



City of Richmond

Report to Committee

To: General Purposes Committee

Date: September 29, 2009

From: Jerry Chong
Director, Finance

File:

Re: Social Financial Hardship Assistance Fund

Staff Recommendation

That \$500,000 be allocated to the City's Social Financial Hardship Assistance Fund for a period not to exceed 3 years with a maximum annual allocation of \$250,000 in 2010, \$150,000 in 2011 and the remaining \$100,000 in 2012.

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

FOR ORIGINATING DEPARTMENT USE ONLY			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Budgets	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Law	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Social Planning	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

At the June 1, 2009 Finance Committee meeting Ms. Frances Clark appeared as a delegate and requested that Committee consider establishing a Social Services Sustainability Fund as backup support for the Social Services Agencies in Richmond over the next 2 years. During the discussion, Council made the following request:

That the issue of establishing a social services stability fund for short term emergency funding, including possible funding sources and criteria, be referred to staff.

Analysis

City Council has the authority to provide financial assistance to community organizations under the Local Government Act. The City of Richmond encourages the delivery of appropriate social services from organizations which can deliver and underwrite the cost of the services. The City presently has a process in place with the Grant program whereby approximately \$510,000 of funding for grants are allocated to registered non-profit groups which must meet a number of criteria. Due to the impacts from the economic downturn many organizations that are eligible for grant funding from the City may be in financial difficulty if the allocation of grants/donations from other levels of government or sources are delayed.

The City could provide temporary loans to Social Service Agencies in Richmond in order to assist their cash flow requirements, however this funding is not intended to be a grant. Staff recommend that a pilot program be established where a one time amount be allocated for a period not to exceed 3 years. The loan is only to be used on an emergency basis, based on submissions from the various social services non-profit organizations to be reviewed and audited by staff prior to Council approval. The maximum annual allocations over the 3 years are as follows: \$250,000 in 2009, \$150,000 in 2010 and the remaining \$100,000 in 2011. An allowance for loans will have to be established in order to provide for loans that are not re-paid and/or delinquent.

In order to reduce the complexity of this program and remain consistent with established guidelines staff recommend that groups and organizations that are eligible for funding (qualified applicant) under the City's grant program in the same calendar year, qualify for the Social Financial Hardship Assistance Fund.

Some of the conditions would include the following;

- The maximum allocation for any qualified applicant will not exceed \$25,000.
- Any unallocated amounts will be carried forward to the subsequent year, however the maximum allocation amount will not be increased. Any funds remaining at the end of the program (December 31, 2011) will be returned to the City's surplus.
- The maximum duration for the term of the loan is 3 months.
- Interest will be charged on the amount outstanding based on the City's foregone opportunity costs (currently 3.50%).

Qualified applicants will be required to complete an application form with the following attachments:

- a) The Group's audited financial statements for the most recent completed fiscal year including the auditor's report signed by the external auditors and a copy of the management communications letter, except that:
 - a.1) If audited financial statements are not available, submit the reviewed financial statements for the most recent completed fiscal year along with the review engagement report signed by the external auditors.
 - a.2) If neither audited nor reviewed financial statements are available, submit the compiled financial statements for the most recent completed fiscal year along with a compilation report signed by the external auditors.
 - a.3) If neither a.1, or a.2 are available, financial statements for the most recent completed fiscal year endorsed by two signing officers of the Board of Directors.
- b) The Group's current fiscal year operating budget,
- c) The Group's budget to support the application (e.g., for administrative costs or service delivery),
- d) A copy of the Group's most recently completed T3010A Registered Charity Information Return (CRA),
- e) A current organization chart,
- f) A current Board of Directors list, including each director's place of employment, address, and telephone number,
- g) A list of key staff positions and annual salary,
- h) Bank statements for the last 6 months including the most recent month,
- i) A commitment letter showing that funding has been approved by an independent external donor/agency,
- j) Minutes from all board meetings for the past 12 months.

An application form will be developed soon and will be made available by contacting the Finance Administration section (604-276-4218). The information will be reviewed for financial accountability by staff and they may contact applicants to either clarify requests or seek additional information. Staff will make a final recommendation and provide information to Council on a quarterly basis only regarding the applicant's amount requested.

It should also be noted that the City will soon be initiating preparation of a 10 Year Richmond Social Planning Strategy (report to be included on the November 3, 2009 Planning Committee Agenda). The Strategy will identify broad social planning directions and priorities for the City to pursue between 2010 and 2020. The City's role in supporting community agencies (financial and otherwise) will be among the issues addressed in the Strategy.

Council Decision

Council will make the final decision, at its sole discretion, based on the criteria established, and a review of City staff recommendations.

Council may:

- Approve an application:
 - In total, with or without conditions (e.g., subject to a follow up review)
 - In part, with or without conditions

- Ask for more information
- Request a review of how the funds were disbursed
- Deny an application.

If an application is not funded by Council, it is deemed to be denied.

Financial Impact

Staff recommend that the Social Financial Hardship Assistance Fund be funded in the amount of \$500,000 from unallocated 2008 surplus for a period not to exceed 3 years.

Conclusion

The City provide temporary loans to various Richmond based non-profit organizations based on eligibility as determined based on the above with repayment including interest within 3 months.



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JC:jc