

COUNCIL REPORT

M&C No.	2019-101
Report Date	April 15, 2019
Meeting Date	April 23, 2019
Service Area	Transportation and Environment Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: CanadaHelps Agreement – P.R.O. Kids – City of Saint John

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Common Council.

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
<i>Brad Adams</i>	<i>Michael Hugenholtz/ Tim O'Reilly</i>	<i>John Collin</i>

RECOMMENDATION

RESOLVED that the Mayor and Common Clerk be authorized to execute the agreement in the form attached between the City of Saint John and CanadaHelps.

EXECUTIVE SUMMARY

Over the past six years, the public demand for P.R.O. Kids has almost tripled from 562 Saint John children in 2013 to 1482 residents in 2018. In order to help meet this growing demand, Council has increased the P.R.O. Kids operating budget by 50% over that same period. The amount of annual cash donations to P.R.O. Kids over that same time frame has also grown from from \$164,542 in 2013 to \$259,027 in 2018.

In order to increase the opportunity for donations to P.R.O. Kids, simplify the donation and tax receipting process for City staff, and provide a simpler way to donate to P.R.O. Kids, staff recommends that the City of Saint John enter into an agreement with the Canadian registered charity *CanadaHelps* to process donations and tax receipts for the benefit of the P.R.O. Kids service area.

PREVIOUS RESOLUTION

N/A

STRATEGIC ALIGNMENT

This report aligns with the City's Parks & Recreation Strategic Plan - PLAYSJ.

This report aligns with Council's priorities related to:

- ***Fiscally Responsible***
 - Innovation and Improvement
 - Advance a culture of continuous improvement to drive operational efficiencies.
 - Leverage opportunities to generate alternative revenue sources.
 - Provide secure and compliant processing of all credit card transactions.
- ***Valued Service Delivery***
 - Customer-Focused Services
 - Explore service improvements through innovation, technology and developing partnerships with other organizations.
- ***Vibrant, Safe City***
 - Invest in arts, culture and recreation experiences that create a sense of community pride.

REPORT

P.R.O. Kids has been operated by the Parks and Recreation Division of the City of Saint John since 2002. This award winning service is considered best practice, and has also been adopted by other municipalities across the country as a solid municipal financial assistance program for assisting children and youth with access to sports and recreation programs. The City of Saint John Parks and Recreation division currently offers a variety of subsidy programs to reduce the overall costs of recreation for all residents and the P.R.O. Kids financial assistance program to improve access to recreation for residents most in need.

P.R.O. Kids - \$122,371 (2019 Operating Budget)

Fundraising Revenue - \$259,027 (2018 – Cash and In-Kind Donations)

This program benefited 1482 Saint John Residents in financial need in 2018.

Almost every large municipality in Canada has some type of municipally-operated financial assistance program to assist children living in poverty with access to recreation. For larger municipalities such as the City of Toronto, their city staff handle the administration of their program; and, the actual funding for financial assistance is built into the municipality's operating budget. In the case of Toronto, their annual budget is \$10.5 M per year. In the case of a smaller

municipality such as Coquitlam, BC (pop. 125,020) their annual operating budget for financial assistance is almost \$900,000 per year.

As with other municipal financial assistance programs around the country, the City of Saint John funds the administration of P.R.O. Kids and it is operated by city staff. However, the model for Saint John also relies upon the generosity of donors to assist children. Unlike other subsidy programs, the City of Saint John does not fund P.R.O. Kids' financial assistance fund (Special Purpose Fund). This fund is instead built upon generous donations from the public to City of Saint John for the exclusive use of P.R.O. Kids to assist children in-need with access to the sports, arts, recreation or culture activity of their choice. Staff are supported in generating revenue for this fund by a dedicated team of volunteers appointed by Council to the P.R.O. Kids Advisory Committee. This model has proven very beneficial for the City; for every dollar Council invests in P.R.O. Kids, the community matches with four additional dollars (direct and in-kind) to support children.

In 2018, P.R.O. Kids received \$197,919 in cash donations. In that same time frame, P.R.O. Kids also received \$61,108 in in-kind donations from sports and recreation organizations who offer free and discounted spaces in their programs for P.R.O. Kids, as well parents who committed to contribute a certain portion towards their own children's costs, depending on their financial capacity.

It is staff's belief that the significant increase in demand is not due to an increase in poverty. Rather, the increase is primarily due to an improvement in ease of access in the form of digitizing the application process, operational enhancements, public awareness campaigns, brand recognition, and greater availability of donations for families in need. There is further possibility for increased demand in the coming years, as P.R.O. Kids currently assists only 25% of eligible families in Saint John.

Presently, the City issues tax receipts for every eligible cash donation to P.R.O. Kids. This increase in donations has put additional strain on City staff, who must manually process each tax receipt. Currently, every tax receipt crosses the desk of 5 different City employees before it is received back by the donor.

In order to simplify this process, increase the opportunity for donations, and provide a simpler way to donate to P.R.O. Kids, City staff conducted a thorough review of various types of software and/or organizations who could meet the demands of the City Saint John at low or no additional cost to tax-payers; Staff recommends partnering with CanadaHelps to meet these objectives.

CanadaHelps is a registered charity that is national in scope and that works closely with the Canada Revenue Agency to help facilitate donations to charities across the country. As of 2016, they have processed over \$780,000,000 in donations for hundreds of Canadian charities as well as municipalities such as

the City of Edmonton, AB, the City of Guelph, ON, the Town of Midland, ON & the City of Regina, SK.

The process for making a donation through CanadaHelps is fairly straightforward:

- 1) P.R.O. Kids sets up a profile page on CanadaHelps website.
- 2) A donor can make a secure PCI compliant donation on that profile page.
- 3) Legally the donation is made to CanadaHelps in lieu of P.R.O. Kids.
 - a. It is very clear on the profile page that while legally the donation will be to CanadaHelps, the donation will be gifted by CanadaHelps to P.R.O. Kids.
 - b. CanadaHelps deducts a small administrative fee directly from the donation to pay for credit card processing, and operating their charity. In the case of a credit card donation, the fee is 3.5% per donation.
- 4) CanadaHelps issues the donor a digital tax receipt from CanadaHelps, not from the City of Saint John.
- 5) The donor receives an automatic customized thank you from the City of Saint John, and staff will have full access to the donor's details if staff would like to follow up with a donor.
- 6) Legally, CanadaHelps then makes a gift to P.R.O. Kids and direct deposits the donation into the City's bank account, on a weekly cadence.

In the case of a \$100 credit card donation to P.R.O. Kids, CanadaHelps would deduct \$3.50 from the donation. They would issue a tax receipt from CanadaHelps for \$100 to the donor. They would then make a gift of \$96.50 to P.R.O. Kids.

As CanadaHelps is a registered charity, they are permitted by the CRA to make gifts to other charities and municipalities. As a charity, their gifts (i.e. donations) to the City are not considered a taxable service, and so there is no actual cost to the City for this opportunity, nor does the City have to remit or claim HST.

Staff from the Finance and Parks and Recreation service areas have the necessary competencies and capacity to work with this system and process direct deposits. CanadaHelps is a cloud-based service and will not need to be maintained or serviced by the City of Saint John IT department. CanadaHelps will be responsible for technical support of their system.

Staff recommend that the City of Saint John enter into an agreement with CanadaHelps for the processing of donations to P.R.O. Kids and that the Mayor and Common Clerk be authorized to sign all necessary documentation.

SERVICE AND FINANCIAL OUTCOMES

There are a significant amount of benefits to the City from entering into this agreement.

- This process would digitize a significant amount of the process of receiving donations, and processing tax receipts.
- Staff requirements would be significantly reduced for processing Credit Card donations.
- This process is secure, and increases opportunities for donors to make donations to P.R.O. Kids.
- This process will now allow P.R.O Kids to receive recurring monthly donations from donors if they choose.
- Increased donations will improve the capacity for P.R.O. Kids to assist more residents in financial need.
- Donors will now be able to donate online.
- Donors will now receive a tax receipt immediately.
- The City will no longer have to pay to mail out hundreds of tax receipts per year for credit card donations to P.R.O. Kids
- There is little to no risk or cost implications to the City.
- CanadaHelps is a registered charity, and will essentially offer this service free to the City. Any costs to administer this program are borne by CanadaHelps, and deducted from actual donations with the consent of the donor.
- In 2018, the City processed over \$15,000 in credit card donations to P.R.O. Kids. The City currently absorbs the cost of credit card transaction fees for donations to P.R.O. Kids. These costs will now be the responsibility of CanadaHelps which will be deducted directly from the donation.
- It is assumed that as the opportunity to make donations online is made available, more donors will make their donations in that format rather than by cash or cheque. This will also reduce staff time in multiple service areas.
- The City will still retain the ability and continue to manually issue tax receipts for cheques and in-person donations.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

Input was received from the following departments or groups: Finance; Information Technology; City Solicitor's Office; Material's Management; P.R.O. Kids Advisory Committee. All were supportive of the proposed agreement.

ATTACHMENTS

CANADAHELPS CANADON CLIENT AGREEMENT

CanadaHelps Banking Information Form

CanadaHelps Terms of Service

CanadaHelps Privacy Policy

CanadaHelps PCI Compliance Certificate