



## Treasurer's Report for the Year Ended 31 October 2022

### Operating Costs

The operating costs for Ranfurly Homes for Children (the Home) for the year ended 31 October 2022 totalled \$812,979 (2021: \$975,900), which comprise:

	2022 \$	2021 \$
Payroll	494,860	581,510
Food and supplies	100,916	133,143
School and tutorial fees	67,907	77,805
Repairs and maintenance	50,779	65,757
Utilities	42,578	51,111
Depreciation	24,158	24,158
Insurance	13,858	14,769
Transportation costs	10,200	12,270
Other	7,723	15,377
<b>Total</b>	<b>812,979</b>	<b>975,900</b>

During the year, the average number of children in the Home remained at the historical average of twenty-five (25). The principal costs of operating the Home continue to be payroll costs, as staffing is required twenty-four (24) hours per day, three hundred and sixty-five (365) days per year, with elevated requirements as the change in operations due to the global pandemic, COVID-19, persisted in the form of schools operating in virtual and/or hybrid modes for periods during the year.

The Home had an average staffing complement of twenty (20) (2021: twenty-two (22)) 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. Professionally rostering staff to maximise efficiency and contain costs associated with staffing continues to be essential in balancing the working hours of our hardworking staff members and limiting excessive overtime. Maintaining appropriate compensation based on skill levels and upskilling the existing resources are the primary objectives of the Home.



The prior year recorded non-recurring costs associated with: disengagement of certain staff members; and gratuities for the retiring administrator.

Total expenses, excluding payroll costs, decreased by approximately 19.00% over the prior year, and are now consistent with the levels experienced in the years immediately prior to the extraordinary activities following Hurricane Dorian. It should be noted that certain expenses are not reflective of the total expenditure as donors continue to make varying contributions to operating expenses directly to vendors; in the absence of full disclosure by donors, the accurate recognition of such in-kind donations is not practicable. However, the financial impact of such in-kind donations is \$Nil, as donations from the public would increase by commensurate amounts.

School and tutorial fees decreased consistent with other expenses, as a result of the ending of the extraordinary activities related to Hurricane Dorian. However, professional counselling is becoming a more significant necessity, and such costs are included here. The Sponsor-A-Child initiative contributed to specific donations, which are included in donations from the public, that assist the Home in meeting these costs.

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. The expenditure in relation to the Transitional Home, which totalled approximately \$143,000 is not included in the operating costs, however donations specific to this initiative are reported below; the expenditure to date was funded by donations in the current year and residual balances from donations in prior years.

For the purposes of financial statements prepared in accordance with International Financial Reporting Standards (IFRS), 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 prepared in accordance with IFRS. 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.

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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 2022 totalled \$974,574 (2021: \$483,830), which comprises:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Donations from the public	789,654	363,830
Donations for Transitional Home	59,670	-
Annual raffle, net of expenses	-	-
Grant from the Government of The Bahamas	<u>125,250</u>	<u>120,000</u>
<b>Total</b>	<b><u>974,574</u></b>	<b><u>483,830</u></b>

During the year, the Home was the beneficiary of a significant donation of \$359,000 from the estate of a deceased, along with significant donations from the same corporate donor that donated a large bus in the prior year. Excluding these extraordinary donations, the donations from the public were consistent with the prior year.

The Grant from the Government of The Bahamas was relatively consistent with the prior year. 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 through the extraordinary activities associated with recovery efforts following Hurricane Dorian, and during the global pandemic. 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, however, the grants have not been increased to date.



The financial performance of the Home for the current year, excluding donations for the Transitional Home, resulted in a net surplus of \$101,925 (2021: net deficit of \$492,070). This was the direct result of significant donations from two (2) donors, combined with contracting costs as the Home returned to the traditional average number of children. However, the financial performance does not provide sufficient coverage for future operations of the Home.

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, which represents less than 25.00% 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 net deficit in the prior year, and modest net surplus in the current year.

The Home requires the identification of sustainable sources of funding over the long term, which is a mammoth undertaking that requires the input and support of all friends and family of the Home. Soberly, 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. The perception that the Home, consistent with other charitable organisations, is constantly soliciting funding from the general public, makes fundraising a significant challenge, 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.

### **Physical infrastructure**

The physical condition of the Home remains of good quality, and several renovation and upgrade projects were carried out in recent years, generally financially and physically supported by various civic organisations. The replacement of the roof approximately ten (10) years ago, along with the refurbishment of the kitchen and laundry approximately six (6) years ago should, with proper maintenance, provide several more years of utility; however, increased maintenance costs are expected. The grounds are enclosed by a substantial wall and are in excellent condition. During the prior year, the Home disposed of its two (2) buses for transportation and acquired new buses thanks to generous corporate donors.

The projects undertaken while housing the additional children following Hurricane Dorian, 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

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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 residual balance from donations in prior years in relation to the Transitional Home initiative that were utilised to complete the first structure, were deployed to commence the second structure comprising four (4) one (1) bedroom units.

The ending of the extraordinary activities of the past two (2) years has enabled the Board of Directors to consider resuming the Transitional Home initiative, with the first completed structure continuing to serve as a beacon of enthusiasm, as the Home assisted certain children in transitioning into adulthood and all the attendant responsibilities, and more importantly evidenced the investment made by significant donors. As of 31 October 2022, no funds remain from previous donations specific to the Transitional Home. Further, based on the financial obligations associated with the construction of the second structure, subsequent to 31 October 2022, the Home agreed to a loan of \$225,000 from an anonymous lender, with payment terms that are designed to facilitate the completion of the second structure, and repayment over a more reasonable timeframe. The loan does not bear interest.

### **Financial resources**

As of 31 October 2022, the Home had cash resources of \$305,966 (2021: \$262,849), which based on the monthly expenditures experienced in the first quarter of the year ending 31 October 2023 represented approximately four (4) (2021: three (3)) 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.

Further, the affiliated entity Ranfurly Homes for Children Inc. (501(c)(3)), which is a registered non-profit organisation in the United States of America has accumulated cash resources of \$180,088, which will be contributed to the Home for its operating expenses. The 501(c)(3) was established for the benefit of the Home, and during the year was more aggressively promoted and successfully raised contributions from the public previously disclosed. These resources represented approximately three (3) months of funding for expenses.

### **Subsequent events**

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As of 31 May 2023, the Home had cash resources of \$228,913, of which \$119,000 represents funds restricted to use in the Transitional Home initiative; unrestricted cash resources totalled circa \$110,000 that approximates two (2) months of funding for expenses, based on current monthly outlay.

Further, the 501(c)(3) had cash resources of \$196,252, which represented approximately three (3) months of funding for expenses.

Income for the seven (7) months to 31 May 2023 approximates \$411,000, comprising the Grant from the Government of The Bahamas of \$7,500 and donations for the Transitional Home totalled \$119,000. An additional remittance of \$57,500 was received as a Grant from the Government of The Bahamas in June 2023.

Expenses, excluding the expenditure for the Transitional Home, totalled approximately \$490,000 for the seven (7) months to 31 May 2023, which has led to a net deficit of circa \$79,000.

Expenditure for the Transitional Home for the seven (7) months to 31 May 2023 totalled \$223,096, which was funded by a loan from an anonymous lender of \$225,000.

Gowon N.G. Bowe  
Treasurer  
Ranfurly Homes for Children

14 June 2023