

*“People give me money to help people. That’s what I do.  
The more money I get, the more people I help.”  
(Father Ray, 1993)*

## Financial Commentary 2012

### Introduction



Our work continues to be inspired by the vision of our founder, Father Ray Brennan. We have decided to begin publishing our financial statements so that our supporters can see how seriously we take our financial responsibilities and that your money is spent as you expect, according to the principles laid down by Father Ray.

In the interests of accountability and transparency, we are pleased to give our supporters more information on the financial performance of the charity in 2011, and in comparison with recent years.

A full set of professionally audited Accounts are produced each year, and this commentary is based on the 2011 Accounts, audited by Grant Thornton Thailand (Auditors) in May 2012. The full Accounts are complex, based on the organization structure set out in the next paragraph, and are not presented here. They are however, available on application to [info@fr-ray.org](mailto:info@fr-ray.org)

In accounting terms, Father Ray Foundation is divided into two main parts. These are firstly, the Charitable Foundation (Father Ray Foundation), and secondly, its Projects (e.g. Father Ray Children’s Village) which provide the direct services to our children and disabled students. By and large, the Charitable Foundation receives money from various sources, which is then spent by the Projects who are looking after our children. The Projects also receive additional income direct e.g. Government support for some education costs, as well as a small proportion of donation income given directly to the Projects.

In 2009 and 2010, Father Ray Foundation and its Projects incurred modest losses at a time when the Foundation was seeking to develop a number of new services for the ever increasing demand placed on us. In response to the needs of the poor families in the Pattaya area, we had opened over the past four years the Father Ray Children’s Village, the Father Ray Day Care Service, as well as expanding the activities managed by the Redemptorist Foundation for People with Disabilities. The number of children directly under our care and protection had risen from around 650 in 2008, to over 850 by 2010. Feeding those extra mouths every day is a big challenge, which in financial terms has taken time to adjust to. The losses in 2009 and 2010 impacted on our limited reserves, but could not be sustained indefinitely. We have also had to contend with economic recession in the West, making fundraising in the Europe and North America more difficult.

The result was that for 2011, two significant decisions were taken. Firstly, there would be a review of organization-wide expenditure, with a view to making reductions in areas that would not impact

directly on our children; that is reductions in administration and related activities. Broadly this resulted in a saving in total expenditure approaching 15% compared to 2010.

Alongside this, it was decided for 2011 and 2012 to commence no significant new services (“capital/projects”), other than the on-going implementation of the new Vocational School for Disabled Students in Nongkhai for which fundraising was under way, with a view to fulfilling the commitments we had made to building the School in 2012 and 2013.

### **Income in 2011**

In 2011, Father Ray Foundation and its projects received approximately **153 million Thai Baht** (equivalent to \$5.1M US, or 4M Euros, or £ 3.2M GB). Of this, about **108M Baht** was donation income; just over **21M Baht** from the Thai Government and about **24M Baht** from other sources, including from individuals and groups paying to stay at the Redemptorist Center on site here in Pattaya.

However, within the total donation income was about **18M Baht** restricted for the building of the new Nongkhai School, and therefore not available for general expenditure. The income available, therefore for meeting the needs of our children and disabled students in Pattaya reduced to around 135M Thai Baht (equivalent to \$ 4.5M US, 3.6M Euros, or £2.8M GB).

Thus **90M baht** out of **135M Baht** available for supporting children **67%** come from our friends and supporters, without which we could not survive.

Donation Income of **108M Thai Baht** (including donations for the new Nongkhai School) was made up of gifts large and small, from just a few Baht to the large sums received from organizations around the world, set up specifically to support poor children in Thailand. We can only carry-on thanks to the major gifts we receive from charities such as Thai Children’s Trust in the UK, and Les Amis de l’Orphelinat de Pattaya in France, as well as other country groups (e.g. Denmark) and Trusts and Foundations around the world; but above all else, from the generosity of individuals everywhere who have seen for themselves the work we do. We say thank you to all the organizations and individuals who make our work possible.

We endeavor to ensure that your donations go directly to our young people, but we have to support our fundraising with professional help. Nonetheless the cost of fundraising in 2011 was under **6M Thai Baht**, representing a cost ratio of just over **5%**, which compares very favorably with typical costs for fundraising in Western countries.



## Previous Years

In comparison with previous years, our total income of **153M baht**, compared to **113M Baht** in 2010, and **125M baht** in 2009. After excluding the **18M Baht** for the Nongkhai School received in 2011, income was up over **19%** on 2010, and over **7%** on 2009, which in the current economic climate is an exceptional achievement.

## Expenditure

In 2011, we spent just over **132M Thai Baht**, caring for the 850 children and disabled students entrusted to us. Excluding the Nongkhai School income, referred to above, we received **135M Baht**, leaving a small operating surplus of around **3M Baht**, under **3%** of turnover.

**40%** of expenditure is incurred in staff costs. Nearly 250 people are employed to look after our children, and provide specialist support; the majority are employed in the frontline caring services for our children and aided by a team of volunteers from around the world who bring expertise in areas like teaching English to our disabled students.

Just under **20%** of expenditure goes on food, although this is supplemented by the increased quantities we now grow ourselves on our farm, enabling us to save money on buying food. We do however have to buy much food from outside markets, such as rice, which has increased considerably in cost in the last 2-3 years. Our Central Purchasing Unit makes substantial savings by buying for all our projects, as well as providing filtered water for all our children from our own filtration system (donated by one of our benefactors). Every penny is spent wisely to ensure our children get the best we can give, but every kilo of rice you provide makes the task a little more achievable.



## Previous Years

By reviewing all our expenditure, and postponing investment on new and additional services, we reduced spending by **23M baht** compared to 2010, and by **18M Baht** compared to 2009. In both the previous years we have incurred losses, but in 2011 we achieved the small surplus referred to

earlier. Expenditure reduction was at times painful, not least when we were forced to ask everyone to share in the burden with some salary and wage reductions in order to balance the books.

## **Conclusion**

By careful management, we maintain Father Ray Foundation on a steady course, but partly because of recession in the West, and weak Western currencies buying less Thai Baht, growth plans have had to be put on hold in 2011 and 2012. There are many more children we would help if we had the funds. Income from Europe and North America has been affected, while Thai income has remained more buoyant, and so we have managed to continue to support the 850 children and disabled students we have had in our care since 2009.

We manage our affairs in a prudent manner, but we can only feed our children if your support continues. Please help us to maintain the work Father Ray Brennan began, and which we now carry on in his name, to ensure **“We never turn a needy child away”**.