Agenda - Executive Policy Committee – March 20, 2008

CURRENT BUDGET REVIEW

Item No. 7 Rossbrook House Inc. – Request for Additional Funding (Point Douglas Ward) File PR-1

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 19, 2007, the Executive Policy Committee referred the request from Rossbrook House Inc. for additional funding to the 2008 Operating Budget Review Process.

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 19, 2007, the Executive Policy Committee referred the request from Rossbrook House Inc. for additional funding to the 2008 Operating Budget Review Process.

RE: Rossbrook House's Request for Additional Funding

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Clive Wightman, Director
Community Services Department

REPORT DATE: August 24, 2007

RECOMMENDATION(S):

1. That funding remain at a fixed rate of $224,339 annually as stipulated in the current agreement, for the remaining term of the agreement; and that the requested increase of $32,000 annually be considered when the current agreement is up for renewal January 1, 2010.

Report Summary

Key Issues:

- The current five-year funding agreement between the City of Winnipeg and Rossbrook House for the provision of recreation and social programs for disadvantaged children and youth is for the period January 1, 2005 to December 31st, 2009, with funding at $224,339.00 annually.

- Rossbrook House has requested the City of Winnipeg, the United Way and the Province of Manitoba to increase their annual funding amount in order to cover an increase of $96,000 required for two salaried Co Executive Director positions.

- Rossbrook House is requesting that the City of Winnipeg increase its' annual funding amount by $32,000 (1/3 of the total funding increase requested) for a total of $256,339 annually, commencing this year and for the remaining term of the agreement.

- In 2007 City of Winnipeg funding represented approximately 16% of Rossbrook House's total revenue and 27% of Rossbrook House's revenue from grants. The Province of Manitoba accounted for 38% of total grants, the United Way 24% and the Federal Government 11%. (Refer to Appendix A for budget information)

- This is a unique situation whereas; the two Co Executive Director positions' were previously non paid positions, held by Sister Bernadette O'Reilly and Sister Lesley Sacouman, on a volunteer basis. Both retired in 2006 after 23 years of service, and these positions are no longer able to be filled on a totally volunteer basis.

- In addition, Rossbrook House has experienced a decrease in their designated donor contributions (approximately $37,000), as a result of a recent change in United Way's administration of designated donor gifts.

- Rossbrook House's overall financial situation however remains sound. They had a healthy fund balance at the year ended March 31, 2007, of $278,163; with accumulated liquid assets (current assets less current liabilities) totaling $448,448. Since that time they have completed needed renovations to the exterior walls and basement at a cost of approximately $200,000. (a portion of donations were specifically designated for the Teen Centre located in the basement). They also have just over a million dollars in the recently formed Rossbrook House Foundation. (Refer to appendix B for details)

    - In 2006, Rossbrook House received a generous bequest in the amount of $460,000, which assisted them in fulfilling a long term goal of creating the Rossbrook House Foundation. This contribution along with investments held in the Fixed Assets Fund and Sister MacNamara Memorial Fund were transferred on March 31, 2007 as a specified gift to the Rossbrook House Foundation, which has Registered Charity status.

    - Historically, both the Fixed Assets Fund and Sister MacNamara Memorial Fund were not intended for regular programming costs as they were derived for the most part from contributions intended specifically for ongoing building costs and educational purposes respectively. (Refer to Appendix C)

- The Foundation is a separate entity with a separate Board of Directors. The role of the Rossbrook House Foundation is to encourage legacy gifts to an enduring fund stewarded by the Foundation, to ensure long term financial stability. The intent is to grow the Foundation (for the next two years), and then utilize the income generated by investments for programming, in order to create stability, lessening the dependence on year to year project funding.

- While the Foundation is an admirable achievement and it is financially prudent to have some buffer in operating costs, especially given the reliance on donations for a significant portion of funding, (approximately 41%), the situation does not appear to be one of immediate need and thereby does not meet the eligibility requirements of City funding for social programs. This is based on their current financial situation, and in keeping with December 13th, 1994 Council approved funding criteria which references not being able to provide a service without City aid. (refer to Appendix D for funding criteria)

- Continued City funding at the current rate for ongoing programming however remains warranted and is reflective of both Rossbrook House's continued valuable programming and fiscally responsible manner of operation.

Implications of the Recommendation(s):

General Implications

None

X For the organization overall and/or for other departments

X For the community and/or organizations external to the City

Involves a multi-year contract

Comment(s):
Social & recreation services provided to “at risk youth” by Rossbrook House helps to augment existing City services for this growing population. This program provides an alternative to the street for many “at risk youth,” assisting with crime prevention and enhancing safety in Winnipeg.

Given their alternate financial resources however, no significant impact on existing programming would be expected in the short term. The requested increase of $32,000 annually may be considered when the current agreement is up for renewal January 1, 2010.

Policy Implications

X No

Yes

Comment(s):

Regulatory Implications

X None

Eliminates or reduces reguolatory impact

Proposes regulatory impact

Comment(s):

Environmental Implications

X No

Yes

Comment(s):

Human Resources Implications

X No

Yes

Comment(s):

Financial Implications

X Within approved current and/or capital budget

Current and/or capital budget adjustment required

Report

REASON FOR THE REPORT:

Rossbrook House is requesting that the City of Winnipeg amend the current funding agreement with their organization in order to provide for an annual increase in funding of $32,000 for 2007 and the remaining term of the agreement. The current five-year funding agreement with Rossbrook House expires December 31, 2009.

Executive Policy Committee and Council approval is required for funding of non-profit organizations by way of a line item in the current estimates.

HISTORY:

The City has provided funding to Rossbrook House since 1980, to operate a facility which provides 24 hour temporary shelter, recreation and educational programs for disadvantaged children and youth.

The current five-year funding agreement between the City of Winnipeg and Rossbrook House for the provision of social and recreational programs for disadvantaged children and youth is for the period January 1, 2005 to December 31st, 2009, with funding at a fixed rate of $224,339 annually. The previous agreement had encompassed a base amount of $205,000 and cost of living adjustments in each subsequent year of the agreement, with support at $219,940.66 in 2004.

In 2007 City of Winnipeg funding represented approximately 16% of Rossbrook House's total revenue and 27% of Rossbrook House's revenue from grants. The Province of Manitoba accounted for 38% of total grants, the United Way 24%, the Federal Government 11%. (Based on Rossbrook House's fiscal year – April 1, 2006 to March 31, 2007)

DISCUSSION:

Rossbrook House has requested the City of Winnipeg to amend its' current funding agreement for the provision of recreation and social programs for disadvantaged children and youth to provide for an annual increase of $32,000.00 in 2007 and the remaining term of the agreement. This same request has been made to the Province of Manitoba and the United Way. Rossbrook House is seeking an additional $96,000.00 to cover the majority of the cost of two salaried Co Executive Director positions.

These positions were previously non-paid positions held by Sister Bernadette O'Reilly and Sister Lesley Sacouman, on a volunteer basis, for the past 23 years. Given that these positions are no longer able to be filled on a volunteer basis it has resulted in an increase in Rossbrook House's annual ongoing operating costs. One of the two current Co-Executive Director positions receives only a partial salary, which helps to keep costs down.

Rossbrook House has experienced a decrease in their designated donor contributions (approximately $37,000), as a result of a recent change in United Way's administration of designated donor gifts. Donations account for a significant portion of Rossbrook Houses' revenue, approximately 41%. Rossbrook House has a strong, very active Board of Directors, a dedicated Executive and they continue to seek alternate funding sources and partnerships for new programs and initiatives. Unfortunately, much of the grant funding that enables new programming is short term - year to year project specific funding. Since 1998 their reliance on grant funding as a portion of their operating costs has decreased from approximately 70% to 57% due in large part to increased revenues from donations.

Rossbrook House has experienced some significant financial impacts over the past year, with the retirements of both Co Executive Directors. However, given that this change was known well in advance and their stable overall financial situation, it should not present an immediate financial concern for their ongoing operations.

In 2006, after receiving an extraordinary bequest of over $460,000. Rossbrook House's Board of Directors approved the establishment of the Rossbrook House Foundation. The Foundation has charity status and is intended to encourage legacy gifts to assist in ensuring the ongoing financial stability of Rossbrook House. On March 31, 2007 the Agency transferred $1,008,757 to the Foundation including the above gift along with investments held in the Fixed Assets Fund and the Sister MacNamara Memorial Fund. The intent is to allow the fund to grow for the first two years, and then utilize the income generated by investments to help stabilize funding, lessening dependence on year to year project funding.

Apart from the newly formed Foundation, they had a healthy fund balance at the year ended March 31,2007, of $278,163; with accumulated liquid assets (current assets less current liabilities) totaling $448,448. They have since completed needed basement renovations at an approximate cost of $200,000. They also have outstanding requests for additional funding with both the Province of Manitoba and the United Way.

Based on their current financial situation, and reflective of Council approved funding criteria, an increase in the annual funding amount is not recommended at this time. Their financial situation will continue to be monitored in light of their current funding agreement with the City of Winnipeg.

Rossbrook House operates a drop-in centre structured to meet youth's needs for socialization, recreation and personal development. They offer a wide range of recreational, cultural and educational programs and activities aimed at developing skills and enhancing self-esteem. The target group of attendees is core area Aboriginal children and youth, ages 6 to 24, with the largest portion being 12 to 17 year olds. This latter group is seen as most vulnerable to gang involvement, and represents the largest increase in attendance. Rossbrook is open 365 days a year, 24 hours on weekends and school holidays. It is a "home away from home" for over 5,000 individuals each year. The demands for such valued programs continue to increase. Rossbrook House's Board, staff and volunteers continue to do an excellent job, expanding their capacity to provide innovative programming to counter the destructive life of the streets and the all too prevalent gang activity in the area. They also continue to provide employment opportunities to local youth as most of the staff continue to be former "Rossbrookers".

Financial Impact Statement **Date:** August 24, 2007

Project Name:

Rossbrook House request for additional funding

COMMENTS:

There is no financial impact associated with this report.

Cindy Fernandes
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By: Nil

External Consultation With:
- Rossbrook House
- United Way Winnipeg
- Manitoba Family Services and Housing

THIS REPORT SUBMITTED BY:

Department: Community Services Department
Division: Community Resource, Protection & Safety Services
Prepared by: Kelly Goldstrand, Manager
Community Resource, Protection & Safety Services
File No.

Appendix A: Financial Information

ROSSBROOK HOUSE INC.
Notes to the Financial Statements
March 31, 2007

9. GRANTS – GENERAL FUND

		2007		2006
Federal Government				
Canadian Heritage	$	**47,440**	$	46,991
Community Connections		**780**		780
Health Canada		**39,821**		18,266
Summer Career Placement		**-**		8,342
Provincial Government				
Urban Green Team		**17,768**		8,016
Department of Education and Training		**30,000**		30,000
Family Services & Housing				
Sustaining Funding		**237,600**		235,100
Lighthouses		**12,000**		12,000
White Sash		**16,000**		16,000
City of Winnipeg				
Sustaining Funding		**224,339**		224,339
United Way of Winnipeg				
Sustaining Funding		**198,582**		197,823
	$	**824,330**	$	797,657

ROSSBROOK HOUSE INC.
Operating Expenses
Year Ended March 31, 2007

	2007	Budget (Note 12)	2006
Accounting and auditing	$ **6,361**	$ 7,500	$ 6,062
Amortization	**45,949**	-	63,406
Bank charges and interest	**234**	3,000	514
Construction upgrading	**-**	1,200	-
Education programs	**17,369**	14,496	11,762
Equipment purchases and repairs	**6,672**	2,004	4,525
G.S.T.	**10,190**	7,500	10,020
Garbage removal	**2,575**	2,400	3,344
Honorariums	**22,282**	22,282	22,130
Household supplies	**14,391**	14,004	13,261
Insurance	**21,908**	21,600	19,911
Miscellaneous	**1,014**	600	723
Office supplies and computer	**26,808**	58,308	24,920
Rent	**2,108**	300	199
Repairs and maintenance - building	**30,452**	26,596	25,216
Rossbrook House program	**249,797**	218,122	232,729
Transportation	**28,151**	29,652	35,719
Utilities			
Gas	**7,481**	8,400	8,262
Light	**7,479**	7,200	6,578
Telephone	**4,551**	3,996	4,125
Water	**2,042**	2,400	3,806
Wages, benefits and taxes			
Gross wages	**807,793**	823,020	761,047
Canada Pension Plan	**29,643**	27,996	25,654
Employment Insurance	**19,184**	22,896	18,195
United Way Agencies Group Insurance	**17,832**	15,000	15,436
United Way Agencies Pension Plan	**24,456**	22,000	20,794
Other benefits	**10,952**	21,300	20,182
	$ 1,417,674	$ 1,383,772	$ 1,358,520

ROSSBROOK HOUSE INC.

Statement of Operations and Changes in Fund Balances

Year Ended March 31, 2007

	General Fund	Fixed Assets Fund	Internally Restricted Net Assets	2007 Total	2006 Total
REVENUES					
Grants (Note 9)	$ 824,330	$ 31,509	$ -	**$ 855,839**	$ 823,584
Donations from foundations and service organizations	258,905	14,750	-	**273,655**	253,836
Private donations	330,010	(642)	-	**329,368**	724,728
Interest and other income	14,318	-	74,432	**88,750**	73,929
	1,427,563	45,617	74,432	**1,547,612**	1,876,077
EXPENSES					
Operating expenses - Schedule	1,417,674	-	-	**1,417,674**	1,358,520
Net operating expenses - 429 Elgin Avenue (Note 10)	34,618	-	-	**34,618**	33,300
Other expenses	-	-	-	-	802
	1,452,292	-	-	**1,452,292**	1,392,622
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	(24,729)	45,617	74,432	**95,320**	483,455
TRANSFER TO ROSSBROOK HOUSE FOUNDATION INC. (Note 8)	-	-	(1,008,757)	**(1,008,757)**	-
EXCESS OF REVENUES OVER EXPENSES	(24,729)	45,617	(934,325)	**(913,437)**	483,455
FUND BALANCES, BEGINNING OF YEAR	295,109	-	896,491	**1,191,600**	708,145
INTERFUND TRANSFERS (Notes 8 & 11)	22,653	(60,487)	37,834	-	-
FUND BALANCES, END OF YEAR	$ 293,033	$ (14,870)	$ -	**$ 278,163**	$ 1,191,600

ROSSBROOK HOUSE INC.
Balance Sheet
March 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash (Note 3)	**$ 159,044**	$ 144,201
Temporary investments (Note 4)	**364,333**	1,278,279
Accounts receivable	**3,572**	10,090
Grants receivable	**47,878**	-
Prepaid expenses	**15,136**	13,396
	589,963	1,445,966
FIXED ASSETS (Note 5)	**635,824**	664,718
	$ 1,225,787	$ 2,110,684
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 101,163**	$ 66,504
Deferred contributions - operating (Note 6)	**40,352**	39,854
	141,515	106,358
DEFERRED CONTRIBUTIONS - FIXED ASSETS (Note 7)	**806,109**	812,726
	947,624	919,084
FUND BALANCES		
General Fund	**293,033**	295,109
Fixed Assets Fund	**(14,870)**	-
Internally Restricted Net Assets (Note 8)	**-**	896,491
	278,163	1,191,600
	$ 1,225,787	$ 2,110,684

APPROVED BY THE BOARD

..... Director

..... Director

Appendix B:

THE ROSSBROOK HOUSE FOUNDATION INC

Rossbrook House has been an alternative to the streets for children and youth since 1976. The Centre is open each day of the year and 24 hours on weekends and all school holidays. Rossbrook offers educational, employment and recreational opportunities for children and youth that allow them to discover and develop their strengths and to build dreams for their future. The vision statement of Rossbrook House is that,

"No child who does not want to be alone, should ever have to be"

Sister Geraldine MacNamara

Gang activity has escalated the risk for children, youth and their families in our neighbourhood. In the face of these changing realities, Rossbrook has listened to the children and youth and developed programs which meet their needs and desires. Securing the resources to make these programs possible is a constant challenge. Many grants are short term, while the needs are ongoing. To date, the generosity of donors has made possible our capacity to respond. The Board and staff of Rossbrook House have always sought ways to build financial stability.

In 2006, Rossbrook received a generous bequest from a long-time friend and supporter. This gift was the final impetus for the creation of the Rossbrook House Foundation. The role of the Rossbrook House Foundation is to encourage legacy gifts to an enduring fund stewarded by the Foundation. The Foundation has established ***Every Child's Legacy***, an endowment fund to receive such gifts. It is our hope that through the generosity of friends and supporters, ***Every Child's Legacy*** will grow to ensure adequate financial resources for future generations of children and youth who come to Rossbrook seeking a safe place and positive alternatives.

The Board of Directors of the Rossbrook House Foundation are skilled and dedicated professionals who ensure that all gifts are well stewarded. The Board has adopted a prudent Investment Policy which includes investment objectives, investment guidelines and monitoring procedures, as well as appropriate

diversification. It commits the Foundation to conduct all investment activities in accordance with the CFA Institute Code of Ethics and Standards of Professional Conduct.

SOME OPTIONS FOR GIVING

In order to succeed in making a significant positive difference in this community, your regular donations remain crucial for the ongoing operation of Rossbrook House. The Rossbrook House Foundation does not replace those gifts but seeks to stabilize long-term funding.

DIRECT DONATIONS

In addition to regular donations, you may decide on a legacy gift that you would like to donate to Rossbrook House Foundation to help ensure that the work of Rossbrook House will continue into the future.

BEQUESTS

Rossbrook is blessed with many friends who have, every year, gifted us with a donation. The Rossbrook House Foundation will make it possible for donors to leave a charitable bequest in their will that will be invested in order to continue their commitment to the children and youth of Rossbrook House. The gift can be a sum of money, a particular asset, or all or a portion of the residue of your estate. Whatever form the gift takes, it will ensure a safe place for future generations of children and youth.

PUBLICALLY LISTED SECURITIES

Donating appreciated stocks, bonds and mutual fund units is a tax-effective way to make an outright gift during your lifetime or as part of a legacy gift.

Whether the donation is cash or appreciated securities, a tax receipt that creates a tax credit is provided. New federal legislation gives an extra tax incentive for gifts of appreciated publicly listed securities. Donors receive a tax credit for their gift and have the additional tax incentive of paying no capital gains tax.

GIFTS OF LIFE INSURANCE

Giving with life insurance is a creative way to donate to the Rossbrook House Foundation at a relatively low cost. Paying modest life insurance premiums today can provide a legacy gift for the future.

You may own a life insurance policy that has now outlived its purpose. By naming the Rossbrook House Foundation the owner and beneficiary of your policy, you will receive an immediate tax receipt for the cash surrender value. The Foundation can either cash in the policy or hold the policy until the full benefit is paid out.

The proper wording for a gift to the Rossbrook House Foundation is:

I direct my gift or any property substituted for it to be held as an enduring gift by the Rossbrook House Foundation Inc in the ***Every Child's Legacy*** endowment fund.

INFORMATION

To be confident that your gift is properly designated please contact:
Tom Thomson (204) 949-4097
Sister Bernadette O'Reilly (204) 949-4096
Rossbrook House Foundation Inc.
658 Ross Avenue
Winnipeg, MB R3A 0M1
www.rossbrookhouse.ca
foundation@rossbrookhouse.ca

Rossbrook House Foundation is a registered Canadian charity. Our Canada Revenue Agency Charitable Business Number is 80761 4078 RR0001. Charitable tax receipts will be issued for all donations.

Appendix C:

General Fund:

- Revenues and expenses related to program delivery and administrative activities are recorded in the General Fund.

Fixed Assets Fund:

- This fund reports assets, liabilities, revenues and expenses related to the Rossbrook House Inc. fixed assets and building campaign.

- In 1999, the building was upgraded and an addition built, funded in entirety through Rossbrook's own fund-raising campaign, which included money to invest in order to cover the on-going increased operating costs of their new facility.

Sister MacNamara Memorial Fund:

- In 1984 the Board of Directors established the Sister MacNamara Memorial Fund in memory of the late Sister Geraldine MacNamara, the founder of Rossbrook House. Revenues derived from this fund to be utilized for educational purposes.

Rossbrook House Foundation:

- In 2006, Rossbrook House received a generous bequest from a long-time friend and supporter (over $460,000.). This gift was the final impetus for the creation of the Rossbrook House Foundation. The Board of Directors approved the establishment of the Rossbrook House Foundation to ensure the financial stability of Rossbrook House in the future. The Foundation was incorporated in February 2006 and has since been granted registered charity status.

- On March 31,2007 the Agency transferred $1,008,757 to the Rossbrook House Foundation Inc. as a specified gift, as approved by the Board of Directors. This was a combination of the above noted gift, along with investments held in the Fixed Assets Fund and the Memorial Fund.

- The Foundation is a separate entity with its own Board of Directors. The role of the Foundation is to encourage legacy gifts to an enduring fund stewarded by the foundation. The Foundation has established "Every Child's Legacy, an endowment fund to receive such gifts. The intent is to grow the fund for the first two years and then utilize income earned from investments toward programming costs.

Appendix D:

December 13th, 1994 Council approved funding criteria

On December 13th, 1994 Council approved the discontinuation of the process of Special Grants, and instead continued support for organizations warranting same was done by way of formal agreements and placement as line items in the City's budget. At the same time Council also adopted the following criteria for funding:

- "Where it can be shown that a formally organized, not for profit organization cannot provide a social service, social development program, health, education, recreation or other similar service without aid and the City of necessity would have to provide this service in whole or in part, the City may contribute to the continuance of the service under these circumstances.

- Funding shall not be provided for any service for which clear legislative responsibility exists at any other level of government unless expressly authorized by City Council.

- Funding shall be provided by way of a formal agreement between the City of Winnipeg and the organization; such agreement to clearly stipulate the terms and conditions under which City support shall be rendered."