of Brownies and Juniors reported (with strong or moderate intensity) that they tried new things, even if these things were hard or if they might not do them well at first.
- Connect: Outcome 9, "Advance Diversity": More than 80% of Daisies, Brownies, and Juniors expressed some level of willingness to have friends who were different from them or to learn more about people from other cultures and religions.
- Take Action: Outcome 15, "Empowered to Make a Difference": About 80% of Daisies, Brownies, and Cadettes agreed (strongly or moderately) that girls their age could make the world a better place. Around 90% of Juniors and nearly 75% of Ambassadors indicated that they, themselves, could improve their communities. About 70% of Seniors believed to some extent that people in power would listen to them.



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As we approach the end of FY 2011, 84 councils have signed on to the National Program Evaluation System, which, measuring from the baseline information described above, allows the Movement to chart progress against Girl Scout Leadership Experience outcomes on the national and council levels.



## BRAND [Strategic Priority]

- Foundational work with Lowe New York
- Research on girls and leadership
- Nationwide multicultural and Hispanic campaign launch
- Gold Award initiative

**Brand** /bränd/ noun

A brand is a set of perceptions and images that represent a company, product, or service.

Although many people refer to a brand as a logo, tag line, or audio jingle, a brand is much larger. A brand is the essence or promise of what will be delivered or experienced.

**Background.** Girl Scouts is one of the most iconic organizations in the nation. However, by the early 2000s Girl Scouts had come to be perceived as a bit outdated, even old-fashioned. In November of 2006, GSUSA joined forces with the advertising consultancy Lowe & Partners to do basic research on perceptions of the Girl Scout identity on the part of girls (Girl Scouts and nonmembers), parents, and the general public. This work, which was concluded at the end of FY 2007, resulted in a master brand we have followed ever since: “To make Girl Scouts an irresistible, magnetic, relevant, and clearly defined organization that girls of all ages clamor to be part of. This is the first step in becoming an essential part of America’s culture of girls and the go-to expert on girls.”

Meanwhile, in FY 2008, the Girl Scout Research Institute published a major study on girls and leadership, *Change It Up!* The findings of this study—in sum, that girls aspire to, and are motivated to create, a style of leadership markedly different from the commonly accepted model—played a major role in the development of our new brand campaigns.

**2008-2011.** Our national multicultural campaign, themed “What Did You Do Today?” was launched in July of 2010. The new brand identity drew nationwide coverage, including an article in *The New York Times*. At the same time, Girl Scouts developed Spanish-language advertising to target the Hispanic community in which Girl Scouts is much less widely known. Both campaigns have drawn strong support in the form of donated media placements. For example, our 2011 pro bono ad placement goal for “What Did You Do Today?” was \$30 million; we had reached \$38 million by the end of the third quarter of the fiscal year.

At its core, “What Did You Do Today?” challenges girls to find something they care about and inspires them to use their courage and confidence to change the world. It is action-oriented and speaks both to the individual girl and the collective action of Girl Scouts.

The Hispanic market campaign was based on extensive research of the market, and guided by a couple of key insights. One is that Girl Scouting is much less well known in the Hispanic community than it is elsewhere, so the campaign, in a sense, introduces us. Another is that mothers play a very strong role in Hispanic households; one purpose of the campaign is to explain to moms what kind of experiences their daughters can have in Girl Scouting.

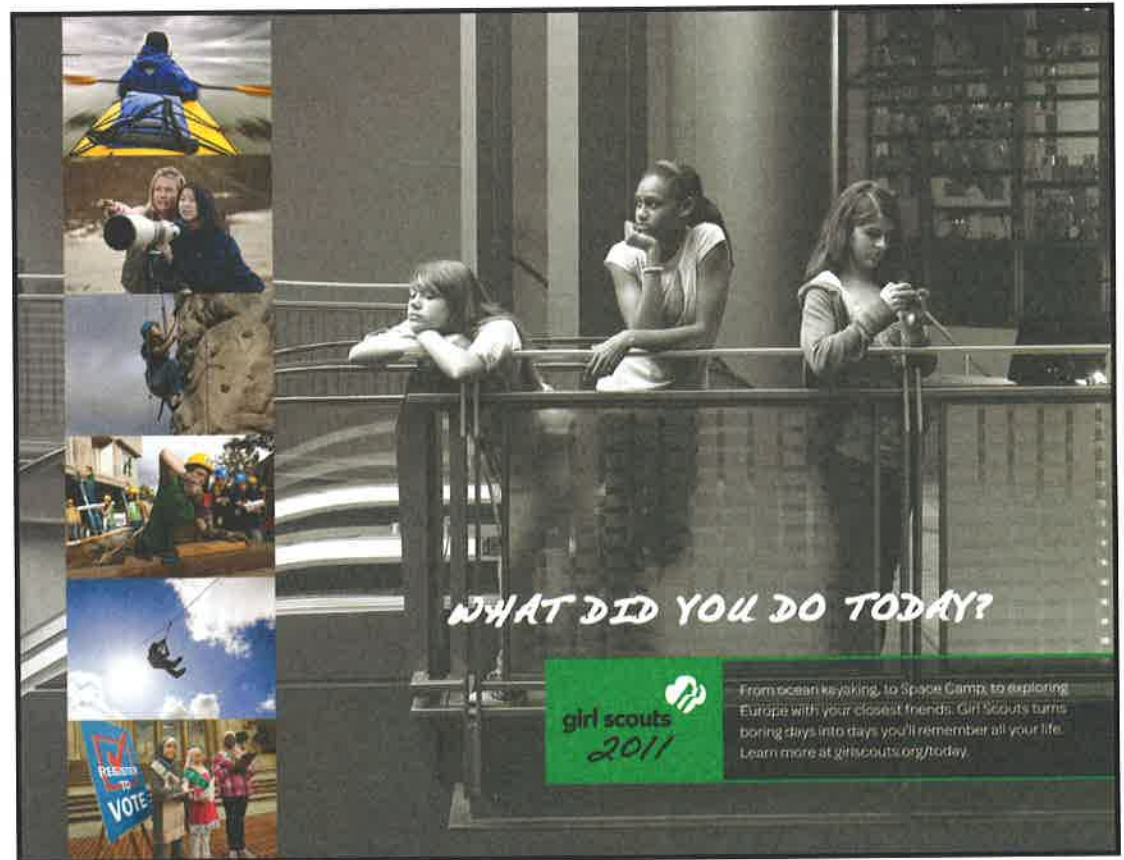


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It should be noted that our rebranding effort was launched from a position of strength. It drew on strong name recognition and a long legacy of leadership development. There is little question, however, that the campaign drove thousands of girls and adult volunteers to take a second look at our organization. Two separate brand rankings showed the power of the Girl Scout brand in the marketplace. In 2009, the Cone Nonprofit Power Brand 100 ranking calculated the value of the Girl Scout brand image at \$636 million, placing us 17th overall among all of the nation's nonprofit organizations. In the 2011 Harris Poll EquiTrend Non-Profit Brand of the Year rankings, we placed 11th and were the top education/youth organization on the list.

As we move into the 100th anniversary, we will transition our marketing messages to the Year of the Girl. During the Year of the Girl, Girl Scouts, as the leading organization for girls, will challenge all of society—men, women, mothers, fathers, schools, corporations, government, friends, colleagues, and peers—to do everything they can for our nation's girls.

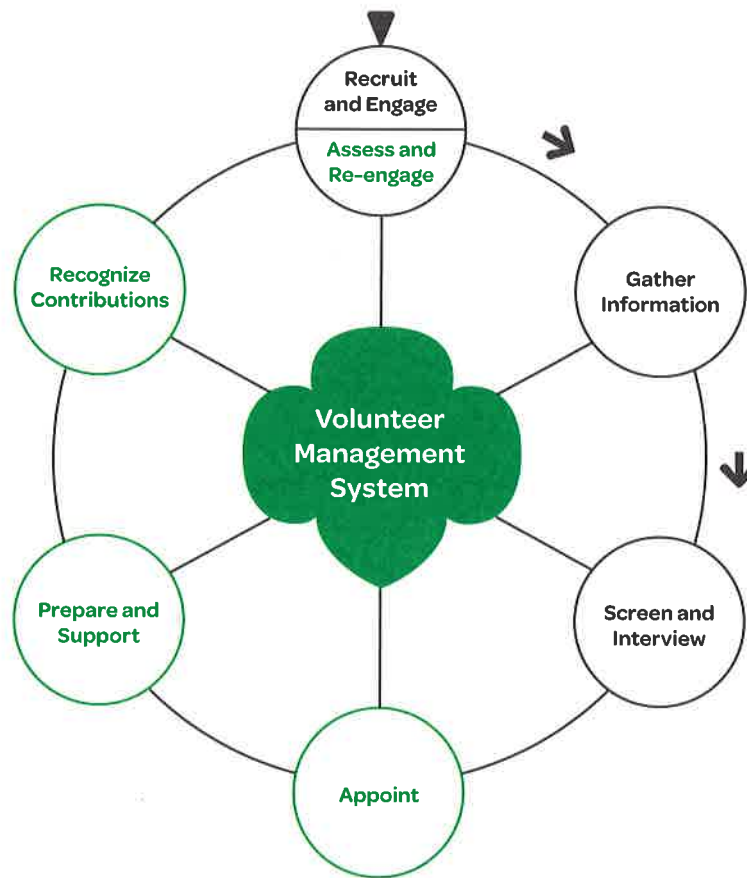
# VOLUNTEERISM [Strategic Priority]

- Single-Entry System
- Pathways for Adults
- Online Volunteer Learning

## A Consistent Volunteer Management System

**Background.** By the mid-2000s, our system of attracting and retaining volunteers had grown inconsistent, bureaucratic, and time consuming. In place of a myriad of uncoordinated processes, Girl Scouts of the USA, in conjunction with councils, in 2008 released the Single Entry System (SES), a centralized approach to managing volunteers. For the first time, SES standardized the 10 fundamental steps in the volunteer processing system, from recruitment to assignment.

**2008-2011.** We have spent the triennium moving SES from a pilot project to full-blown implementation. By the end of 2011, 96 councils will be using the Personify Volunteer Management Module (an online database that operationalizes SES). This makes it easier to track all the information about volunteers in one centralized database, and helps placement of volunteers by matching their interests and skills with the appropriate opportunities. It has improved the volunteer experience by allowing faster registration of girls and volunteers, so our members can jump right into enjoying their Girl Scout experiences and not be delayed by filling out papers!



**Goal: More volunteers guiding girls to make the world a better place**





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**Flexible Volunteer Pathways**



**Background.** As Girl Scouts has moved to become more flexible in the ways girls can participate—in the paths they can take—within a single membership year, so too has the Movement sought to broaden opportunities for volunteers.

**2008–2011.** During the past three years, we have moved forward on building our opportunities for volunteers to have the option of partnering with girls throughout a membership year or committing to an opportunity for only a few weeks or months.

The chart at right shows the various ways girls and volunteers can now participate in Girl Scouting. As you can see, the youngest girls still participate mostly in troops and through camps.

GRADES												
K	1	2	3	4	5	6	7	8	9	10	11	12
TROOP												
		CAMP										
					SERIES					EVENTS		
						TRAVEL						
				VIRTUAL								

In 2010, GSUSA surveyed councils on membership growth opportunities. Councils said they believed the greatest potential for membership growth for both girls and volunteers was in series programming—thematic Journey-based programs of four to six weeks. Hence, work began on supporting councils in delivering series programming.

In 2011, GSUSA released two pathway turnkey models to help councils jump start their series offerings. A pathway turnkey model is a booklet designed to enable a volunteer to deliver the series or tailor it to the specific needs of the girls in her community. The first pathway model focused on science, technology, engineering, and mathematics (STEM) and was designed for girls in grades 4-8. The second, in what will be a continuing series, was designed for high school girls and focused on service learning. Councils have given very positive feedback and will be using them to launch a number of series offerings during the spring and summer, with the intent of drawing more girls and volunteers.

**Online Training**

**Background.** In addition to streamlined registration for volunteers, GSUSA has introduced online volunteer training, beginning in 2008.

**2008–2011.** In FY 2011 we rolled out Girl Scouting 101, a 45-minute, self-paced online orientation for new volunteers that replaces the existing online volunteer orientation, which was technologically dated and ready for a refresh that meshes with, and complements, the Journey adult guides, *The Girl's Guide to Girl Scouting*, and other volunteer materials. There are two basic components to the new online training package, a tour of Girl Scouting itself (traditions, expectations of volunteers, necessary information) and a refreshed segment on delivering the Girl Scout Leadership Experience.

## FUNDING *[Strategic Priority]*

- Extensive capacity-building for councils
- Designed 100th Anniversary Campaign
- Set up Council Campaign Operations Group
- Developed Alumnae Strategy

**Background.** For practically its entire existence, the Girl Scout Movement was largely self-funded. Until recently we had never focused on external fundraising; we didn't think of ourselves as a major recipient of philanthropic funding, and we didn't focus intently on giving to the Movement ourselves. From the beginning of the current transformation we recognized that we needed to significantly increase revenues from contributions and position Girl Scouts as a leader in the "funding movement" for girls and women. At the same time, we recognized that a successful fund development initiative would require support components that did not at that time exist. A concentrated focus on fund development was deferred until council realignment, brand identity, and program were at a relatively late stage of development.

**2008-2011.** Preparatory work was done for a large multi-year national campaign whose launch would coincide with the celebration of Girl Scouting's centenary in 2012. We conducted "culture of philanthropy" pilots with 30 councils, developed online assessment tools to help councils determine their strengths and weaknesses in fund development capacity, and set nationwide standards for fund development best practices. A cross-Movement body, the Council/GSUSA Campaign Operations Group (COCG), was appointed and charged with developing a totally coordinated GSUSA/council approach to fund development.

### 100th Anniversary Campaign

To capitalize on our upcoming 100th anniversary, a comprehensive council/GSUSA campaign plan was developed with strategies for major gifts, direct mail, and planned giving. Together, councils and GSUSA arrived at a five-year campaign target of \$1 billion, of which \$100 million will be raised by GSUSA and \$900 million by councils. (Already, GSUSA and councils together have been raising about \$140 million per year, or \$700 million across a five-year period. A 43% increase to \$1 billion is ambitious, but not outlandish.)

In October of 2009, a Council/GSUSA Operations Coordinating Group (COCG) was established, composed of council CEOs, chief development officers, and council board members from across the Movement. The responsibility of the panel was to insure that campaign plans at the national level adequately reflected and were responsive to council needs. As we approach the end of 2011, councils are actively preparing for the 100th anniversary campaign. To date, 95 councils have signed the Campaign Partnership Agreement and submitted campaign goals. Council CEOs have expressed strong support for moving forward with the campaign and the \$1 billion goal.

### Alumnae Strategy

A major feature of our 100th anniversary activities is a massive outreach to the 50 million living American women who participated in Girl Scouting when they were young. One reason for this has to do with fundraising: we want to tell our alumnae what we're doing and give them the chance to help today's Movement financially. More than that, though, we want to make our alumnae a part of the Movement for their whole lives. Girl Scout alumnae are among our country's precious assets, and we want to get back in touch with them and tell them that. To support the program, a national research study on Girl Scout alumnae has been completed and will be released in January of 2012. We can't share the results with you yet, but we can say that if you're a volunteer helping the Movement serve girls, you'll be very proud when you read the report.



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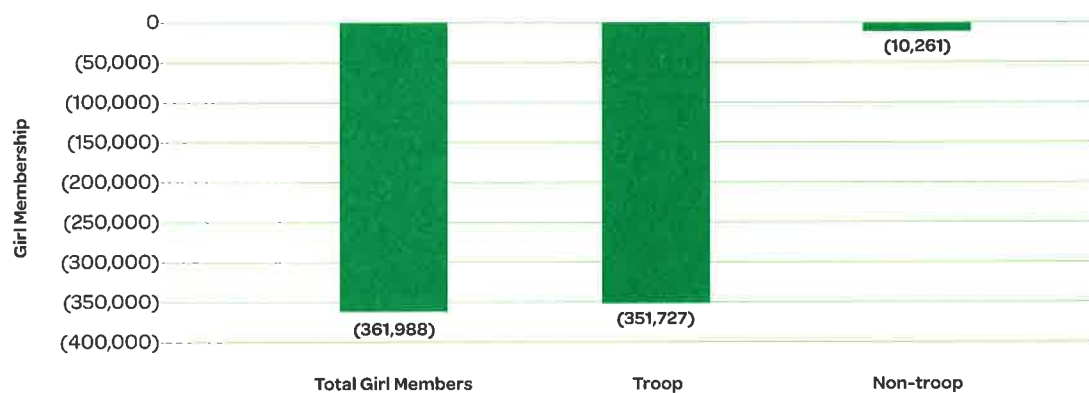
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## MEMBERSHIP

**Background.** A persistent and long-term pattern in declining membership was one of the issues that prompted our ongoing transformation. In the 2005 Core Business Strategy, membership was stated as an underlying goal of the strategy rather than a specific priority. It was the view of the national leadership, the Board, and the Gap Teams that sustainable membership growth could only be achieved by first addressing the five strategic priorities of structure, program, brand, funding, and volunteerism.

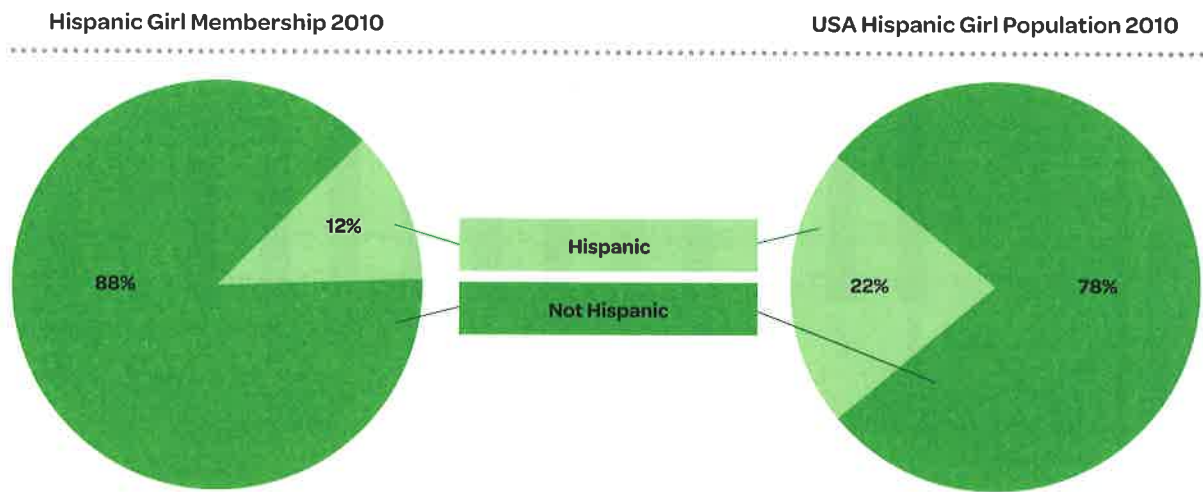
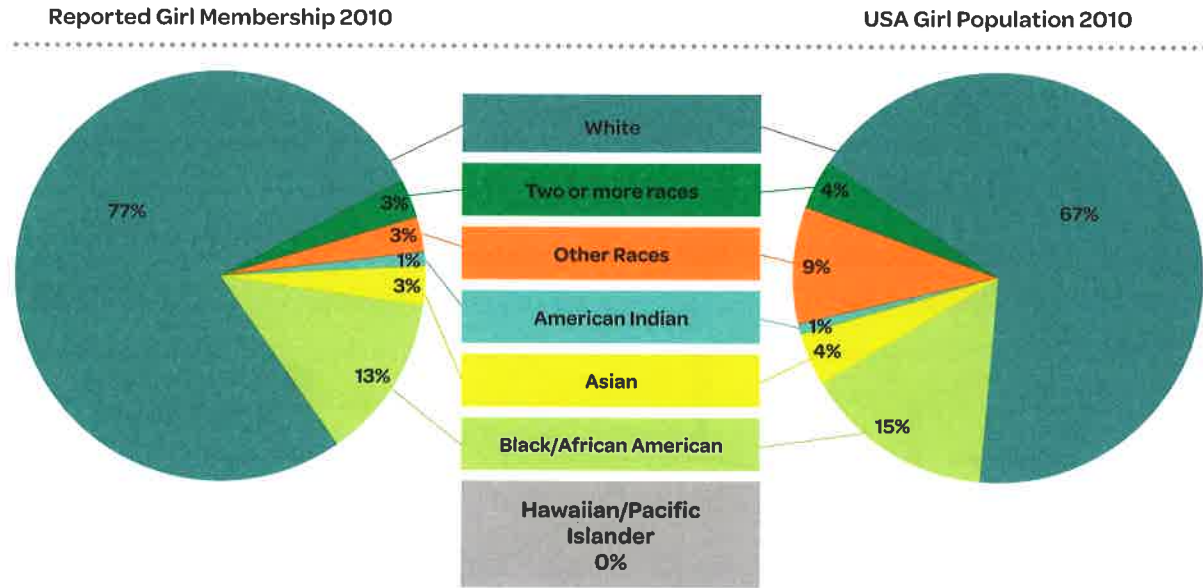
**2008-2011.** Though the vast bulk of membership decline is accounted for by girls in troops, participation of girls in non-troop delivery systems has declined as well. As can be seen in the chart below, of the total membership decline of almost 362,000 girls from 2006 to 2010, the vast majority, 351,727, were girls in troops. However, we also lost more than 10,000 girls from our total membership in non-troop delivery systems. Many councils are making difficult decisions to eliminate funded 'outreach' efforts, primarily because of declining resources. Councils are also choosing to focus more energy on building sustainable volunteer-led delivery in underserved communities. Delivery system shifts are also reflective of councils' increasing efforts to offer age-appropriate program to girls from all communities through multiple pathways.

### *Girl Membership Change 2006–2010*



**Demographic factors.** We serve 2.3 million girls, 8.8% of the total US girl population, ages 5–17. Girl membership decreases occurred in most racial/ethnic groups in 2010 (the most recent year for which figures are available). However, the 2006-2010 membership decline in girls from underserved communities was 8%, in comparison with the 14% overall girl membership decline. There is a continuing trend of increased membership of those identifying as two or more races, and other races. We also saw an increase in race not reported, which creates challenges in accurately assessing our reach in specific demographic markets.

Our greatest opportunity lies in increasing our market share of the fast-growing Hispanic population, and in fact, Hispanic membership increased slightly between 2006 and 2010.



**The effect of realignment on membership.** Although our purpose from the beginning was to build membership in a broad and sustainable way, we knew that during the realignment process membership decline would not only continue but intensify. And it did. As was projected in the 2008 Stewardship Report, nationwide patterns in membership tracked very closely with the nationwide progress of mergers and realignments sweeping through the council network. In addition to realignment, the economy had an impact on membership. Councils were not able to sustain non-troop delivery systems that had previously been funded by grants or contributions.



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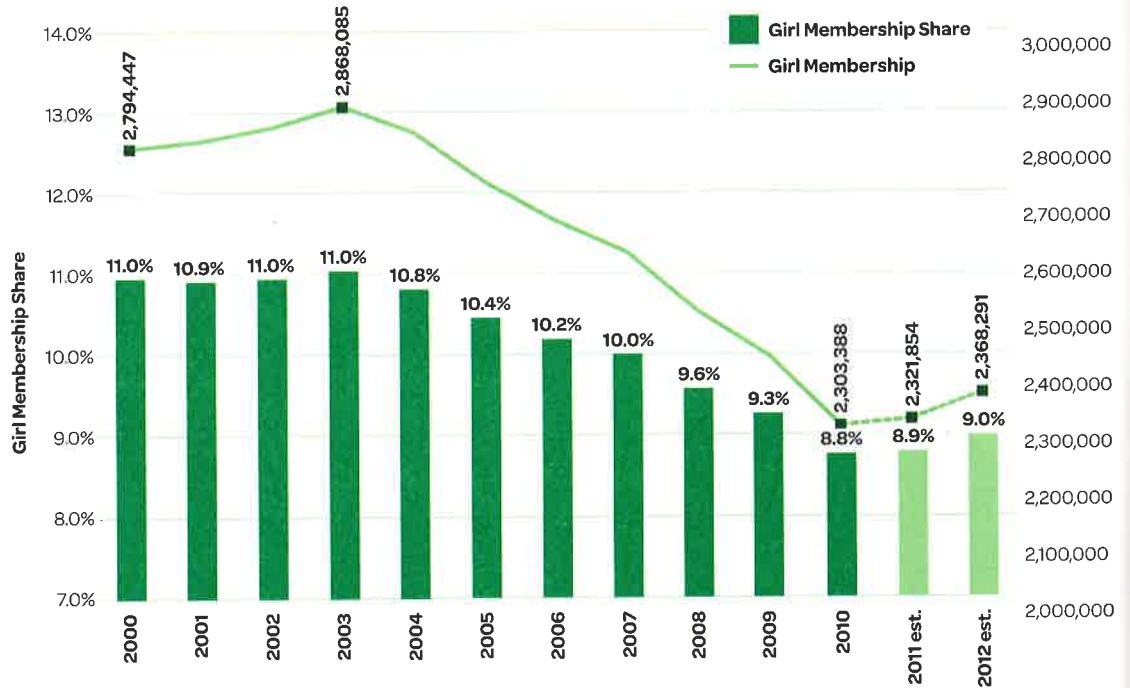
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With minor exceptions, realignment is behind us now, and we are able, as a transformed Movement, to turn our attention to sustainable membership recruitment and growth strategies. Extensive work has been done nationwide on executing our membership strategies. This is a key priority for councils and GSUSA alike. While it is too early to say with absolute assurance that membership has stabilized, early indications are encouraging. We expect membership to be flat for FY 2011, and are projecting a growth trend beginning in 2012.

**Girl Membership Share and Girl Membership**



# FINANCIAL MATTERS (in thousands)<sup>1</sup>

## Overview

We entered the triennium in the midst of an unprecedented downturn in global capital markets and a deep recession in the U.S. economy that began at the end of 2007 and officially ended in June 2009. While capital markets have recovered from the lows of March 2009, they remain volatile and ongoing weakness in the U.S. economy persists. The impact of recent economic conditions has been felt most in the rise in GSUSA pension expenses and in the recording of pension liabilities.

Despite the tumultuous economy and its resultant effect on GSUSA's net assets, the organization remains in sound financial condition. With a still substantial asset base, diversified revenue sources, and financial success over many years, the organization is positioned to deliver on its commitment to the girls of our nation. Key financial highlights include:

### Financial Position

- Net assets at September 30, 2010 total \$112 million, or 31% less than at September 30, 2008.
- Investments at September 30, 2010 total \$115 million, just about level with year-end 2008.
- Reported pension liability grew to \$37 million at September 30, 2010 from a prepaid asset of \$1 million at September 30, 2008. In April 2011, the National Board of Directors took action to freeze the GSUSA retirement plan for national staff.

### Revenues and Expenses

- In fiscal year 2010, membership dues were increased by \$2, from \$10 to \$12.
- Operating revenue totaled \$67.8 million in 2010, or 7.6% less than in 2008 due to lower contributed and investment income.
- Operating expense decreased to \$72.7 million in 2010, or 3.7% less than in 2008.
- Nearly 90% of total operating expense is expended for program services including direct services to councils, program development, volunteerism, and marketing and communications.

<sup>1</sup> Note: This report to the National Council summarizes the financial activity of the national organization during the first two years of the 2009–2011 triennium with amounts derived from the organization's audited financial statements. While financial results for 2011 will not be available until after the fiscal year closes on September 30, 2011 and the audit is completed, preliminary information is provided where possible.



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**2011 National  
Council Session/  
52nd Convention**

**Houston, TX**

**Nov. 8-13**

# FINANCIAL POSITION FOR THE YEARS ENDED SEPTEMBER 30

## Consolidated Statements of Financial Position

ASSETS	2010	2009	2008
Assets:			
Cash, inventories, and other	\$ 32,602	\$ 26,587	\$ 41,327
Investments	115,064	109,272	115,535
Fixed assets	21,478	23,405	25,130
Total assets	\$ 169,144	\$ 159,264	\$ 181,992
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts payable, deferred revenue, and other	\$ 19,934	\$ 13,302	\$ 19,351
Pension liability	37,184	27,092	-
Total liabilities	57,118	40,394	19,351
Net assets:			
	112,026	118,870	162,641
Total liabilities and net assets	\$ 169,144	\$ 159,264	\$ 181,992

## GSUSA Investment Portfolio

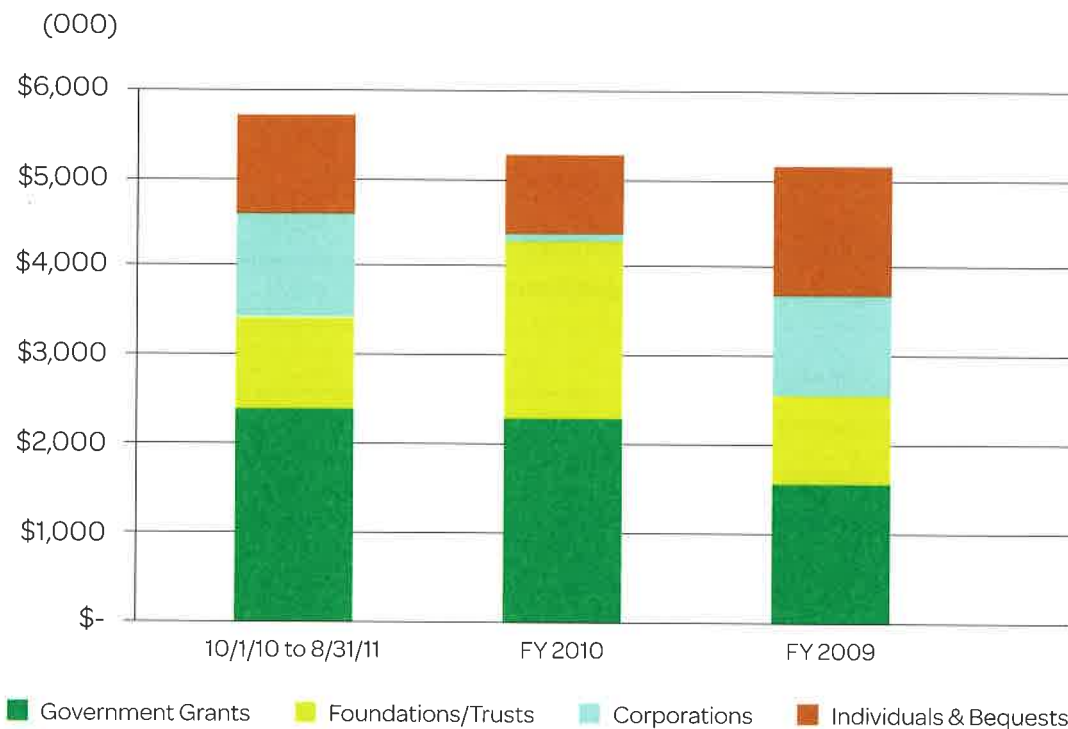
With a market value of \$115 million at September 30, 2010, GSUSA's investment portfolio is the largest asset recorded on the organization's financial statements. Investments are overseen by the Investment Subcommittee of the Finance Committee, and the portfolio comprises investments made on behalf of GSUSA's operating reserve, board-designated and donor-restricted endowment funds. The return for the two-year period ending September 30, 2010, was 4.2%, versus the portfolio's established benchmark of 3.6%. For the first ten months of fiscal 2011 (October 1, 2010–July 31, 2011), GSUSA's investment portfolio has achieved a gain of 11.5% versus a benchmark 10.3% percent, and the value of the portfolio has grown to \$127.4 million at July 31, 2011.

## Capital Fund

The Capital Fund serves as GSUSA's operating reserve and provides an ongoing source of general operating income. The National Board has set a goal to maintain the Capital Fund equal to one year's cost of operations. At the start of the triennium the Capital Fund had a balance of \$55.5 million (10.5 months of operating reserves). It dipped to \$51.8 million (10.2 months of operating reserves) at September 30, 2010 due to investment losses and an allocation of \$7 million to provide financial assistance grants to councils due to increased pension costs borne by councils. As of July 31, 2011, the Capital Fund has grown to \$57.1 million (11.2 months of operating reserves).

**Consolidated Revenue, Expenses, and Net Assets (All Funds) (\$000)**

	2010	2009	2008
Operating revenue:			
Membership dues	\$ 37,076	\$ 32,518	\$ 33,214
GSM net income	17,003	16,696	17,942
Other	13,745	16,222	22,277
	<u>67,824</u>	<u>65,436</u>	<u>73,433</u>
Operating expense:			
Program services	65,047	65,567	67,755
Fundraising, management, and general	7,699	7,629	7,683
	<u>72,746</u>	<u>73,196</u>	<u>75,438</u>
Deficiency of revenue over operating expense	(4,922)	(7,760)	(2,005)
Nonoperating losses:	<u>(1,922)</u>	<u>(36,011)</u>	<u>(39,793)</u>
Change in net assets	<u>\$ (6,844)</u>	<u>\$ (43,771)</u>	<u>\$ (41,798)</u>



During the triennium (through August 31, 2011) funds raised totaled \$16.1 million, much of which served as pass-through grants to councils to achieve program initiatives. Contributions during the period were received from major corporations and foundations such as AT&T (\$1.0 million), Coca Cola (\$1.3 million), MetLife (\$0.9 million), Motorola (\$0.6 million) and Rockefeller Foundation (\$0.4 million). In addition, government grants were received from several sources, including the Department of Justice (\$2.8 million), the US Department of Agriculture (\$1.8 million), and the Corporation for National and Community Service (\$0.6 million).

GSUSA also recorded considerable in-kind contributions, primarily in the form of donated advertising on television, radio stations, and in print.

At the end of the triennium, more than \$45 million in outstanding projects and requests are in the “pipeline,” indicating an optimistic forecast for contributed revenue in the next fiscal year.





**RENEWING  
THE PROMISE:  
Girl Scouts  
in a New  
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**Outlook for 2011**

We are projecting breakeven or better operating results for 2011. Girl Scout membership is expected to stabilize in 2011 and to begin growing in 2012. Girl Scout Merchandise (GSM) is on track to break all previous net income records. Merchandise sales have been propelled by the release of *The Girl's Guide to Girl Scouting* publications in August 2011 and strong sales of Journey and 100th anniversary merchandise. Operating efficiencies extend throughout GSUSA and total organizational expense is expected to be lower in 2011 than in the previous year. These factors make for a forecast for improved results in fiscal 2011. As we project outward, operating deficits are foreseen in the near future. The National Board has discussed the timing of the next increase in membership dues and wanted to be able to communicate any change to councils and delegates in advance of the National Council Session. In addition, we have received questions from national delegates asking about the timing of the next dues increase as a part of preparation for discussion on the program fee proposal. The National Board has recommended that the 2011-2014 National Board of Directors take action as soon as possible, but not later than, September 2012 to raise the annual Girl Scout membership dues to \$15 effective in two years on October 1, 2013.

**State of Girl Scout Councils**

**Aggregate Data for Girl Scout Councils (\$000)**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Net Assets	1,239,046	1,244,629	1,379,429
Total Operating Income	654,490	616,653	670,574
Total Operating Expense	657,121	670,284	708,238
Total Operating Deficit	(2,631)	(53,631)	(37,664)
Operating Reserves # months	8.0 mos	7.5 mos	8.0 mos

Like GSUSA and not-for-profit organizations throughout our nation, Girl Scout councils are weathering the effects of the economy and seeing signs of renewed growth. When surveyed, councils reported that they are optimistic about their financial outlook. Most Girl Scout councils participate in the National Girl Scout Council Retirement Plan (NGSCR) sponsored by GSUSA which covers substantially all the employees of various Girl Scout councils. The National Board of Directors voted to freeze future benefits under the Plan in 2010. Current accounting standards deem the NGSCR to be a multiemployer plan. Individual councils participating in the plan do not record a pension liability as a stand-alone entity. The liability for all participating councils is estimated to be \$253 million at December 31, 2010. This amount is not reflected in the aggregate net assets for all councils reported above.

Council operating revenue totaled \$654.5 million in 2010, or, 2.5% lower than in 2008. In the face of operating deficits, councils reduced expenses to \$657.1 million in 2010, 7.2% lower than in 2008, and substantially narrowed the aggregate operating deficit for all councils. Contributed income, program fees and investment revenue declined during this period, while product sales grew and continues to grow in 2011. In 2010, product sale net income generated two-thirds of council operating revenue.

### Financial Support Provided by GSUSA to Girl Scout Councils

During the triennium GSUSA distributed \$18.3 million in direct financial support to councils. This included \$7.9 million made available as pass-through grants from contributed funds and government grants; as well as \$10.4 million in GSUSA Board-designated special funding for pension assistance (\$4 million), membership grants (\$2.4 million), Destinations and Macy scholarships (\$3.5 million), and other purposes. Additionally, \$7.2 million has been designated from GSUSA operating funds for pension assistance grants to councils that will be paid out in coming years.

## NOTES

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