

Treasurer's Report for the Year Ended 31 October 2018

Operating Costs

The operating costs for Ranfurly Homes for Children (the Home) for the year ended 31 October 2018 totaled \$684,715 (2017: \$631,741), which comprise:

	2018	2017
	\$	\$
Payroll	304,923	275,025
Food and supplies	133,643	139,821
School and tutorial fees	77,074	66,023
Repairs and maintenance	73,366	39,097
Utilities	55,132	31,708
Depreciation	29,566	29,566
Insurance	8,030	9,863
Transportation costs	2,076	27,243
Other	905	13,395
	<u>684,715</u>	<u>631,741</u>
Total	<u>684,715</u>	<u>631,741</u>

The principal costs of operating the Home are the payroll costs, as staffing is required twenty-four (24) hours per day, three hundred and sixty-five (365) days per year. The Home has a staffing complement of ten (10) (2017: ten (10)) persons including the administrator, which is supplemented by a staffing complement of three (3) (2017: three (3)) persons provided and compensated by the Department of Social Services. Following an assessment at the end of 2017, certain compensation levels were increased, with the primary objective of maintaining competitive compensation for the minimum quality of staff required. Further, increased levels of overtime have been experienced during the current year, with plans currently underway to professionally roster staff to maximise efficiency and contain costs associated with staffing; it is also expected that such rostering will better balance the working hours of our hardworking staff members.

Total expenses, excluding payroll costs, increased by approximately six percent (6.00%) over the prior year, and approximately twelve percent (12.00%) over such amounts for the year ended 31 December 2016.

A portion of this increase is due to certain capital related projects, including renovations, that have been reflected in repairs and maintenance; the Home received specific donations to cover such costs, which are included in donations from the public. For the purposes of audited financial statements, such capital related costs will be capitalised and the related donations deferred, and accordingly, there will be no net impact to the net performance of the Home presented herein. Further, the financial information reported discloses the level of funding required to finance the daily operations of the Home and maintain the quality standard of its facilities.

Except as noted above, there were no anomalous increases during the year, and certain costs require better allocation of petty cash expenses, which are being further analysed and will be adjusted as necessary in the audited financial statements. The Board of Directors, through its executive team, are currently undertaking a review of expenses to identify means of curtailing costs through better bulk spending and advanced planning, and taking into consideration alternative personnel resources better fit for purpose in achieving cost savings while maintaining or improving the quality of care for the children.

Consistent with prior years, the costs of running the Home are principally fixed, with the exception of school and tutorial fees. Such costs are incurred pursuant to the policy of the Board of Directors of the Home to give all children the best opportunities to develop into successful and productive adults, which in part is through the enrollment in private schools, where possible. However, along with other behavioural initiatives, the Board of Directors will seek to ensure that such investment is being properly appreciated and utilised by the children, and the educational results are commensurate with the spending.

Funding the operating costs

Total income received by the Home for the year ended 31 October 2018 totaled \$507,989 (2017: \$759,489), which comprises:

	2018	2017
	\$	\$
Donations from the public	310,066	555,013
Annual raffle, net of expenses	72,923	47,576
Grant from the Government of The Bahamas	125,000	156,900
Interest	-	-
Total	<u>507,989</u>	<u>759,489</u>

During the prior year, the Home was the beneficiary of an anonymous donation in the amount of \$235,300, along with a donation from a charitable foundation of \$50,000. Further, a portion of the Grant from the Government of The Bahamas represented the collection of amounts not paid for the year ended 31 October 2016 and prior. Excluding these particular items, the overall income from traditional sources of the Home increased in the current year. However, the financial performance of the Home for the current year resulted in a net deficit of \$176,726 (2017: net surplus of \$127,748).

Net profit from the raffle, which was held in the beginning of November 2018 but included in amounts for the current year, requires some reallocation from donations from the public in the current and prior years, as certain persons donate funds to the Home as opposed to purchasing tickets. As has been consistent for a number of years, only approximately 30% (2017: 30%) of the annual operating costs of the Home are funded by annual sustainable sources of income, represented by the Grant from the Government of The Bahamas and the annual raffle. Accordingly, the Home remains and will continue to remain significantly dependent on the generosity of the public (individuals and corporations) to fund the majority of its operating costs.

The sobering reality is that the Home is faced with the impacts of ebbs and flows of the economy of the Commonwealth of The Bahamas, along with the ever increasing number of charitable organisations and activities, including other homes for children, which are largely funded by the Government of The Bahamas. The Board of Directors will continue to impress upon the Government of The Bahamas that the social benefits provided by the Home warrant funding comparable with that provided to other homes for children, and dispel the myth that the Home is funded by mainstay wealthy benefactors. As with other charitable organisations, the Home is perceived as constantly soliciting funding from the general public, and the objective is to change the narrative to demonstrate that as our brother's keeper, it is necessary to provide the disadvantaged children within our society with a decent standard of living and this requires funding. The Home requires identification of sustainable sources of funding over the long term, however, this is a mammoth undertaking that requires the input and support of all friends and family of the Home.

Physical infrastructure

The physical condition of the Home remains of good quality, and there are constant renovation projects carried out each year, generally financially and physically supported by various civic organisations. The replacement of the roof approximately six (6) years ago, along with the refurbishment of the kitchen and laundry approximately two (2) years ago should, with proper maintenance, provide many years of utility. The grounds are enclosed by a substantial wall and are in excellent condition. The Home operates two (2) buses for transportation, which are rapidly aging and requiring larger repairs from time to time; consideration will have to be given to replacing these vehicles in the not too distant future. No major capital expenditure is expected in the foreseeable future for the core infrastructure of the Home.

The Transitional Homes Project

As reported in the prior year, the Home was the beneficiary of grant commitments totaling \$160,000 from a donor, which are specifically to be used in the transitional homes project. The design and costing of the transitional homes have been the focus of the Board of Directors to strike the appropriate balance between functionality, comfort and financial resources. With the aforementioned grant commitments, along with other financial commitments received subsequently, the transitional homes project commenced in 2019. As of 31 May 2019, approximately \$90,000 has been expended on the project and the first structure comprising two (2) one (1) bedroom units is evidence of the funds expended, but more importantly, a beacon of enthusiasm as the Home prepares to assist its children transition into adulthood and all the attendant responsibilities. Certain of the expenditure has been funded by operating cashflows of the Home, which will be replenished upon receipt of grant commitments.

Financial resources

As of 31 October 2018, the Home had cash resources of \$203,646 (2017: \$342,590), which approximated four (4) (2017: six (6)) months of funding for expenses. Financial resources are constantly being monitored, and financial obligations managed, with the objective of continuing to run the Home, balancing funding for specific projects with funding for the operational needs of the Home.

Subsequent events

As of 31 May 2019, the Home had cash resources of approximately \$90,000, which approximates two (2) months of funding for expenses. Income for the first six (6) months of the 2019 approximates \$380,000, bolstered by an additional \$50,000 from the charitable foundation that provided the grant commitment for the transitional homes project. In addition, income includes: donations of \$50,000 to cover the costs of specific programmes being implemented in the Home; and \$30,000 for the transitional homes project that will be deferred to match the capitalisation of costs associated with the transitional homes project.

Expenses, excluding the costs of programmes referred to above that have been specifically funded, continue to run consistent with prior years, resulting in a projected net deficit for the year ending 31 October 2019 in the absence of any extraordinary sources of income. Therefore, efforts to increase donations from the public must be intensified in the coming months.



Gowon N.G. Bowe
Treasurer
Ranfurly Homes for Children

12 June 2019