

Treasurer's Report for the Year Ended 31 October 2017

Operating Costs

The operating costs for Ranfurly Homes for Children (the Home) for the year ended 31 October 2017 totaled \$631,741 (2016: \$615,772), which comprise:

	2017	2016
	\$	\$
Payroll	275,025	277,620
Food and supplies	139,821	110,338
School and tutorial fees	66,023	61,897
Repairs and maintenance	39,097	38,561
Utilities	31,708	36,457
Depreciation	29,566	47,439
Transportation costs	27,243	17,939
Insurance	9,863	11,605
Other	13,395	13,916
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Total	<u>631,741</u>	<u>615,772</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) (2016: ten (10)) persons including the administrator, which is supplemented by a staffing complement of three (3) (2016: three (3)) persons provided and compensated by the Department of Social Services. Compensation levels are competitive for the minimum acceptable quality of staff required, however they are not overly generous. The compensation levels are under regular review to ensure that we provide adequate remuneration for the very important roles for which our hardworking staff are tasked.

The expenses, excluding payroll costs, increased by five percent (5%) over the prior year. There were no anomalous increases during the year, and the increases in food and supplies and transportation costs are partly due to possible misallocation of petty cash expenses, which are being further analysed and will be adjusted as necessary in the audited financial statements. However, there are increased food and other supplies as the number of children under the care of the Home has fluctuated and the overall cost of items continue to rise with inflation experienced in the Commonwealth of The Bahamas.

The majority of the costs are fixed for the running of the Home, with the exception of school and tutorial fees, which are costs consciously 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.

Funding the operating costs

Total income received by the Home for the year ended 31 October 2017 totaled \$759,489 (2016: \$391,308), which comprises:

	2017	2016
	\$	\$
Donations from the public	555,013	192,828
Annual raffle, net of expenses	47,576	119,891
Grant from the Government of The Bahamas	156,900	75,600
Interest	-	2,989
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Total	<u>759,489</u>	<u>391,308</u>

During the 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 represents the collection of amounts not paid in prior years. Excluding these particular items, the overall income of the Home remained relatively constant compared with the prior year.

Net profit from the raffle does not represent the full proceeds from the activity, as certain persons donate funds as opposed to purchasing tickets, which is estimated at \$20,000 and will be reallocated in the annual audited financial statements following the completed analyses. Factoring in the reallocations, only approximately 30% (2016: 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 is significantly dependent on the generosity of the public (individuals and corporations) to fund the majority of its operating costs, which requires the Home to compete with other charities, including other homes for children, which are largely funded by the Government of The Bahamas. This puts the Home at a disadvantage, but this reality is generally an unknown fact. Unfortunately, the Home battles a perception that it is constantly soliciting funding from the general public, and while this is indeed the case, it is necessary to provide our children with a decent standard of living. The long term funding model of the Home requires identification of sustainable sources of funding, which is certainly easier said than done.

Physical infrastructure

The physical condition of the Home remains good, with various renovation projects carried out by various civic organisations during the year. The roof was replaced approximately five (5) years ago, with the kitchen and laundry being completely refurbished in the last financial year; these should provide many years of utility if properly maintained. The grounds have been enclosed by a substantial wall and are in excellent condition. The Home operates two (2) buses in good condition for transportation, with periodic larger repairs being necessary from time to time. No major capital expenditure is expected in the foreseeable future for the core infrastructure of the Home.

Financial resources

As of 31 October 2017, the Home had cash resources of \$342,590 (2016: \$186,226), which approximated five (5) to six (6) months funding for expenses. However, the Board of Directors are desirous of steadily replacing funds of approximately \$170,000, which had been donated in prior years for the construction of transitional homes but were required to be utilised in the prior year due to significantly reduced funding from other sources. Current financial resources are being monitored, along with the intake of continuing donations from the public, and funds will be redirected to the restricted accounts for the purposes of the transitional homes project, as and when finances stabilise.

During the year, the Home was the beneficiary of grant commitments totaling \$160,000 from the donor of the \$50,000 noted earlier, 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 commitment, which is to be provided in two (2) tranches over the next two (2) years (but can be accelerated if the project requires), commencement of the transitional homes project will shortly be a reality.

Subsequent events

As of 18 May 2018, the Home had cash resources of approximately \$250,000, which approximates five (5) months funding for expenses. Income for the first six (6) months of the current year are tracking the levels of year ended 31 October 2016, with expenses continuing to run consistently, which would indicate a deficit for the current year in the absence of any extraordinary sources of income. Therefore, the Home has to continue to all efforts to increase donations from the public.



Gowon N.G. Bowe
Treasurer
Ranfurly Homes for Children

13 June 2018