

**F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM**

**DATE:** April 6, 2023

**REQUEST DATE:** February 28, 2023

**Last grant acknowledgment:** Yes

**Program Area:** Human Services

**APPLICANT:**

Caring House, Inc.  
2625 Pickett Road  
Durham, NC 27705

**CONTACT:** Ms. Sasha Zarzour, Executive Director

**PHONE:** 919-490-5449

**PAYEE OTHER THAN ADDRESSEE:**

**AMOUNT REQUESTED:** \$500,000 **NATURE OF REQUEST:** Toward the Campaign for Expansion

**GRANT HISTORY**

**SUPPORT:** 1995 - 2022      **# OF GRANTS:** 19      **TOTAL DOLLARS:** \$297,500

**LAST GRANT DATE:** 4/29/2022

**LAST GRANT AMOUNT:** \$20,000

**FYE DATE:** 6/30/2022

**AFS DATE:** 12/14/2022

2018	\$17,500	3/30/2018	
2019	\$17,500	3/29/2019	
2020	\$17,500	4/30/2020	
2021	\$20,000	3/31/2021	
2022	\$20,000	4/29/2022	General Operating Support

**LHV endorsement received.**

**DLK COMMENTS:** Financial analysis attached.

**JFT COMMENTS:** From the FY22 audit, “Caring House, Inc. is a non-profit organization that is proud to provide a comfortable and affordable housing option for more than 600 adult patients receiving outpatient treatment at The Duke Cancer Institute (DCI) annually. The Organization has a spacious building that features 18 guest rooms each complete with a private bath, cable television, wireless internet (WiFi), and a variety of other amenities for each patient’s convenience. In addition to the 18 bedrooms, the Organization has a newly renovated three-bedroom apartment serving specifically Adult Bone Marrow Transplant patients and their caregivers. The Organization’s common areas include a fully outfitted kitchen, communal dining room, great room, and an abundant library with complimentary computer access, laundry room, screened-in porch, koi pond, and healing garden. The Organization provides a free shuttle service to and from DCI as well to further accommodate those staying at the facility. The Organization offers patients a peaceful and positive healing community where they are supported. The Organization treats the whole patient while they are staying. Programs and activities like oncology massages, art therapy, and music in hopes of promoting feelings of well-being while also reducing the anxiety and unease that can accompany cancer treatment.”

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JJK, LDC, and I attended a Zoom meeting with Sasha on 2/15/23 regarding this request. We learned (and it is mentioned in the proposal) that \$2.5M has been raised toward a goal of \$7.5M (in a quiet phase with 100% Board participation at over \$852K), and CH is looking to secure an additional \$2.5M from the next tier of donors (Major Gifts), which includes the FMKF. A campaign conclusion date has not been established, but they would like to break ground in 2024 with the anticipation of raising another \$2.5M by then. CH is in conversation with Duke University regarding project support. According to Sasha, Duke Health contributed \$500K in 2020 to bring the CH facility up to code.

In a separate conversation with Sasha, I asked her to please keep the proposal concise, and she did heed my guidance. The request is short and to the point (much appreciated!). **(JJK: Yes, and the comprehensive expansion business plan that was enclosed provided insightful additional information.)**

In FY22, CH served 752 guests from 22 states, keeping room rates at \$45/per night and subsidizing \$289K worth of room costs (136% over prior year of \$122.3K). Volunteer hours were 8,864.

The number of patients at DCI has risen significantly since CH was built over 30 years ago. Nearly half of the patients travel significant distances for treatment. Medical expenses may be covered in part by health insurance, but living expenses are not. Per the request, “Caring for cancer patients goes beyond the latest medicines and technology. The mind, heart, and soul need attention too as patients journey through the side effects of treatment.”

CH maintains a 90% capacity rate (not 100% due to transitioning of patients) and has an extensive waiting list. Social workers are unable to make referrals to patients that qualify, as they are aware of the lack of capacity. The *Campaign for Expansion* will more than double the number of guests who can be accommodated at CH, increasing the number of rooms to 38 with more handicap-accessible units. The expansion will include four additional stem cell and bone marrow transplant suites. Also planned are: a second kitchen, dining room, exercise room, and laundry; spacious indoor and outdoor gathering spaces; a larger community pantry; five new offices for staff and volunteers; furniture and appliances for expanded space; a stormwater retention area; a walking trail around the facility; and an expanded parking lot and landscaping. Included with the request is a comprehensive Expansion Business Plan (on file in the FMKF office) that is available for review upon request.

The 18-member Board (including Drayton Virkler who is also a steering committee/campaign co-chair) saw one member transition off.

CH has increased its Annual Fund Goal by 73% over the past 9 years while maintaining a full house during the treatment week. Their revenue retention rate is over 70%. CH contributes 4.5% of its endowment (\$5.5M as of 1/31/23) toward annual operations. Sasha was advised that she could forgo a request for general operating support over the next three years if she would like to see a greater commitment to the campaign. The proposal is seeking support only for the campaign. I confirmed with Sasha that her desire is to apply all funds to the campaign. I recommend \$460K in support for the campaign, over three years.

**JJK COMMENTS:** Back in 2019, DLK and I visited an American Cancer Society Hope Lodge (a concept very similar to Caring House). It was impressed upon me there just how critical transportation and proximity to treatment is for patient outcomes when it comes to cancer.

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Moreover, we have a better understanding now, as a society, of how the socio-emotional supports provided to patients impact their treatment. Caring House provides all three of these services, helping patients get to treatment, shortening travel time, and prioritizing rest and recovery. The facility itself ensures that the cares and concerns of everyday life (cooking, cleaning, etc.) can be put on hiatus for patients so they can focus on their treatment. For those seeking community, therapy, and connection, Caring House provides all of these in a warm environment.

The numbers included tell us several important factors: Caring House is behind its peers in total capacity; there is unmet demand for rooms; the organization is in a good place, financially and with new leadership, to take on this major project.

I must say that I think Sasha, as a new leader, in a new role, has handled herself very admirably. The case for support is clear; the Board was encouraged to step up to the plate; and the fundraising plan is well thought out and delineated. Obviously, the consulting firm moss+ross was of assistance here, but Sasha seems very poised and adept.

I am glad the team got to visit the facility in April 2022 and see firsthand its potential to grow and expand.

With the Virklers enthusiastically in support of this organization, I am pleased to recommend \$460K, in aggregate, over three years, with all funds directed towards the Campaign for Expansion.

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<b>FM KIRBY FOUNDATION</b>			
<b>Financial Statement Analysis</b>			
<b>Grantee Name:</b>	Caring House, Inc.	<b>Date:</b>	3/16/2023
<b>Prepared By:</b>	DLK		
<b>Grant Request Amt.</b>	\$ 500,000	<b>Type of Financial Report Submitted</b>	Audit
<b>Budgeted Amt.</b>	\$ 420,000	<b>Period Covered in Financial Report</b>	FYE 6/30/22
<b>Audit Firm</b>	Neal, Bradsher & Taylor, PA	<b>Date of Report Issuance</b>	12/14/2022
<b>Opinion</b>	Present fairly		
<b>Basis of Acctg.</b>	GAAP		
<b>Current Ratio (Liquidity Ratio/Working Capital Ratio)</b>	74.41	<b>Amount of Unrestricted Net Assets (Operating Reserve)</b>	\$ 1,944,331
<p><b>Note:</b> A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.</p>			
<b>Allocation of Functional Expenses</b>	6/30/2022	%	Must Read Financial Statement Notes
<b>A. Program Service Expenses</b>	\$ 614,217	59%	Ideally program expenses should be
<b>B. Management and General</b>	\$ 205,025	20%	at least 70% of total budget.
<b>C. Fundraising</b>	\$ 216,788	21%	
<b>D. Total Expenses</b>	\$ 1,036,030	100%	
<b>Comments/ Notes:</b>			
<p><u>FY23 Budget:</u> Caring House has budgeted to break even for FY23. Total revenues are budgeted fairly flat to FY22, down \$24K (2%). Total expenses are budgeted to increase \$63K (6%), with an additional \$50K allocated to the capital campaign/expansion and \$50K towards capital repair reserves expenses. General admin expenses decreased \$193K (59%), primarily in computer/programs and maintenance. The request notes a total campaign goal of \$7.5M to fund the new wing expansion. Their request of \$500K equates to 10% of the remaining \$5.0M campaign goal.</p>			
<p><u>FY22 Audit:</u> The FY22 audit shows a deficit of \$727K versus a surplus for FY21 of \$1.8M. Total revenues declined \$2.6M (89%), primarily due to a negative swing in investment income (down \$2.5M), as well as a decline in contributions (down \$278K/31%). Services fees grew \$101K (78%). Total expenses declined \$69K (6%), with decreases in all three line items. The Organization had investments totaling \$5.2M, all of which were endowment-related. The Organization recorded a gain on the extinguishment of its PPP loan debt in the amount of \$125.6K. There were no red flags as a result of my review.</p>			

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**DISPOSITION:**

- Declination
- Hold for review on/about:
- Approval for: **\$460,000**
- Hold for Board Review
- Insert Information: **Toward support of the Campaign for Expansion-\$140,000 enclosed herewith, and we hereby pledge for like use \$160,000 in 2024 and 2025**
- Other:

Initials: JK Date: 04/12/2023

Check #: \_\_\_\_\_ Date: \_\_\_\_\_