



City of Richmond

Report to Committee

To: General Purposes Committee

Date: July 7, 2010

From: Jerry Chong
Director, Finance

File:

Re: Social Financial Hardship Assistance Fund

Staff Recommendation

That an interest-free loan of \$25,000 from the City's Social Financial Hardship Assistance Fund to the Richmond Centre for Disability, with full repayment to be made to the City six months subsequent to the advance of the loan, be approved.

Jerry Chong
Director, Finance
(604-276-4064)

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

Staff Report

Origin

On October 26, 2009, Richmond City Council approved an 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; and
- The loan is interest-free upon timely repayment of the loan.

Analysis

On June 30, 2010, the City received its first SFHA Fund application from the Richmond Centre for Disability (RCD). RCD has applied for bridge financing of \$25,000 from the City's SFHA Fund to pre-empt the surfacing of a cash shortage, which is the result of delays in receiving funding from its external funding agencies.

Review of RCD's Application

Staff has reviewed all the required documentation submitted by RCD along with its funding application, these documents include RCD's financial statements, operating budgets, commitment documents from external funding agencies showing approved funding, cashflow projections, bank statements, borrowing resolution, and board meeting minutes.

Based on the review of the information and through discussion with RCD, it is determined that:

- As of June 30, 2010, RCD has one month of cash reserve on hand;
- RCD has provided to the City, along with its application, a number of funding commitment documents from various provincial and federal funding agencies confirming approved funding for the current year from these agencies, which amounts to over \$125,000;
- RCD anticipates the approved funding from these agencies will be received over the latter half of the current year; and
- RCD requires bridge financing of \$25,000 to relieve its cash problem in the coming months, as its current cash reserve is not adequate to cover projects that it needs to pay for.

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 RCD has been scheduled for publication for the two-week period ending July 24, 2010.

Financial Impact

RCD must repay \$25,000 to the City's SFHA Fund on or before six months after the advance of the \$25,000 loan.

If Council approves the current loan application, RCD would be using up its allowable borrowing limit of \$25,000 from the SFHA Fund for the three-year period.

Conclusion

That an interest-free loan of \$25,000 from the City's Social Financial Hardship Assistance Fund to the Richmond Centre for Disability, with full repayment to be made to the City six months subsequent to the advance of the loan, be approved.



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