



Open Arms Home for Children South Africa

2007 Annual Report



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Board of Directors for the 2007 and 2008 Term

Bob Solis, President, Litchfield Park, AZ
Ted Freese, Treasurer, Minneapolis, MN
Mark Peterson, Secretary, Scottsdale, AZ
Sallie Solis, Litchfield Park, AZ
Dave Horan, Minneapolis, MN
Jeff Towery, Boise, ID
Dave Nelson, Sarasota, FL
Tim Chervenak, Spokane, WA

Key Staff

Ms. Lana Liable, Executive Director

Mission Statement

To provide a loving residential environment that serves the emotional, physical and developmental needs of children orphaned by the AIDS pandemic in the Eastern Cape of South Africa.

Our Core Values

- ✚ We create a safe, welcoming, home-like environment for children
- ✚ We instill feelings of self-worth and values in a spirit of compassion
- ✚ We respect the rights of children
- ✚ We focus on the best interests of each child
- ✚ We treat all people with respect
- ✚ We maintain integrity by operating honestly and ethically in everything we do
- ✚ We always believe that we can make a difference
- ✚ We offer hope to the children and families we serve

Our Diversity Statement

Open Arms Home for Children is committed to valuing the uniqueness of all peoples. The Home works to provide a residential and work environment where the lives and feelings of everyone are appreciated and valued. We call this diversity. It means that we value the presence of people of various strengths and backgrounds including but not limited to economic status, ethnicity, gender, physical abilities, political beliefs, racial heritage, religious conviction and social class.

Because of this belief in action, our commitment is to provide a residential and work environment in which children and adults can realize their full potential. Without this realization, Open Arms Home for Children cannot be successful. Our mission is to be a shining example of inclusion and diversity to the community in which we are privileged to operate.

President's Report

The year 2007 has been a year of tremendous growth for Open Arms Home for Children. We began the year with seven children at Open Arms and finished the year with 24 children in our care. There is no truer statistical measure of the growth of our ministry than the number of children we are privileged to serve. In that regard, 2007 was a very successful year. Nevertheless, we know there is need for additional growth in 2008 and beyond to meet the need for residential services to AIDS orphans in South Africa.

During the course of 2007, a number of additional achievements were realized, including:

- ✦ The hiring of Lana Liable as our permanent Executive Director in South Africa. She began on June 1 and immediately proved capable and resourceful. Lana came to us from International Big Brothers/Big Sisters where she was an international program coordinator and also had developed the program in South Africa.
- ✦ We expanded our staff from four house mothers to ten and implemented a new 12 hour shift schedule with an off-site rental property for their use
- ✦ Thanks to a generous donor, we received a new 14 passenger Toyota Quantum van to get our children to their schools and appointments
- ✦ We built a new onsite crèche that can accommodate 35 children in our own pre-school facility
- ✦ We renovated our three bedroom cottage and the boys moved into it in July
- ✦ We completed a volunteer apartment and an office for our Executive Director
- ✦ We began the construction of mile long pipe that will allow us to receive municipal water to ensure our long term needs
- ✦ We successfully met our fundraising goals
- ✦ We expanded our active donors from 107 entities to more than 250
- ✦ We successfully provided employees with unemployment compensation in South Africa in addition to providing direct deposit payroll services
- ✦ We welcomed 2 long-term volunteers from America

These achievements would not have been possible without the generous support of donors in both the United States and South Africa. So many people have stepped forward to make Open Arms Home a place of refuge for our children. We are grateful beyond words for this generous support and look forward to expanding our services to children in need in 2008 and beyond.

Overview

Open Arms Home for Children is a residential facility dedicated to serving the needs of children orphaned by the AIDS pandemic in the Eastern Cape. The Home is a licensed Section 21 company and also has legal, non-profit status in South Africa and the United States.

Open Arms Home for Children was founded by Bob and Sallie Solis of Phoenix, Arizona. Following their lifelong dream to open a home for children in need, Bob and Sallie committed their life savings in August of 2005 to purchase a 70-acre hilltop property in Komga in the Eastern Cape Province. The Home currently features three residences; a five bedroom home, a two bedroom cottage and a one bedroom cottage.

The goal of Open Arms Home for Children is to raise each child in a family environment with five to six "siblings" under the nurturing care of a housemother where they can thrive

and grow to become future leaders in the community. Future plans include the construction of additional cottages to expand the number of children we serve.

The Need

The need for Open Arms Home for Children is supported by the following statistics:

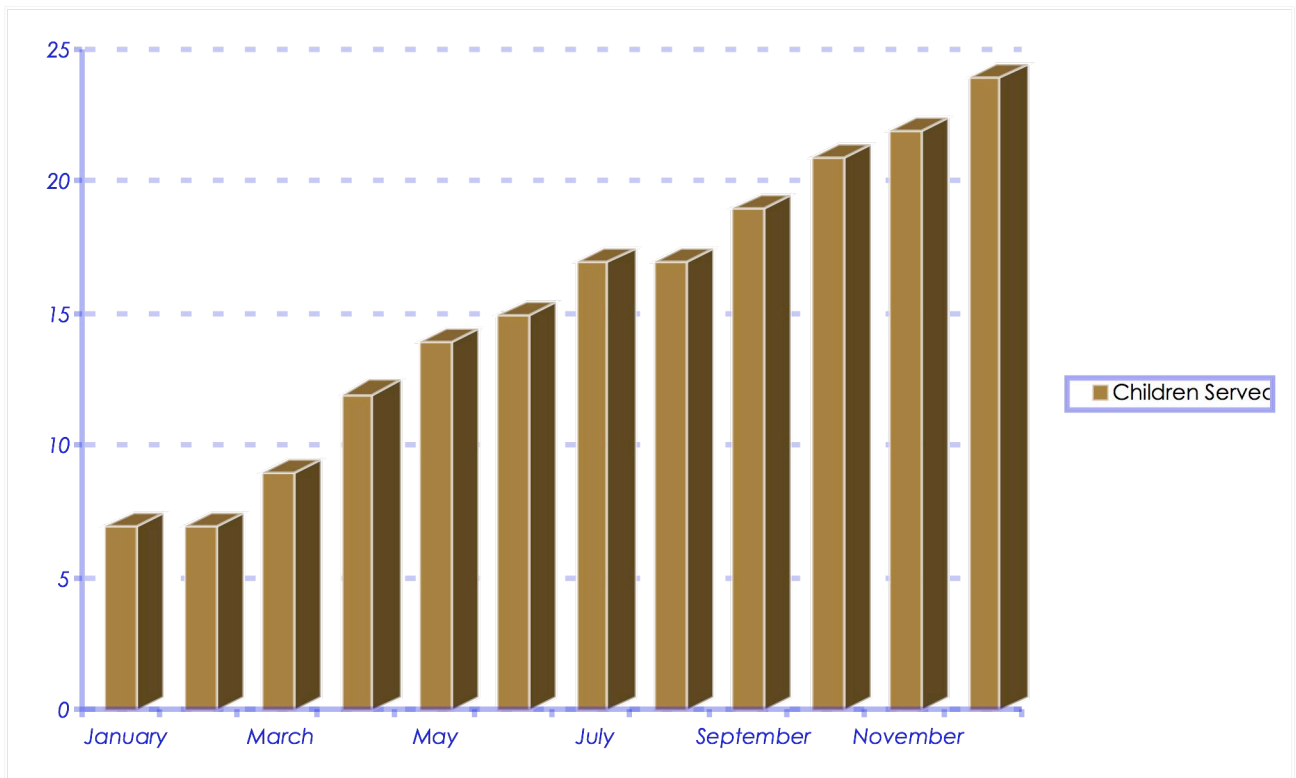
- ✚ On average, 600 people die from AIDS each day in South Africa
- ✚ South Africa has one of the highest HIV rates in the world
- ✚ The HIV prevalence rate among pregnant women is currently estimated at 27% nationally
- ✚ 250 babies are born HIV positive each day in South Africa

In wake of these statistics, there will be thousands of orphaned children in the years to come in our service area. The need is there, and unfortunately, grows every day.

Program Report

Open Arms Home for Children is serving a growing and vital need in the Eastern Cape of South Africa. Currently, the six children's homes in neighboring East London are at capacity. As a result, the development of Open Arms Home has met a vital need in the community as it has allowed the placement of seven children at our facility. This number is sure to grow in 2008.

During 2007, Open Arms served the following number of children:



Organizational Capacity

Open Arms Home for Children continues to address four key areas of organizational capacity:

- ✚ Serving more children
- ✚ Building infrastructure
- ✚ Organizational leadership
- ✚ Resource development

1. *Serving More Children*

With more than 70 acres, Open Arms Home for Children has plenty of room for additional construction and expansion of our services to children. With planned renovations to existing cottages in the months ahead, we will be able to expand our services to serve 30 children. After those renovations, we will seek to expand our staffing and build additional cottages as resources permit. Our goal is to serve 30 children by mid 2008 and double that number by the end of 2009. This is an ambitious goal but one that our Board is fully committed to achieving.

2. *Building Infrastructure*

The ability of Open Arms Home for Children to expand services to children in need is dependent on our ability to grow and develop our physical infrastructure. To that end, plans are in place to make the following physical improvements to the Home in 2008:

- ✚ Finish the renovation of our rondeval cottage which will bring capacity to 30 children.
- ✚ Renovate our large barn to make it a garage for 3 large vehicles as well as to provide a safe storage area for supplies for the Home.
- ✚ Complete the installation of our municipal water supply from Komga allowing for future growth
- ✚ Begin planning the construction of 4 additional cottages in 2008 which will house an additional 32 children by mid 2009.
- ✚ Create a new entrance to our property and pave our existing dirt driveway
- ✚ Acquire a used four-door pickup truck which we need daily

We are fully committed to achieving these goals in 2008.

3. *Organizational Leadership*

With the growth of our ministry to children, we are pleased to have the services of Ms. Lana Liable as our Executive Director. Our biggest need currently is to hire a full-time professional pre-school teacher to educate our children before they go to first grade. Currently, we have a person in this capacity, but we are looking for a fully licensed person to upgrade abilities in this area.

4. *Resource Development*

Open Arms Home is wholly dependent on the generosity of individuals, corporations and foundations for its support. At this time, Open Arms receives no government funding of any kind. We are committed to the continued development of our fundraising operation as it will serve as the lifeblood of our organization's sustainability.

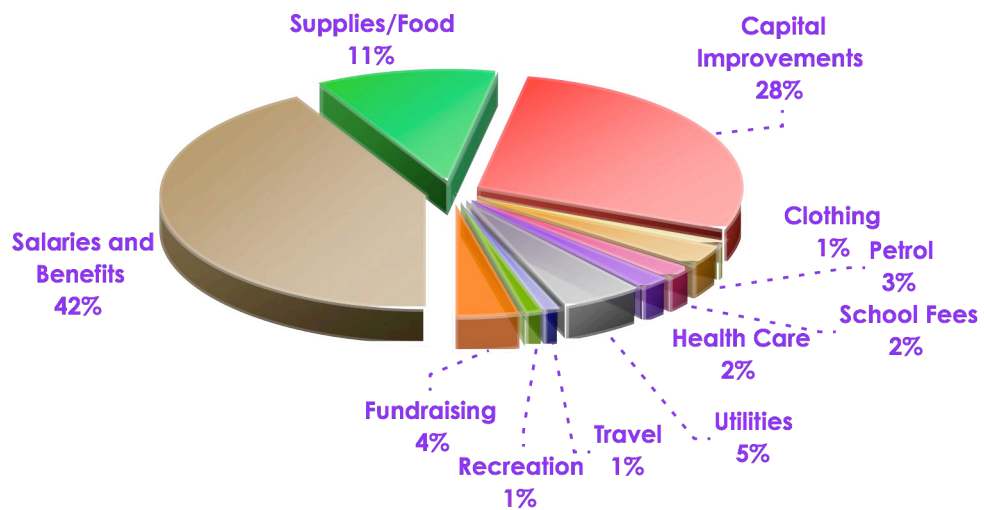
As a result of these efforts, Open Arms Home for Children raised 1.65 million rand, or \$277,905 in 2007. These funds carried the operating expenses of the Home for 2007 and we ended the year with a fund balance of 539,000 rand (\$77,000). Many of these funds are earmarked for capital improvements in 2008.



Operating expenses in 2007 were as follows (at a 7-1 exchange rate for the rand/dollar):

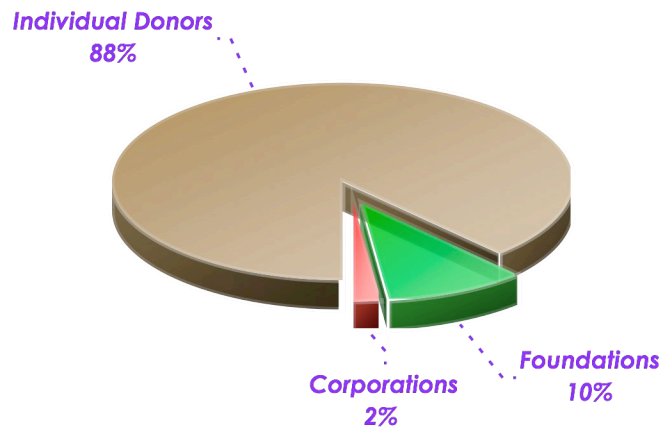
- Salaries and benefits: 569,800 rand (\$81,400)
 - Supplies/food: 142,800 rand (\$20,400)
 - Capital Improvements (include renovations, vehicles): 378,000 rand (\$54,000)
 - Clothing/shoes: 7,000 rand (\$1,000)
 - Petrol: 35,700 rand (\$5,100)
 - School fees: 46,200 rand (\$3,850)
 - Health care: 43,200 rand (\$3,600)
 - Utilities/phone: 118,800 rand (\$9,900)
 - Travel: 5,600 rand (\$800)
 - Recreation/entertainment: 8,000 rand (\$1,200)
 - Fundraising expenses: 86,400 rand (\$7,200)
- Total expenses: 1,319,150 rand (\$188,450)

Expenses

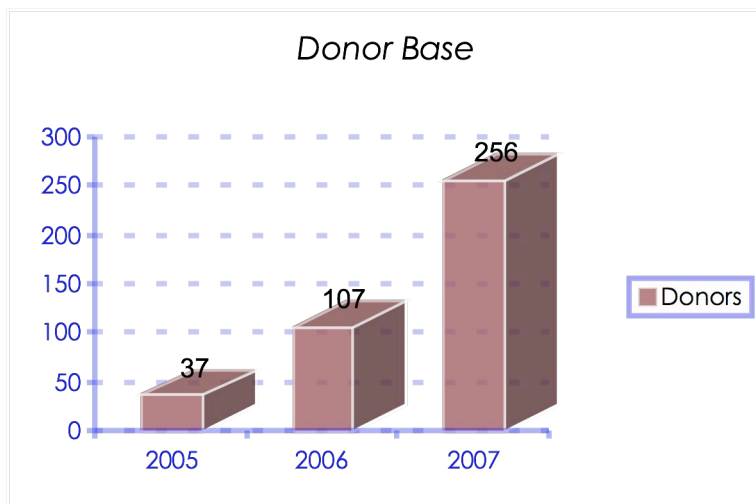


Our sources of funding in 2007, a total of \$277,905 (1,945,335 rand) are presented as follows.

Sources of Funding



Donor Base



Outlook for 2008

As we begin 2008, the Board of Directors and staff of Open Arms Home for Children are fully committed to providing the services that meet the needs of children in our care. While we are pleased with the great growth in our ministry in 2007, we are committed to growth well beyond our current scope. The need for loving and nurturing care for children orphaned by the AIDS pandemic continues to grow exponentially and we know we must grow in order to meet this need.

We remain more committed than ever to our biblical motto: "Whoever welcomes one child such as this in my name, welcomes me" (Mark 9:37). Our work is important to those we serve and we look forward to continued progress in 2008 and beyond.