



**To:** General Purposes Committee  
**From:** Andrew Nazareth  
 General Manager, Business & Financial Services  
**Re:** **Social Financial Hardship Assistance Fund**

**Date:** June 30, 2011  
**File:** 03-0900-01/2011-Vol  
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**Staff Recommendation**

That an interest-free loan of \$9,000 from the City's Social Financial Hardship Assistance Fund to the Chinese Mental Wellness Association of Canada, with full repayment to be made to the City six months subsequent to the advance of the loan, be approved.

Andrew Nazareth  
 General Manager Business & Financial Services  
 (604-276-4095)

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<b>ROUTED TO:</b>	<b>CONCURRENCE</b>		<b>CONCURRENCE OF GENERAL MANAGER</b>
Budgets	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
Community Social Services Group	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
<b>REVIEWED BY TAG</b>	YES	NO	<b>REVIEWED BY CAO</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

## Staff Report

### Origin

On October 26, 2009, Richmond City Council approved the establishment of a Social Financial Hardship Assistance Fund (the "SFHA Fund"), where \$500,000 is to be funded from the 2008 unallocated surplus for a period not to exceed three years. The maximum annual allocation is \$250,000, \$150,000, and \$100,000 respectively for years 2010, 2011 and 2012.

The intention of the SFHA Fund is to provide temporary financial assistance and interim funding for social service agencies and community organizations that are experiencing delays in receiving grants from other funding bodies during the economic downturn. Once the SFHA Fund is approved by the City, the fund can be utilized by qualified applicants to finance their daily operations until their grants are received from other donors or funding agencies, for up to a period of no more than six months.

The conditions with respect to obtaining a loan from the SFHA Fund include:

- Maximum loan for any qualified applicant will not exceed \$25,000 during the three-year period;
- Repayment period for the term of the loan is six months;
- The loan is interest-free upon timely repayment of the loan, otherwise, an annual interest rate of 2.0% compounded monthly will be charged on the loan from the day the fund is dispersed; and
- Applicant is required to provide supporting documentation that funding has been approved by an independent external donor/agency.

### Analysis

An application was received from the Chinese Mental Wellness Association of Canada (CMWAC) to apply for a six-month interest-free loan from the City's SFHA Fund.

Staff have reviewed all the required documentation submitted by CMWAC. Based on staff's review and discussion with the board members of CMWAC, it is noted that:

- Due to reduced funding from external agencies, CMWAC has been depleting its cash reserve to continue operations. CMWAC's current cash position is only enough to cover its operational expenses for the next 3 months.
- The availability of temporary bridge financing to CMWAC will allow it to focus on improving its long-term financial sustainability through re-positioning itself with new partnerships, expanded membership and increased fundraising.

- CMWAC indicated that they will apply for \$48,000 in external grants to ensure continued operations, which includes an application of \$20,000 from the BC Gaming Grant. However, CMWAC has not received any assurance from these agencies, thus the likelihood of receiving the funding is unknown at the time the application is made.
- In the absence of any commitment letters from these external agencies, staff reviewed the history of CMWAC's BC Gaming Grant receipts to assess its likelihood of getting its upcoming annual grant funding from the BC Gaming Commission.
- Based on the 2007 to 2011 information provided by CMWAC, it is noted that CMWAC has received BC Gaming Grants annually over the past few years. Assuming that the grant amount remains at a similar level, it is estimated that CMWAC could be receiving approximately \$9,000 in BC Gaming Grants in March 2012.
- Despite the absence of any commitment letters from any external agencies showing that funding has been approved (one of the requirements of the SFHA Fund Program), staff believes that the likelihood of CMWAC receiving \$9,000 in BC Gaming Grants can be reasonably assured based on the historical trend provided.

### Recommendation

Staff is recommending that an interest-free Social Financial Hardship Assistance Fund loan of \$9,000 be advanced to CMWAC for a six-month period. The amount of \$9,000 has been determined using the following basis:

- With the purpose of the SFHA Fund being to provide temporary financial assistance and interim funding for social service agencies and community organizations that are experiencing delays in receiving grants, the amount of borrowing from the SFHA Fund should not be more than the amount of committed funding from an external agency. In this case, the amount should not be greater than the expected funding of \$9,000 from the BC Gaming Grant.
- The recommended amount of \$9,000 will assist CMWAC in covering its office rental costs for a period of six months.
- During this time, CMWAC could focus on its effort to restructure its business model in efforts to ensure its long-term sustainability by finalizing its partnership agreement with the Multicultural Helping House Society and allowing for the expansion of its membership base and fundraising efforts.
- Any time before the end of 2012, CMWAC would still qualify to apply for additional loan(s) of up to \$16,000 (\$25,000 maximum amount less \$9,000 recommended) in bridge financing from the SFHA Fund Program when it receives other external funding commitments in the future.

### Public Notice Requirement

Under section 24 of the *Community Charter*, Council must give public notice of its intention to provide financial assistance (i.e. lend money) to a person or an organization. The notice must be published before the assistance is provided where the intended recipient of the assistance be identified, and the nature, term and extent of the proposed assistance be described. In accordance with section 94 of the *Community Charter*, the publication must be posted in the public notice posting places and be published in a newspaper that is distributed at least weekly for two consecutive weeks.

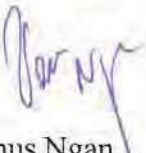
A public notice regarding the financial assistance provided to CMWAC has been scheduled for publication for the two-week period ending July 23, 2011.

### **Financial Impact**

Under the terms of the SFHA Fund program, CMWAC is required repay \$9,000 to the City's SFHA Fund on or before six months after the advance the loan. If repayment is not made within six months, CMWAC will be charged an annual interest rate of 2.0% compounded monthly on the loan from the day of the advancement of the loan.

### **Conclusion**

That an interest-free loan of \$9,000 from the City's Social Financial Hardship Assistance Fund to the Chinese Mental Wellness Association of Canada, with full repayment to be made to the City six months subsequent to the advance of the loan, be approved.



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