

## Treasurer's Report for the Year Ended 31 October 2021

### Operating Costs

The operating costs for Ranfurly Homes for Children (the Home) for the year ended 31 October 2021 totalled \$975,900 (2020: 1,185,074), which comprise:

	2021	2020
	\$	\$
Payroll	581,510	718,541
Food and supplies	133,143	111,463
School and tutorial fees	77,805	170,368
Repairs and maintenance	65,757	64,832
Utilities	51,111	43,967
Depreciation	24,158	24,158
Insurance	14,769	18,238
Transportation costs	12,270	13,490
Other	15,377	20,017
	<u>975,900</u>	<u>1,185,074</u>
<b>Total</b>	<b><u>975,900</u></b>	<b><u>1,185,074</u></b>

During the year, the average number of children in the Home returned to the historical average of twenty-five (25), following the significant increase in the average number of children to in excess of forty-three (43) in the prior year, as the Home welcomed children impacted by Hurricane Dorian in Grand Bahama and Abaco. Accordingly, the costs of operating the Home reduced over the prior year, led by payroll costs, the principal costs of the Home.

The requirement for staffing twenty-four (24) hours per day, three hundred and sixty-five (365) days per year, continued during the year with additional requirements as a result of the persistence of the global pandemic, COVID-19, and schools operating in virtual and/or hybrid modes. However, with the departure of the additional children from Grand Bahama and Abaco, the staffing complement of the Home for the year ended 31 October 2021 averaged twenty-two (22) (2020: twenty-eight (28)) persons, including the administrator. In the current and prior year, the Department of Social Services did not supplement the staffing complement.

Compensation levels were consistent with the prior year, with employees possessing higher skill levels being compensated at higher levels. The primary objective of maintaining competitive compensation endures, but this is now alongside the objective of upskilling the resources. Further, during the year the Home incurred non-recurring costs associated with: disengagement of certain staff members; and gratuities for the retiring administrator.

Professionally rostering staff to maximise efficiency and contain costs associated with staffing is necessary to better balance the working hours of our hardworking staff members, and limit excessive overtime.

Total expenses, excluding payroll costs, reverted to levels experienced in the years immediately prior to 31 October 2019, which was year in which the additional children from Grand Bahama and Abaco were welcomed following Hurricane Dorian. It should be noted that certain expenses are not reflective of the total expenditure as donors continued to make varying contributions to operating expenses directly to vendors, particularly food and supplies; donors were not consistently prepared to disclose amounts donated and hence the accurate recognition is challenging. The financial impact of such in-kind donations would be \$Nil, as donations from the public would increase by commensurate amounts.

School and tutorial fees decreased as a result of the departure of the additional children welcomed to the Home following Hurricane Dorian. However, professional counselling remained a necessity, and such costs are included here.

Consistent with prior years, certain capital related projects, including renovations, are reflected in repairs and maintenance; the Home receives specific donations to cover such costs, which are included in donations from the public. Several such projects were undertaken in the prior year to make the Home more accommodating for the increased number of children, and a significant portion of this was donated with the Home not having direct information on amounts expended.

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 financial 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.

Certain petty cash expenses, which are being further analysed, require better allocation; the reallocations will not be material to the categories of expenses above and will be adjusted as necessary in the financial statements subject to some level of assurance. The Board of Directors, through its executive team, continues its exercise of reviewing 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.

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 investments are 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 2021 totalled \$483,830 (2020: \$1,393,390), which comprises:

	2021 \$	2020 \$
Donations from the public	363,830	1,134,688
Donations for Transitional Home	-	9,506
Annual raffle, net of expenses	-	54,596
Grant from the Government of The Bahamas	<u>120,000</u>	<u>195,000</u>
<b>Total</b>	<b><u>483,830</u></b>	<b><u>1,393,390</u></b>

During the prior year, the Home was the beneficiary of extraordinary donations from the public; donations received were in the majority allocated to initiatives of the Home that included all children, and were not specifically restricted to solely expenses of children from Grand Bahama and Abaco, given the Home provided the environment and benefits to all residents. However, as forecasted the vast majority of the extraordinary donations did not recur in the current year.

The Grant from the Government of The Bahamas increased in prior year, however the specific root of the increase was not clearly articulated, and it is assumed that the increase related to the increased expenses associated with the additional children from Grand Bahama and Abaco, as in the absence of the Home, the Government of The Bahamas would have had to bear those costs directly. The Grant from the Government of The Bahamas reverted to levels consistent with the years ended 31 October 2019 and prior.

The Board of Directors continues 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. The value of the Home was portrayed admirably with the welcoming of the children from the islands impacted by Hurricane Dorian, however the contributions from the Government of The Bahamas have not been commensurate to date. There has been a commitment by the Ministry of Social Services to revisit the allocation based on a cost per child consistent with other homes for children funded by the Government of The Bahamas.

The financial performance of the Home for the current year, excluding donations for the Transitional Home, resulted in a net deficit of \$492,070 (2020: net surplus of \$198,810). This was the direct result of donations from the public tapering significantly following the resumption of normal operations by the end of the year ended 31 October 2020, with the additional costs associated with the additional children not able to be rationalised as rapidly following the return of the additional children to their respective islands. The net deficit in the current year exhausted net surpluses recognised in the two (2) prior years.

Due to the global pandemic, and the focus on operations of the Home, a raffle was not executed during the current year. As disclosed previously, net profit from the raffle in the prior year requires some reallocations with donations from the public, as certain persons donate funds to the Home as opposed to purchasing tickets; the financial impact of reallocation is \$Nil.

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, which represent less than 30.00% in normal years. 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. This is evident in the significant deterioration in financial performance for the year ended 31 October 2021.

The financial performance of the Home is directly correlated with 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. 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 several renovation and upgrade projects were carried out in the prior year, generally financially and physically supported by various civic organisations as in the past. The replacement of the roof approximately nine (9) years ago, along with the refurbishment of the kitchen and laundry approximately five (5) years ago should, with proper maintenance, provide many years of utility; however, increased maintenance costs are expected. The grounds are enclosed by a substantial wall and are in excellent condition. During the year, the Home disposed of its two (2) buses for transportation, which were requiring larger repairs more frequently. Fortuitously, donors made contributions to acquire new buses.

The projects undertaken while housing the additional children from Grand Bahama and Abaco, which were largely funded by donors to support the expansion of the capacity of the Home to accommodate the elevated number of children, were carefully managed to ensure that the core infrastructure of the Home was not compromised for temporary benefit and led to enhancements to the Home for future years.

No significant capital expenditure is expected in the foreseeable future.

### **The Transitional Homes Project**

The donations in relation to the Transitional Home initiative were used in prior years to complete the first structure comprising two (2) one (1) bedroom units.

Due to the commitments associated with the additional children following Hurricane Dorian and the onset of the global pandemic, the ability to extend the project were hampered due to redirecting of financial donations and the attention of the Board of Directors.

However, the structure as a beacon of enthusiasm should not be understated, as the Home prepares to assist its children transition into adulthood and all the attendant responsibilities, and more importantly evidences the investment made by significant donors. As of 31 October 2021, circa \$84,000 remains from donations specific to the Transitional Home and are therefore restricted from use in the operation of the Home.

### **Financial resources**

As of 31 October 2021, the Home had cash resources of \$262,849 (2020: \$708,498), which based on the monthly expenditures experienced in the first quarter of the year ending 31 October 2022 represented approximately three (3) (2020: seven (7)) 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 2022, the Home had cash resources of approximately \$549,000, of which \$84,000 represents funds restricted to use in the Transitional Home initiative and circa \$20,000 represents funds directed under other initiatives; unrestricted cash resources totalled circa \$445,000 that approximates seven (7) months of funding for expenses, based on current monthly outlay. Income for the seven (7) months to 31 May 2022 approximates \$706,000, which is the direct result of two (2) significant donations comprising: \$359,000 from the estate of a deceased; and \$70,000 from the corporate donor that donated the new large bus during the year. Further, the Grant from the Government of The Bahamas totalled \$60,000.

Expenses, excluding the costs of programmes that have been specifically funded, totalled approximately \$420,000 for the seven (7) months to 31 May 2022, which has led to a net surplus of circa \$286,000.



**Gowon N.G. Bowe**  
**Treasurer**  
**Ranfurly Homes for Children**

**8 June 2022**