



City of Richmond

Report to Committee

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

Date: September 1, 2010
File: 03-0900-01/2010-Vol
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Staff Recommendation

That an interest-free loan of \$25,000 from the City's Social Financial Hardship Assistance Fund to the Richmond Therapeutic Equestrian Society, 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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ROUTED TO:		CONCURRENCE		CONCURRENCE OF 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	NO	
DEPUTY			<input checked="" type="checkbox"/>	<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

The City received a SFHA Fund application from the Richmond Therapeutic Equestrian Society (RTES) on August 12, 2010. RTES has applied for bridge financing of \$25,000 from the City's SFHA Fund to finance the replacement cost of three of the five members of RTES' equine team, which will be used in its programs in the fall of 2010. The need for the bridge financing is the result of delay in receiving its potential funding from the B.C. Gaming Commission.

Review of RTES' Application

Staff has reviewed all the required documentation submitted by RTES along with its funding application, these documents include RTES' financial statements, operating budgets, application to the B.C. Gaming Commission for \$45,000 from the 2010 Community Gaming Grant Program, bank statements, borrowing resolution, and board meeting minutes.

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

- As of July 31, 2010, RTES' cash balance on hand was \$32,000;
- RTES requires bridge financing of \$25,000 as its current cash reserve is not adequate to cover the replacement costs of the three horses that it will need to purchase in the fall of 2010;

- RTES does not have any documentations from the B.C. Gaming Commission to confirm the approval of the applied funding of \$45,000, instead RTES has agreed to the condition that the amount borrowed from the SFHA Fund must be repaid by six months after the advance of the loan. If RTES fails to repay the loan, the City will have the right to reduce its 2011 annual grant to RTES by the amount equivalent to the outstanding loan balance and any interest penalties. The City's annual grant to RTES is \$46,400.

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 RTES has been scheduled for publication for the two-week period ending September 12, 2010.

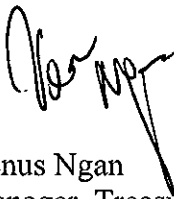
Financial Impact

Under the terms of the SFHA Fund program, RTES is required repay \$25,000 to the City's SFHA Fund on or before six months after the advance of the \$25,000 loan. If repayment is not made within six months, RTES will be charged an annual interest rate of 2.0% compounded monthly on the loan from the day of the advancement of the loan.

If RTES fails to repay the loan after 6 months, the City will have the right to reduce its 2011 annual grant to RTES by the amount equivalent to the outstanding loan balance and any interest penalties.

Conclusion

As the RTES have met the conditions of the SFHA program, staff recommend that an interest-free loan of \$25,000 be made to the Richmond Therapeutic Equestrian Society, with full repayment to the City six months subsequent to the advance of the loan. If Council approves the current loan application, RTES would be using up its allowable borrowing limit of \$25,000 from the SFHA Fund for the three-year period.



Venus Ngan
Manager, Treasury
(604-276-4217)