

February 26, 2024

On behalf of the Board of Directors, I am happy to share the following highlights from the February 26, 2024 meeting of the Board of Directors of Southern Arizona. This meeting was conducted in person and by Zoom. As per our bylaws, we did have a quorum to conduct business.

Pamela Traficanti
Board Secretary

Present in person:

Anne McLain Whipple, Lynn Borders, Maggie Shafer, Melissa Arroyo, Nicholle Zarkower, Pamela Traficanti, Pam Treadwell Rubin, Rukiya Higgins, Tia Tsosie Begay, Bella Duncan, Carly Kaplan

Present via Zoom: Cheree Meeks, Elaine Becherer, Kabrina Lee, Melisa López, Sheila Kressler Crowley, Tanisha Price Johnson, Terry Flores

Staff present in Person: MacGyver Tank, Melissa Tomlinson, Niki Hoffman, Timalee Nevels

Staff present on Zoom: Kristen Hernandez

Terry Flores, Board Chair convened the meeting 5:01pm

CEO Update

Kristen Hernandez, CEO

Kristen shared a brief update with the following highlights which also serve as an update to her goals for the year:

- Much of the activity in January naturally revolves around the cookie program and will be covered in other reports.
- Things are going very well in the organization. We have been fortunate to have aces in their places and morale is good.
- GSSOAZ has been recognized again by GSUSA. Our membership team has been asked to share on the national level our best practices. Our work in this area has resulted in a marked increase in volunteer retention.
- Kristen has just returned from the national DEIARJ committee launch at Edith Macy Conference Center for a 4 day retreat. This group has a 2 ½ year commitment and the work will obviously be ongoing. All councils are working to have membership that reflects the local demographics, delegates to the national convention and local delegates mirror our local membership, increase focus on BIPOC member retention. GSUSA is working to have total membership that mirrors national demographics. Another priority is to increase participation for bipoc girl members in the highest awards.
- Last month we had robust conversation about our strategic alignment planning to come in fall of 2024. We held our initial planning meeting with the group that stepped up to lead. It's a strong group who are committed to thinking big with strong underpinnings. More to come on this as it unfolds.

CFO Report

Melissa Tomlinson, CFO

Melissa Tomlinson, Consulting CFO, reviewed the financials from month ending January 2024. These documents were reviewed and approved by the Finance Committee last week.

January

Net revenue for the month is just over \$250k, this is 75% less than budgeted

Operating expenses were just over \$340k, which is 2% less than budgeted

Other expenses were \$28k, which was 31% more than budgeted

Overall, we had a net loss for the month of \$112k, compared to budgeted profit of \$662k

January details

-The biggest variance to budget for the month was net product, and this was due to cookie COGS of \$1.1M compared to the \$443k budgeted. Due to potential production issues, we decided to almost all of our cookies for the season in our initial order to ensure that we would have adequate inventory for our sale. As a result, the amounts budgeted for January and February were incurred in January.

-Most expenses were pretty close

- we did adjust program assistance in January to reflect the usage of funds recovered from disbanded troops to offset the financial aid offered in FY24. This had the effect of reducing the liability account for accrued expenses and expense account for assistance to girl members for \$28k.

Overall, we trending well for the month on revenue but paid for the cookies earlier than anticipated.

YTD

Net revenues are just under \$540k which is 60% less than budgeted

Operating expenses are just over \$1.6M which is 13% more than budgeted

Other revenues are \$214k, almost \$300k favorable variance

Net income is a net loss of \$850k, compared to budgeted net loss of \$155k

YTD details

-The biggest driver for the unfavorable net income and net revenue variance is shifting the cookie COGS to January rather than spreading it across January and February

-On the expense side, the largest variance is in program expenses \$103k for DEIA training videos

Cash

-Investments are down 10%, \$488k

-cash is up by \$688k or 69%

-AR is down by \$2.1M

-liabilities are up by \$1.6M, 1.1M is AP Cookie invoice, and \$354k is LOC borrowings

Motion: Motion to approve the month ending January 2024 financials as put forward by the Finance Committee. Motion by Maggie Shafer/Second by Lynn Borders **Motion Passes**

Audit Report

The audit went really well. We worked with Ludwig Klewer again but the auditor on the project was new this year. There were no findings, which is a clean opinion. There was one recommendation that we use a software system to manage our assets and depreciation. There was a change in reporting protocol for the positive in how we allocate functional expenses.

Motion: Motion to approve the audit as put forward by the Finance Committee. Motion by Anne McLain Whipple/Second by Pam Treadwell Rubin **Motion Passes**

Parental Leave repayment

Kristen recapped the prior discussion on this topic and the results of our HR consultant Anna Maiden's research. Her recommendation is to have some element of payback if the employee who has used paid parental leave chooses not to return or return only for a brief time. This does scenario does not apply if the failure to return is due to a medical issue. If the employee took 90 days of leave and comes back for 30 days and then leaves, the recommendation is to pay back 60 days.

Question: how would we handle the issue of who determines whether the decision to not return to work is a choice by the employee or whether it is a medical issue with parent or child that prevents them to return.

Answer: We need some definition that delineates the results and the timing. This may dovetail with the passages in the personnel policies about job abandonment. Subjective language should be avoided. Be sure to craft something that is fair to both parties. There are also questions about whether the parental leave and FMLA run concurrently and they do in our current policies.

Action item: Kristen will work with Anna and our attorney Luis to draft 3 policies and we will send those policies out in advance for feedback. We can go from there at the next board meeting and make adjustments as desired by the board.

The matter is tabled for additional action from staff.

Another matter that was changed in the personnel policies related to religious observances not already covered in the day off policy. The procedure is operational and thus not a matter for the board, but when the board approved the personnel policies it stipulated that we needed to draft a procedure for how to implement and Kristen wanted to update the board that has been completed and implemented.

Product Program Update

Elizabeth Locke Thomas, CMDO

Our goal is 1,000,180 boxes. 928,120 packages have been sold at this time. We are currently still tracking 10% ahead of last year with 14 days to go. That said, historically, we know what our pattern is but do not count our chickens before they hatch. Our per girl average is 544. This number is extraordinary and has exceeded last year and is still climbing.

We have implemented a number of plans to ensure we get to our goal.

We are planning a parking lot park and swap to reset their selection and trade around and lets people take excess inventory from others who feel like they are struggling.

Tomorrow Kristen and E are on 5 different radio stations talking about CFH and to create the sense of urgency for the end of the sale.

We have started a contest for customers who buy 5 boxes are in a drawing to win a TV.

We have another contest about to start for digital cookie purchases.

Marcom has Tucson Lifestyle is set up a campaign to promote corporate purchases of Cookies for Heroes.

We are using viral style videos to promote some of the larger awards to help excite troops.

Question- How does digital cookie compare to regular sales?

Answer- For our council we are almost exactly at the same results that we saw last year. It is a new platform for GSUSA this year and it had many bugs. So, it hasn't lost traction, but it hasn't grown either.

Fund Development Update

Niki Hoffman, CMDO

Cookies and cocktails is 3/28 at the Corbett. We are sad to be leaving The Monica, but had to simply because we outgrew the space. 167 tickets sold as of today, which is trending ahead of last year. Tucson Lifestyle is also partnering with us to advertise this event. We have a fun leap day promo scheduled. Crooked Tooth Brewery will be back and Ray Rays will be joining the lineup this year with spiked lemonades. We did lose one of our wine donors this year who isn't able to repeat this year. The wine wheel is extremely popular and we need more donations. We encourage you to take advantage of Bev Mo's 5c sale to make your purchase go twice as far if you plan to bring in some wine for the wine wheel.

We are also looking at donations for raffle baskets. We have a gift registry on amazon if you like to shop that way, it will get shipped directly to us here.

Governance Committee update

Pam Treadwell Rubin

The committee held girl candidate interviews last week as well as a meeting with one adult candidate. We will be presenting a slate next month. Mya Gonzales, Arciana Jimenez are the girl candidates that the committee is putting forward for the slate.

Property Update

MacGyver Tank, COO

MacGyver updated the Board with some highlights about our properties. It has been relatively quiet due to recent weather conditions and team being needed for the Cookie Season.

Consent agenda-

Motion to accept the consent agenda, which includes the dashboard, agenda and draft minutes. Motion by Maggie Shafer / 2nd Anne McLain Whipple

Motion Passes

The meeting was adjourned at 6:20pm