



Board Treasurer's Statement about Safe Passage's Four-Star Rating from Charity Navigator (Spring 2012)

Safe Passage feels fortunate to receive Charity Navigator's four-star rating for efficient use of funds, sound financial management, and transparency. We recognize that many individuals refer to ratings like this as an overview of a non-profit organization's fiscal health and program effectiveness, and we know our current donors may review our rating to confirm their confidence in Safe Passage. However, since even the most thorough rating system can only provide a snapshot of an organization, this is an opportunity to fill in some of the details about how the Safe Passage Board and senior staff approach decisions about fundraising, administrative, and program costs.

Most non-profits have a revenue stream that includes participant fees, program revenues, and government grants; in some cases, charitable gifts account for less than 50% of total revenues. In contrast, Safe Passage depends on charitable gifts for *nearly 100% of our operating income*. This need to raise our operating budget each year from charitable gifts presents a significant challenge to our small fundraising staff, our many volunteers, and to our goal of keeping fundraising expenses low. It also provides us with many wonderful opportunities to engage our supporters and reinforce how vital their commitment is to the work of our students.

Managing our administrative costs is also a challenge as we operate in two very different settings. For example, Guatemala is primarily a cash-based economy, and we are scrupulous about oversight measures that will ensure proper handling of funds and of gifts-in-kind. We also perform two financial audits each fiscal year. One is performed by a Guatemalan accounting firm to ensure we are in compliance with Guatemalan law, and a second, fully comprehensive audit is undertaken by a US accounting firm and reviews not only our US-based financial activity, but the entire organization's financial practices. We believe our donors and our students deserve these administrative safeguards, and we believe the long-term financial health of the organization demands it.

Finally, and most importantly, Safe Passage takes a long-term perspective toward our program. Our goal is to ensure that the most marginalized children of Guatemala receive an education that will enable them to make *transformational changes* in their lives. Transformational education cannot be achieved over a short period, but rather takes years to build, as children layer skill upon skill in the context of their family and their community. This long-term, mission-centered view is critical to how we understand our responsibilities with respect to our program and our resources.

At Safe Passage, *our focus is on responsible stewardship of resources for both immediate impact and for long-term change*, rather than on simple program expansion. Several years ago, our Board created a zero-based budget to ensure that every program at Safe Passage was making a critical contribution to our mission. This process resulted in the closure of several services – so, *negative* program growth but, from our perspective, a *positive* shift in aligning resources with our core mission. Our staff and the volunteers on our Finance Committee and Board of Directors work diligently to ensure Safe Passage makes the best use of our resources. This targeted impact does not always correlate to spending growth or contraction, but it certainly infuses every decision we make.

We are gratified by our four-star rating and, even more, by the attention it brings to the children of the Guatemala City garbage dump community and their efforts to break the cycle of poverty. However, the true measure of how we are doing can be seen in the faces of our students and in the loyalty of our supporters. We value transparency, we value the generosity and the trust of our donors, and, most of all, we value the long-term success of our programs and their ability to make a difference in so many lives.

John Gundersdorf
Treasurer, Board of Directors