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SACRAMENTO BUSINESS JOURNAL | SEPTEMBER 2, 2011

sacramentobusinessjournal.com

## BUSINESS PULSE SURVEY | AUGUST 24-31

Which household tax provision is most important to preserve? (407 responses)

**44%** Proposition 13 (177 votes)

**35%** Homeowners' property tax exemption (144 votes)

**8%** Current rates for capital gains (31 votes)

**5%** Other tax provision (20 votes)

**4%** Current maximum federal tax rate (18 votes)

**4%** Current limits on inheritance taxes (17 votes)

Source: Business Pulse survey on sacramentobusinessjournal.com, which reflects opinions only of those who chose to reply.

### NEXT WEEK'S QUESTION

What do you most want to see in the arena committee's funding report?



Vote and comment online at sacramentobusinessjournal.com

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## Girl Scouts council aims to retire its building debt

KELLY JOHNSON | STAFF WRITER

The local Girl Scouts council bought a headquarters building, fixed it up and settled in last year. Now, the organization is raising money to pay for it.

That's backwards from most nonprofits, which typically launch a capital campaign before making such a move.

Known as Girl Scouts Heart of Central California, the council has raised more than \$1 million toward a goal of raising at least \$2.5 million by March. In the quiet phase of its capital campaign, launched in February 2010, the organization raised five times more than it expected from board members, key volunteers, employees and others with close ties to the Girl Scouts.

Now the nonprofit is reaching out to the community. The money would allow the Girl Scouts to pay off its loan on the office building it moved into in April 2010, and go back to being debt free, as it had been for 25 years.

"We consciously took on the debt," said Pam Saltenberger, the council's chief executive officer for 15 years. Holding onto the same leader for a decade and a half is another way the local group differs from many of the region's other nonprofits.

During the recession, the Girl Scouts jumped on a good deal for its 25,500-square-foot building on Elvas Avenue in East Sacramento, which once was storage space for Tower Records. The Girl Scouts spent \$4.2 million on the building, renovations and new furnishings. It owes nearly \$3.3 million.

"We have more than enough cash flow to service the debt forever," Saltenberger said. But the council's philosophy is that pretty much all its money should go toward programs. If the building is paid off, the organization can maintain its historical low overhead of 7 percent, compared to a national median of 9.5 percent.

**'We have more than enough cash flow to service the debt forever.'**

**Pam Saltenberger**  
chief executive officer,  
Girl Scouts Heart of Central California



DENNIS MCCOY | SACRAMENTO BUSINESS JOURNAL

Pam Saltenberger, chief executive of Girl Scouts Heart of Central California, in the council's new East Sacramento offices.

GIRL SCOUTS | PAGE 30

## GIRL SCOUTS | Nonprofit launches capital campaign to pay for its new headquarters

FROM PAGE 2

Buying the building first changes some of the dynamics of fundraising. Some potential donors will like seeing the new building and the efficiencies and collaboration it creates. Others would be more convinced by seeing a cramped, out-dated office.

Without a new building completed, "sometimes donors are challenged trying to fully grasp what the charity is envisioning," said fund raising consultant Bill Schopfer, whose Sacramento-based Fund Development Associates Inc. is running the Girl Scouts campaign. "It's not harder. Not easier. Just different."

Rose Lester, a Sacramento fundraising consultant not involved in the campaign, thinks the effort will be harder because constituents know that the Girl Scouts already has money for the building. Nonetheless, Lester added, the Girl Scouts made a wise decision to move quickly on the building purchase.

Quite a few of the region's nonprofits are running capital campaigns, following a lull in 2009 and early 2010 because the state of the economy was so dire. Nonprofits, she said, "have come to realize they need to be out there all the time" raising money.

Other capital campaigns in the region

### Girl Scouts Heart of Central California

**News:** Launching public phase of capital campaign, selling office buildings

**Minimum amount to be raised:** \$2.5 million to \$3 million

**2011-12 fiscal budget:** \$7.4 million

**Overhead:** 7 percent of expenses

**Employees:** 127, including 87 locally

**Territory:** 18 counties

**Offices:** Sacramento, Stockton, Modesto

**Camps:** El Dorado and Calaveras counties

**Cabins:** Woodland, Davis, Tracy

**Participants:** 30,000 girls and 11,000 adults

**Web:** girlscoutshcc.org

that are running now or will be in the next few months include those by the Powerhouse Science Center, the local Salvation Army, the University of California Davis, and that university's school of nursing.

Capital campaigns are "doing really well in this economic environment," Lester said. "The wealthy still have dollars and the wealthy still have passion." The mid-size to small donors are more cautious and take more convincing. But "people are still giving."

During these difficult economic times, some potential donors are more compelled to give to safety-net needs, such as charities raising money to help the homeless or hungry. Others, though, want to support a nonprofit in which they or their children were involved, or a happy cause that raises girls "to be better contributing members of society," said Elfrena Foord, the Girl Scouts campaign chairwoman.

The building for which the Girl Scouts is raising money replaces a 12,500-square-foot office in Rancho Cordova that the organization occupied for 25 years. The Girl Scouts is selling the building for \$735,000, Saltenberger said. Escrow is expected to close in a couple weeks.

In addition the council has an agreement to sell its 9,700-square-foot office in Modesto for \$800,000 to \$850,000. The Girl Scouts instead will lease about 5,000 square feet in Modesto for its 13 employees there. The organization also has a Stockton office with a dozen employees.

When the Girl Scouts absorbed a council with four counties to the south as part of a nationwide push toward consolidation, the organization decided both its Sacramento main office and its Modesto office needed to be near Highway 99, Saltenberger said.

Unlike many nonprofits these days, the

local Girl Scouts is in good financial shape and continues to grow. It receives no government funding, which means it hasn't had to endure cuts in that funding. Some 67 percent of its \$7.4 million budget comes from cookie sales.

"We're very fortunate to have that steady stream of income," Saltenberger said. "Every year our cookie sales go up."

With that said, the Internal Revenue Service requires a certain percentage of a nonprofit's funds to come from donations as opposed to product sales. So that means that as cookie sales rise, the Girl Scouts has to boost its donation level too.

As a brand, the Girl Scouts organization has been successful, Saltenberger said, because it merges the tradition of camping, horseback riding and camp with programs relevant today, including green tech and the media. Plus, many women — one out of four women were in Girl Scouts — want their daughters to experience what they did.

A former insurance executive, Saltenberger approaches Girl Scouts as a business.

"We are a corporation," she said. "We need to be run like one."

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