



4261 A-14 Highway 7 - Suite 281
Markham, Ontario L3R 9W6
Tel: 905-471-JAZZ (5299)
Email: contactus@markhamjazzfestival.com
Website: www.markhamjazzfestival.com

November 29, 2016

City of Markham
101 Town Centre Boulevard
Markham, ON L3R 9W3

To: Mayor Scarpitti, Deputy Mayor Heath, Regional Councillors, Ward Councillors, City of Markham Staff

From: Markham Jazz Festival, Markham Village Music Festival, Unionville Festival, Taste of Asia Festival

Subject: Accounting Requirements for Celebrate Markham Grant Program

We the undersigned, representatives of four major festivals in Markham, would request that the accounting requirements for Celebrate Markham grants between \$5001 to \$10,000 be reviewed with the hoped-for result being removal of the requirement for a "Review Engagement".

Rationale:

The Celebrate Markham (CM) Program is designed to assist festivals and other events in producing better events to enhance the enjoyment of citizens and visitors. We are grateful for City support, but are now finding that due to the newly revamped CM, the reporting requirements have outstripped the overall value of the grant - therefore effectively diminishing the power of the grant in building better events.

Financial Impact on organizations receiving grants

Major Festivals are eligible to receive grants not to exceed \$10K. We realize that means we could be granted anywhere from \$5K to \$10K, and that there are no guarantees what that amount will be (if any) until the City determines what will be allotted to each group.

Due to the new financial reporting requirements, this means that a festival receiving \$10K will actually realize about \$6500 to \$7000, with the balance going to pay accountants to satisfy the City's new terms. (Note: a review engagement typically costs between \$3000 to \$3500). Under this scenario, assuming a grant of \$10,000, 30% of the CM grant does not go towards building the festival. We doubt that it was the intent of the CM program to have grant money going to accountants instead of the event itself. For events that receive \$7K, having to do a review Engagement actually means such organizations may receive LESS than \$5000 net, in which case they would be wiser to just apply for that amount and avoid spending City money on what we feel are unnecessary accountant fees, given the size of grant money being discussed here.

To be clear...*we understand and agree that proper accountability* is important both for the City and for the Festivals. Our concern is the level of financial accountability being asked for in relation to the size of the grants being awarded.

What other Grant Organizations require:

Below are the financial reporting requirements for a number of other, larger grant organizations. You will see that most require treasurer-certified statements (internally prepared statements) until a significant budget and/or grant amount is reached.

Celebrate Ontario (Government of Ontario) only requires audited financial statements for organizations that receive \$75,000 or more in funding. If funding is **less** than \$75,000, standard treasurer-certified financial statements are accepted.

Canadian Heritage (Government of Canada - Building Communities – BCAH program) only requires audited statements for organizations that receive \$250,000 or more in funding (otherwise just standard treasurer-certified financial statements)

Ontario Arts Council ... the maximum grant any organization can receive is currently set at \$20,000. Audited financial statements, Review Engagements and Notice to reader certifications are not required.

Ontario Trillium Foundation - organizations must first register before they can submit an application. If annual revenues are under \$50K, simple financial statements prepared by the organization are all that are required. Organizations with revenues between \$50K and \$250K may submit Notice to Reader statements. For organizations with annual revenues of \$250K+, full audited statements are required. As you can see, even the OTF allows Notice to Reader for up to \$250K in revenue.

City of Mississauga –only internal financial statements prepared by the organization (treasurer certified) are required for grants of up to \$20,000.

We note that the City has decided to model their reporting requirements on that of the **City of Brampton**, which in our research, is the most stringent of any we have encountered. And even the City of Brampton allows grants of up to \$25K (vs \$10K), which means that for those larger grants, a Review Engagement represents about 12% of the grant – not 30% or more.

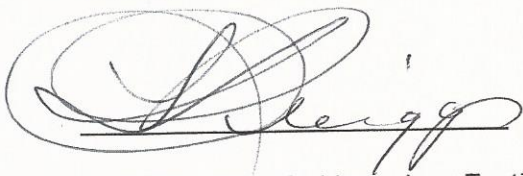
Our request:

We would request that if treasurer-certified statements are not sufficient for the City, that you ask for "Notice to Reader" statements, which are the next level up, and which will cost each organization around \$800-\$1000 (instead of \$3000-\$3500).

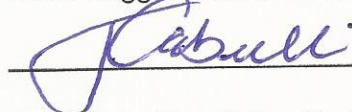
We also notice that there is a large balance left over from the 2016 Celebrate Markham allotment, and are asking the City to consider paying an extra amount to each festival to help with financial accounting costs.

To assist the City with this process, all of the organizations signed below would welcome City staff to review our accounting processes and procedures at any time to ensure you are getting value for your money, and to ensure you feel secure in how our funds are being managed.

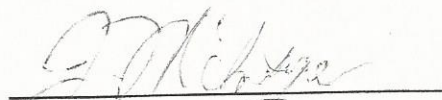
Thank you.



Linda Briggs – Markham Jazz Festival



John Cabrelli – Unionville Festival



Judi McIntyre – Markham Village Music Festival



Dr. Ken Ng - Taste of Asia