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## 2020 OPERATING BUDGET BRIEFING NOTE

### Update on the Cabbagetown Youth Centre

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#### Issue/Background:

- This Budget Briefing Note responds to the Council motion, MM12.20, adopted at the November 26 and 27, 2019 meeting directing the Executive Director, Social Development, Finance and Administration to evaluate existing programming and the financial situation at the Cabbagetown Youth Centre and report back to the Budget Committee with interim funding options to support the Centre's core programs through the 2020 budget process. The motion also directed the City Manager, in consultation with the relevant City divisions, to review the feasibility of a transfer of ownership of the Cabbagetown Youth Centre to the City and its establishment as an Association of Community Centre (AOCC) and report back to the Economic and Community Development Committee in June 2020.
- The Cabbagetown Youth Centre (CYC), a not-for-profit organization, provides programming focused on educational, recreational and social activities and operates out of 2 Lancaster Ave, Rose Avenue, and Winchester Public Schools. It was founded in 1972 as the Cabbagetown Boxing Club to provide vulnerable youth with positive alternatives through sport and recreation, while encouraging ongoing education.
- On December 5, 2019, the Executive Director of the CYC, shared with the Agency Review Officer from Social Development, Finance and Administration (SDFA) that the centre was in a financial crisis that has impact on programming and administration. SDFA staff have advised the agency on several previous occasions to diversify their funding sources to ensure stability.
- As per CYC's 2018 audited financials, the centre's core programming requires an operating cost of approximately \$1,017,051. In 2018, CYC generated a total revenue of \$1,004,933, which included funding from all three orders of government, with major contributions from the federal government (\$237,642), Toronto District School Board (\$343,111), and provincial ministries (\$250,007). Their combined funding totalled 83% of CYC's operating revenue.
- In 2019, CYC received a total of \$73,681 from two (2) City Divisions: Social Development, Finance and Administration (\$39,725) and Children's Services (\$33,596). As a minor funder, the City has been providing ongoing funding to two youth programs, representing 7% of the Centre's operating budget.
- On July 26, 2019 CYC applied to Employment and Skill Development Canada for a two year funding commitment of \$365,000 towards programming with the objective to train, mentor and employ youth; and teaching leadership and entrepreneur skills. They anticipate a response by March/April 2020.

- In January 2020, CYC also applied for another Federal grant through Canadian Heritage for \$210,000. This funding focuses on ensuring at risk and indigenous populations have access to boxing and performing arts.

### **Key Points:**

#### **CYC Funding from the City**

- Historically, CYC has had funding relationships with three City divisions (see Table 1):
  - In 2000, the Cabbagetown Youth Centre began receiving funding for their summer camp program in from Children's Services (CS), which remains an ongoing funding commitment from the division. Summer day programs for children funded by Children's Services are designed to provide opportunities for the social, physical recreational, cultural, and educational development of children. This funding assists agencies to remove barriers such as family income that would prevent access of all children. Agencies are expected to take a community development approach and work with parents/guardians and community groups to identify service needs.
  - The Children's Services budget for this program area has not increased since 2013 so CS has not been in a position to add new programs or increase funding amounts.
  - CYC also received an annual Recreation Grant from Parks, Forestry and Recreation (PFR) when the division disbursed community funding. However, PFR's grant programs were absorbed into other community funding streams and ceased to exist as of 2013. CYC has no current funding relationship with Parks, Forestry and Recreation.
  - In 2013, CYC was brought into the Community Service Partnership (CSP) grant stream administered by Social Development, Finance and Administration to support the grandfathering of their recreation program. That year, CYC was awarded program funding for the Focus on Youth Program (also known as After-Four), which is an after-school program for children in junior kindergarten to fifth grade who live in the St. Jamestown, Cabbagetown, and Regent Park neighbourhoods. After-Four provides weekly activities at no cost. In 2018, this program served 65 children and the program was waitlisted.
  - Since 2013, CYC has continued to receive funding for this program, with incremental increases to the cost of living allowance each year

**Table 1: CYC Funding Relationship with City Divisions (2010-2020)**

Year	City Funding Program	Amount	Description
2010	PFR Major Recreation Grant	\$131,090	Programming and administration
		\$23,956	Summer day programs
2011	PFR Minor Recreation Grant	\$130,000	Programming
		\$23,956	Summer day programs
2012	SDFA Community Recreation Children's Services	\$80,000	Programming
		\$23,956	Summer day programs
2013	SDFA Community Service Partnership (CSP) CS	\$35,000	After-Four youth program
		\$33,956	Summer day programs
2014	SDFA CSP CS	\$35,770	After-Four youth program
		\$33,956	Summer day programs
2015	SDFA CSP CS	\$36,525	After-Four youth program
		\$33,956	Summer day programs
2016	SDFA CSP CS	\$37,325	After-Four youth program
		\$33,956	Summer day programs
2017	SDFA CSP CS	\$38,075	After-Four youth program
		\$33,956	Summer day programs
2018	SDFA CSP CS	\$38,875	After-Four youth program
		\$33,956	Summer day programs
2019	SDFA CSP CS	\$39,725	After-Four youth program
		\$33,956	Summer day programs
2020	SDFA CSP CS	\$40,543	After-Four youth program (with COLA)
		\$33,956	Summer day programs

- The Community Service Partnership provides program funding to agencies, and up to 25% of their grant allocation can be applied to supporting core operations, but CSP does not provide ongoing operational funding. CSP generally supports agencies who have been funded pre-amalgamation without a competitive intake process, hence it is difficult to gauge demand for CSP funding. Staff receive frequent inquiries for funding and based on the other granting streams, is only able to fund 6% of the requests it receives, demonstrating that demand far exceeds supply.
- All CSP agencies are on a four-year funding cycle (2019-2022), with a mid-cycle requirement to re-apply for their current funding level for the remaining two years of funding (2021 and 2022). All currently funded organizations have funding commitments until

December 2020 with funding decisions for the remaining two years being made in spring based on a full assessment of all grantees. CYC is now eligible to re-apply for current program funding levels when the application opens on March 30, 2020.

- The Community Funding Unit (CFU) in Social Development, Finance and Administration has worked closely with CYC over the funding period, noting concerns on the organization's financial health, governance, performance and reporting. Over the course of CSP funding, CYC has experienced ongoing delays with reporting timelines and requirements.
- Changes in leadership in September 2016 have contributed to improvements with governance and performance, but the organization's financial health and timely reporting have been noted as ongoing concerns.

### **Options Available for Organizations Facing Financial Crisis**

- Not-for-profits in Toronto continue to face significant challenges as the costs of operating rise and grant funding becomes more targeted and project based. A number of factors contribute to loss of funding within community organizations. Those that face similar persistent financial health, governance, performance and reporting can face loss of funding. Sometimes, funding envelopes change or funding programs close and organizations that lack diversified funds find themselves without sufficient funding to effectively operate.
- Options available to organizations in these circumstances include:
  - Developing a stability plan with major funders to assist the organization to address funding shortfalls or cash flow challenges;
  - Exploring mergers with other organizations in the not-for-profit sector in order to maximize resources and overall impact;
  - Downsizing programs and administration in order to concentrate on program delivery in the organization's strongest service areas;
  - Developing and executing a responsible and effective closure plan, transferring programs to other aligned organizations to continue to meet community needs.
- The extent to which CYC has explored these options are unclear as the City is a minor funder. CYC has clarified that there isn't a restructuring plan developed as yet for the organization but that they are open to developing one.

### **Alternative Service Provision**

- CYC is located within the neighbourhood of St. James Town, a densely populated high-rise neighbourhood of approximately 18,600 residents, with a high proportion of newcomers, low-income families, young families, youth and seniors living alone. It is bound by Sherbourne Street to the west, Bloor Street East to the north, Parliament Street to the east and Wellesley Street East to the south. Ensuring adequate community-based programs, especially for youth in a neighbourhood where there are concerns about community violence, is a shared concern of both CYC and the City.

- As part of due diligence, City staff conducted a preliminary scan of area children and youth programs. The scan identifies neighbouring organizations that provide children and youth services for the same ages as CYC. These include (but is not limited to): The Power Hour and other recreation activities at the MLSE Launchpad Homework Club; The Growing Up Healthy Downtown through Family Services Toronto; summer camp through various organizations including the Native Child and Family Services, Toronto Kiwanis Boys and Girls Club, ArtHeart Community Art Centre, Central Neighbourhood House, Regent Park Focus Youth Media Arts Centre, and Dixon Hall Services; After-School Recreation Care (ARC) and other sport activities at Regent Park Community Centre; and step aerobics through the Wellesley Community Centre. While there are waitlists for the City children and youth programs at the Wellesley and Regent Park Community Centres, both are identified in the Growth Plan with funding allocations that will alleviate some of waitlist pressures.
- Parks, Forestry and Recreation currently operates some partnership programming with CYC, particularly in the summer which primarily involves undertaking registration for some summer camp programming and a shared camp staffing model at one of the TDSB satellite locations. PFR are prepared to continue that service level. Should CYC need to close, the division can work with neighbourhood community agencies to develop a plan to absorb programming and participants at either or both centres through a re-organization of existing programs and services—depending on the quantum and minimize impact of service disruption.

### **Provision of Emergency Funding**

- Due to funding challenges across the not-for-profit sector, several organizations have sought emergency financial support from the City, and will continue to make requests. To date, Social Development, Finance & Administration's emergency funding capacity has enabled a modest investment in the range of \$5,000 - \$10,000 per organization to provide support to the Board of Directors to determine viable options for the future of the organization. This emergency funding has not included emergency operational funding for administration and program operations.
- The provision of emergency funding requires a strong rationale, including an assessment of the organization's capacity and readiness to undertake the necessary actions to revitalize the organization, secure alternative partnership arrangements, or to cease to operate.
- Should Toronto City Council set a precedent with the provision of emergency operational funding, an enhancement would be required beyond the \$21M Community Investment Partnership budget within Social Development, Finance and Administration that currently funds 357 community agencies in Toronto and experiences greater demand than the grant streams can meet. Further, to meet granting standards, the division would require a clear, equitable and transparent process to determine how best, and to which organizations to provide this emergency funding support and to determine the utility of this investment. An investment of emergency funding would need to be contingent on a clear plan of action, specific timeframes, achievement of milestones, and secured through a lien on assets.

## **Associations of Community Centres**

- The Association of Community Centres (AOCC) Boards were established or continued under the City of Toronto Act, 2006 which permit the City to appoint a City board to manage a community centre facility and provide for its administration. A Council approved Relationship Framework further defines the relationship between the City and the Community Centre Boards and sets out Council's delegation of authority, expectations and requirements for each board.
- AOCCs are comprised of ten multi-purpose board-run facilities providing a range of community, recreation, and social services programs to residents in the local community. The City supports these local efforts by providing facilities and core administrative funding.
- Despite requests from time to time for City Council to establish a new AOCC, Toronto City Council has not established a new AOCC since creating the ten centres between 1974 and 1992.

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