



Report to: General Committee

Date Report Authored: May 30, 2016

SUBJECT: Celebrate Markham Grant Program Supplemental Funding – October 1, 2016 - March 31, 2017 - Funding Approvals

PREPARED BY: Mavis Urquhart, Manager, Policy, Planning & Project Delivery,
Culture & Economic Development
Andrea Tang, Senior Manager, Financial Planning

RECOMMENDATIONS:

- 1) THAT the report titled, “Celebrate Markham Grant Program Supplemental Funding - October 1, 2016 - March 31, 2017 –Funding Approvals” be received; and,
- 2) THAT Council approve the recommendations of the Interdepartmental Staff Review Committee to fund 7 Celebrate Markham applicants, totaling \$28,675, as identified in Attachments 1, 2, 3 and 4; and,
- 3) THAT the following Celebrate Markham grants be approved for the **Cultural Events and Programs Category** (as per Attachment 1):
 - i) The Markham African Canadian Association (MAACA) be awarded \$4,000 for Markham Black History Month (2017 event) conditional on receiving the *Project Outcome/Financial Report* for the 2016 Black History Month event grant and MAACA securing the Markham Theatre for the event venue;
 - ii) The Centre for Tamil Heritage and Culture receive \$4,500 for Markham Thai Pongal Vizha (2017 event) conditional on receiving the *Project Outcome/Financial Report* for the 2016 Markham Thai Pongal Vizha event grant;
 - iii) The Seniors’ Extravaganza receive \$1,575 for their annual event at the Markham Theatre; and,
- 4) THAT the following Celebrate Markham grants be approved for the **Major Community Festivals Category** (as per Attachment 2):
 - i) The Society for Preservation of Historic Thornhill receive \$2,000 for the Thornhill Village Wheatsheaf Festival to be held on September 17, 2016, in addition to the \$5,000 already granted by Council for this event, for a total grant of \$7,000;
 - ii) The Unionville BIA receive \$6,000 for the Unionville Olde Tyme Christmas Parade and activities; and,
- 5) THAT the following Celebrate Markham grants be approved for the **Sport Events Category** (as per Appendix 4):
 - i) MUMBA Basketball be awarded \$3,600 for the 2017 MUMBA Ontario Cup Provincial Championship, subject to receipt of a letter of confirmation from the Ontario Basketball Association for hosting rights for this event;

- ii) Water Polo Canada be awarded \$7,000 for the 2017 Seniors' National Championships; and,
- 6) THAT subject to approval by Council, recommended applications be posted on the Celebrate Markham website for applicant's and the public's information, along with Council's resolution; and,
- 7) THAT the Celebrate Markham funding criteria, application forms and the Project Outcome Report be amended (in a form approved by the City Solicitor) to include the required minimum levels of financial reporting as described in this report; and,
- 8) THAT in addition to the financial reporting requirements identified in Recommendation 7, grant recipients must provide Review Engagements or Audit Engagements for their organizations, relating to the most recent fiscal years, if available;
- 9) THAT the financial requirements in Recommendations 7) and 8) be applied to all grant recipients beginning in the next Funding Cycle (Cycle 4) for events being delivered April 1, 2017 to March 31, 2018; and,
- 10) THAT Canada 150 be promoted through the Celebrate Markham Fund in the next funding cycle (Funding Cycle 4) for events being delivered April 1, 2017 to March 31, 2018 by prioritizing applications that contribute to this important celebration; and,
- 11) THAT in accordance with Council's resolution of March 22, 2016, \$5,000 of the remaining Celebrate Markham funds of \$68,325 be used for purchase of software and development of an improved website to better manage application processing, as well as improve the efficiency, tracking and reporting on Celebrate Markham applications (such applications forms be in a form approved by the City Solicitor); and,
- 12) That the remaining funds of \$63,325 will be included as part of the 2016 year end results of operations; and,
- 13) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To recommend Celebrate Markham grant awards for events to be held between October 1, 2016 and March 31, 2017 and to address financial reporting requirements by grant recipients. Grant recommendations are identified in Attachments 1, 2, 3 and 4.

BACKGROUND:

On October 13, 2015, Council adopted a revised Celebrate Markham Grant Program following a comprehensive program review, which included stakeholder consultations.

The first funding cycle took place in fall 2015, for projects delivered between January 1, 2016 and March 31, 2016. On December 15, 2015, grants totaling \$21,500 were awarded by Council. The second funding cycle took place in winter 2016, for projects delivered between April 1, 2016 and March 31,

2017. On March 22, 2016, grants totaling \$137,500 were awarded by Markham Council. Council also directed at that time that:

- an additional Celebrate Markham funding cycle be held with application intake occurring in April/May 2016, to address the transition to the new system for the period October 1, 2016 to March 31, 2017; and,
- remaining funds be held until the end of 2016 and used to assist with transitioning to the new program, as well as to improve processing applications including: investigating use of software; development; improved webpage; and user friendly application forms for the public.

Subsequently, on April 5, 2016, Council considered the report “Markham Arts Council Celebrate Markham Grant Allocation” and at that time directed Staff to report back with “updated criteria with respect to financial reporting requirements for Celebrate Markham grant recipients, including dollar thresholds, level of audit and frequency of reporting”.

This Staff report contains recommendations for the 3rd funding cycle. Successful applicants are recommended to receive grants for events that take place from October 1, 2016 to March 31, 2017 (application deadline was May 13, 2016). It also addresses enhanced financial reporting requirements as directed by Council which would be applied in the next Funding Cycle (Cycle 4) for events being delivered April 1, 2017 to March 31, 2018.

Funding Cycles

The following chart sets out the 3 funding cycles held to date and the upcoming funding cycle (Cycle 4) that will open on September 16, 2016. Going forward, intakes will be held annually in the fall with project delivery between April 1 and March 31 of the following years.

CELEBRATE MARKHAM FUNDING CYCLES			
Funding Cycle	Open for Applications	Closed/Deadline	Events Delivered
Cycle 1	Oct. 30, 2015	Nov. 26, 2015	Jan. 1, 2016 to Mar. 31, 2016
Cycle 2	Sept. 17, 2016	Jan. 7, 2016	Apr. 1, 2016 to Mar. 31, 2017
Cycle 3	Apr. 11, 2016	May 13, 2016	Oct. 1, 2016 to Mar. 31, 2017
Cycle 4	Sept. 16, 2016	Nov. 17, 2016	Apr. 1, 2017 to Mar. 31, 2018
Annual Funding Cycles	Mid-September	Mid-November	Apr. 1 to Mar. 31 in all following years

OPTIONS/ DISCUSSION:

A total of 11 applications were received for this funding cycle (Cycle 3). Based upon evaluation by the Interdepartmental Staff Review Committee, using Council-approved eligibility requirements and program criteria, 7 applications are being recommended for funding (see Attachment 6, Celebrate Markham Program Criteria). Key elements of the review include:

- Organizational Readiness
- Project Merit
- Community Impact
- Partners and Inclusivity
- Waste Planning (Zero Waste Event)
- Workplan

- Project Budget

The following chart provides an overview summary of all Celebrate Markham applications for this funding cycle, as well as total applications to date:

Celebrate Markham Applications 2015-2016				
Applications	Total # of Applications Received to date (New Applicants)	Total # of Applications Approved to date (Cycle 1&2)	# of Applications Received this 3rd Cycle (New Applicants)	# of Applications Recommended this 3rd Cycle (New Applicants)
Cultural Events and Programs	20(8)	*15	3	3
Major Community Events (New Applicants)	18(6)	7	*5(1)	2
Seniors' Clubs (New Applicants)	17(9)	16	1(0)	0
Sports Events (New Applicants)	11(8)	5	2(1)	2
Total (New Applicants)	66(31)	43	11(2)	7

*NOTE: Thornhill Village Wheatsheaf Festival submitted 2 applications - one in 2nd cycle and one in 3rd cycle

Application summaries are provided in Attachments 1 to 4, along with the Interdepartmental Staff Review Committee's recommendations. The Committee is recommending that 7 applicants be approved, totaling \$28,675 in grants for this funding cycle. The Financial Considerations section of this Staff report includes a chart that shows: the amount of funding recommended for this 3rd funding cycle; funds previously approved by Council for the first and second funding cycles; and remaining Celebrate Markham funds. Attachment 5 contains detailed charts showing the amounts approved for each funding category and the recommended recipients.

Application Review

i) Supplementary Application - The Society for the Preservation of Historic Thornhill (The Society)

A grant request for the Thornhill Village Wheatsheaf Festival (to be held on September 17, 2016), was made by The Society in the 2nd funding cycle. The original grant application, submitted in January 2016, was inadvertently submitted under the Cultural Events category (*maximum grant cap is \$5,000*), rather than the Major Community Festivals Category (*maximum grant cap is \$10,000*). Council provided a \$5,000 grant to that organization on March 22, 2016.

The Society is seeking further consideration of funding for their community festival under the Major Community Festival category that would be more in line with the grants received by other Major Community Festival grant recipients including: Markham Jazz Festival, Markham Village Music Festival, Night It Up!, Taste of Asia Festival and Unionville Festival. As a result, The Society has submitted a second application for this 3rd funding cycle requesting another \$5,000 grant, to potentially supplement their grant for the upcoming Thornhill Village Wheatsheaf Festival bringing it to \$10,000.

Given that organizations are still transitioning to the new requirements under the revised program, Staff has reviewed the application and determined that additional funding for this event is warranted. The

Interdepartmental Staff Review Committee has assessed the combined request under the Major Community Festival category and recommends an additional grant of \$2,000, which would bring the total grant for this event to \$7,000. It should also be noted that the date of the Thornhill Village Wheatsheaf Festival falls 2 weeks before the project delivery timeframe for this funding cycle (the festival is to be held on September 17, 2016 and project delivery for this funding cycle is from October 1, 2016 to March 31, 2017). Staff has no objection to this one-time exception to accommodate this application as part of the transition phase.

Transition to New Celebrate Markham Program

In accordance with Council direction to ensure applicants with events planned during the first 3 months of 2017 were able to access grants for their celebrations and events and to further promote the grant program, Staff has undertaken the following as part of the outreach for this funding cycle:

- contacted applicants that previously held events in the first 3 months to inform them of the added opportunity to apply and to raise awareness and better promote the new timelines of the revised program; and,
- promoted the additional intake date to ensure fair access to resources through communications including: advertising on the Markham website, local newspaper advertisements, the City's electronic information boards and social media.

Staff has undertaken these steps and exercised flexibility, where warranted in the review and processing of applications in this transitional stage to the annual grant program.

Project Outcome and Financial Reporting

The restructured Celebrate Markham Program has resulted in numerous positive outcomes. One of the key outcomes was to require grant recipients to report back formally on delivery of their event/project and expenditure of their Celebrate Markham grant. Currently organizations are required to report on the outcome of their project, its community impact, learning, and to provide feedback, as well as financial results. This is required for each organization that receives funding and must be fulfilled prior to the release of further grants to the organization.

On April 5, 2016, Markham Council directed Staff to report back with "updated criteria with respect to financial reporting requirements for Celebrate Markham grant recipients, including 1) dollar thresholds, 2) level of audit and 3) frequency of reporting". To address the wide range of recipients (this includes small Senior's Clubs, a variety of sports organizations, large multi-day festivals and others that receive funding from \$1,000 up to \$30,000) and to ensure that the financial requirements are not too onerous to discourage smaller, or start up groups, Staff undertook a review of Celebrate Markham grants approved to date and funding practices in other municipalities. The following section provides an overview of Staff's analysis and a recommendation for financial reporting.

Financial Reporting:

To date 43 Celebrate Markham Community grants have been awarded. As shown below, 37 of the grants (86%) are below the \$5,000 threshold. Only 6 of the grants (14%) are between \$5,000 and \$10,000. Therefore, the distribution is weighed heavily towards the "less than \$5,000 threshold", which should be considered when establishing reporting requirements.

Distribution of Celebrate Markham Community Grants					
Grant Threshold	Major Community Festivals	Cultural Events	Seniors' Clubs	Sports Events	Total
\$5,000 or less	2	15	16	4	37
\$5,001 to \$10,000	5	0	0	1	6
Total	7	15	16	5	43

In addition, separate from the Celebrate Markham Community Grant process, Council approved a \$23,400 grant to the Markham Arts Council (grant of \$30,000 less the 2016 loan repayment of \$6,600) subject to providing an Audit Engagement.

Staff surveyed the City of Brampton, City of Mississauga and the Ontario Trillium Foundation. Listed below are the grant thresholds and reporting requirements:

CITY OF BRAMPTON

Grant Threshold	Reporting Requirement
\$4,999 or less	Compilation Engagement
\$5,000 to \$24,999	Review Engagement
\$25,000 and over	Audit Engagement

CITY OF MISSISSAUGA

Grant Threshold	Reporting Requirement
\$20,000 or less	Income statement and balance sheet signed by the Board
\$20,000 and over	Audit Engagement

ONTARIO TRILLIUM FOUNDATION

Annual Revenue	Reporting Requirement
Annual Revenue under \$50,000	Financial statements prepared by the organization
Annual Revenues between \$50,000 and \$249,999	Statements prepared by a Licensed Public Accountant outside of the organization. (Include Compilation engagement, Review Engagement or Audit Engagement)
Revenues of \$250,000 or more	A complete set of financial statements for the two most recent years audited by a licensed public accountant.

With respect to frequency of reporting, the City of Brampton, the City of Mississauga, and the Ontario Trillium Foundation all require the financial reports as outlined above to be provided for the year in which the applicant receives the grant. Staff recommends that the City follow the same guidelines.

Based on the City's actual grant distribution, as well as other municipalities' and the Ontario Trillium Foundation grant/annual revenue thresholds and reporting requirements, Staff recommends the following minimum reporting requirements:

PROPOSED FINANCIAL REPORTING		
Grant Threshold		Minimum Reporting Requirement
1.	\$5,000 or less	Income statement and balance sheet prepared by the organization and signed by the Board
2.	\$5,001 - \$10,000	Review Engagement prepared by a Licensed Public Accountant outside the organization. One document that contains financial statements for the 2 separate fiscal years (the most recent fiscal year and the previous year)
3.	\$10,001 & over	Audit Engagement prepared by a Licensed Public Accountant outside the organization. One document that contains financial statements for the 2 separate fiscal years (the most recent fiscal year and the previous year)

These levels of reporting provide reasonable assurance that public funds are being used appropriately and at the same time the reporting requirements are reasonable and practical for smaller organizations receiving grants. The following is a brief description of each of the financial reporting documents.

1. Project Outcome Report including Financial Statements - \$5,000 or less

- This is a report back on the benefits of the grant to the community, applicants' feedback, as well as an accounting of the expenditure of public funds.
- The report will include a section with financial statements to be completed by the organization including an income statement and balance sheet to be signed off by the organization's Board. Variances to project budget need to be accompanied by an explanation for the variance.

2. Project Outcome Report including Review Engagement - \$5,001 - \$10,000

- This is a report back on the benefits of the grant to the community, applicants' feedback, as well as a new requirement to account for the expenditure of public funds through a Review Engagement.
- The Review Engagement will provide the financial statement users "negative assurance" that nothing has come to the accountant's attention that causes them to believe that the financial statements are not presented fairly.
- The Licensed Public Accountant (Accountant) must perform sufficient work to assure the user that the financial statements are "plausible". The Accountant will check for internal consistency, analyze specific account balances, and require explanations from management for anything that seems unusual.
- The Review Engagement must comply with General Accepted Accounting Principles (GAAP), which ensures that all activity is recorded and disclosed in a standardized way.
- From the user's point of view, the review engagement provides increased confidence that the financial statements accurately and completely reflect the transactions of the business for the year.

3. Project Outcome Report including Audit Engagement - \$10,001 & over

- This is a report back on the benefits of the grant to the community, applicants' feedback, as well as a new requirement to account for the expenditure of public funds through an Audit Engagement.
- The Audit Engagement provides the highest level of assurance.
- It enables independent Professional Public Accountants to render an opinion on the fairness of the client's financial statements.

- Accepted means by which many business corporations report to shareholders, bankers, creditors and to government.
- Must obtain reasonable assurance that the financial statements are free of material misstatement. This is achieved through the evaluation of internal controls, inspection of documents, observation of assets, inquiries within and outside the company, and by other generally accepted auditing procedures.

In addition to the minimum requirements identified above, grant recipients must also provide Review Engagements or Audit Engagements for their organizations, relating to the most recent fiscal years, if available.

For example, if an applicant receives a \$5,000 Celebrate Markham grant for a Cultural Event, they would be required to report back on the event with an Outcome report and signed financial statements from the Organization's Board. As well, if the same applicant had applied for a grant from another funding organization, such as the Ontario Trillium Foundation, and that organization had required a Review Engagement as part of the grant submission, then the City would require the applicant to provide a copy of the Review Engagement in addition to the minimum financial requirements.

Staff recommends that the Celebrate Markham documentation and processes be amended so that these enhanced financial requirements would be applied to grant recipients of the next Funding Cycle (Cycle 4) for events being delivered April 1, 2017 to March 31, 2018 under the new requirements.

To date, of the 43 Celebrate Markham grants awarded, the following 6 grant recipients would be required to provide a Review Engagement based on the recommended dollar threshold for grant amounts of \$5,001 to \$10,000 under the new requirements:

Grants Awarded between \$5,000 and \$10,000		
Category	Project Name	Amount Granted
Major Community Festivals	Markham Jazz Festival	10,000
Major Community Festivals	Markham Village Music Festival	10,000
Major Community Festivals	Night It Up!	10,000
Major Community Festivals	Taste of Asia Festival	10,000
Major Community Festivals	Unionville Festival 2016	10,000
Sports Events	2016 ITTF N.American Olympic Qualification Tournament	10,000

In addition, separate from the Celebrate Markham Grant process, Council approved a \$23,400 grant to the Markham Arts Council (grant of \$30,000 less 2016 loan repayment of \$6,600) subject to providing an Audit Engagement.

Considerations for Canada 150 Celebrations

2017 marks the 150th anniversary of Canada's Confederation. One of the key elements of the Canada 150 program is "Celebrating & Bringing Canadians Together", and as a result, communities across Canada have been invited to create opportunities to celebrate together and build a deeper understanding of Canada, its people and what it means to be a Canadian. This initiative strongly aligns with the principles of Celebrate Markham and therefore, Culture & Economic Development staff is

recommending that funding support for Canada 150 be promoted through the Celebrate Markham Fund in the next (Funding Cycle 4) for events being delivered April 1, 2017 to March 31, 2018, by prioritizing applications that demonstrate that they will contribute to this important celebration.

Conclusions

The Interdepartmental Staff Review Committee has reviewed all applications, in detail, by fund category, on the basis of the program criteria, as approved by Council. Including the applications from the first two funding cycles, a total of 50 applications have been recommended/approved for funding out of the 66 applications received to date under the revised Celebrate Markham Program.

Restructuring of this grant program was undertaken to help the City achieve its corporate goals – to increase transparency; to maintain financial sustainability; and to increase community access to the Celebrate Markham grants. As identified at the outset of the review, improving the Celebrate Markham Program is dependent upon Council's role being to confirm the program's goals and objectives, to establish the overall funding envelope and to direct funding requests to the Celebrate Markham Program. Staff's role, meanwhile, is to ensure effective and efficient administration of the Fund, according to the established process and criteria. Success of this program depends upon adhering to the revised process which has been put in place. Going forward, the Staff Review Committee will incorporate the feedback received and continue to work on improvements identified through the pilot project for the 2017/2018 funding cycle. Criteria and application forms will be adjusted and further recommendations presented to Council as part of the year-end report on Celebrate Markham in Q4 2016.

NEXT STEPS:

Upon approval of the Staff report and funding allocations, Staff will follow-up with applicants to inform them of the decisions related to their applications. **The next round of applications for 2017/2018 will be open on September 16, 2016. The deadline for the next funding cycle is November 17, 2016.**

FINANCIAL CONSIDERATIONS:

A total budget of \$256,000 was allocated for Celebrate Markham community applications delivered in January 1, 2016 to March 31, 2017. Of that, \$21,500 was awarded in the 1st funding cycle. A total of \$137,500 was awarded in the 2nd funding cycle and \$28,675 is recommended for approval in this additional funding cycle (3rd funding cycle) for a total overall of \$187,675 in grants distributed to the community. Of the remaining \$68,325 in the Celebrate Markham Fund, \$5,000 is to be used for purchase of software and development of an improved website to better manage application processing, as well as improve the efficiency, tracking and reporting on Celebrate Markham applications. The remaining funds of \$63,325.00 will be included as part of the 2016 year end results of operations. The chart below illustrates the fund distribution from the approved budget of \$256,000 for Community Grants:

Summary Table for Celebrate Markham Community Grant Allocations

Grant Category	Total Funding Envelope	Funding Approved 1st Funding Cycle	Funding Approved 2nd Funding Cycle	Funding Recommended 3rd Funding Cycle	Total Funding Approved/ Recommended (1 st , 2 nd and 3 rd Funding Cycles) E = B+C+D	Remaining Budget Available F = A-E
	(A)	(B)	(C)	(D)	(E)	F = A-E
Cultural Events & Programs	\$76,000	\$14,000	\$ 42,500	\$10,075	\$66,575	\$9,425
Major Community Festivals	\$100,000	\$2,500	\$ 55,000	\$8,000	\$65,500	\$34,500
Seniors' Clubs	\$40,000	\$5,000	\$ 16,000	0	\$21,000	\$19,000
Sports Events	\$40,000	\$0	\$ 24,000	\$10,600	\$34,600	\$5,400
TOTAL	\$256,000	\$21,500	\$137,500	\$28,675	\$187,675	\$68,325

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

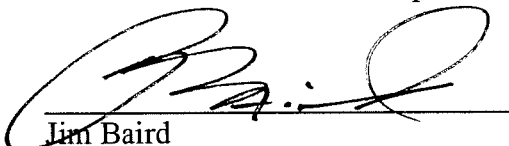
This initiative aligns with the strategic focus for community engagement to promote meaningful involvement and participation of residents, businesses and organizations that result in improved citizen engagement.

BUSINESS UNITS CONSULTED AND AFFECTED:

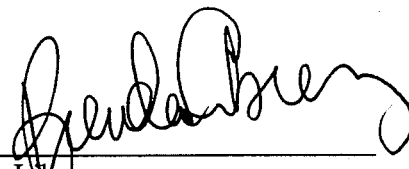
Finance, Corporate Communication and Community Engagement, Legal, Culture & Economic Development, Recreation and Human Resources Departments.

RECOMMENDED BY:


Stephen Chait, Ec.D, CEcD, CMC
Director,
Culture & Economic Development



Jim Baird
Commissioner,
Development Services Commission



Brenda Librecz
Commissioner,
Community and Fire Services

ATTACHMENTS:

Attachment 1 - Celebrate Markham Grant Recommendations - Cultural Events and Programs Category

Attachment 2 -	Celebrate Markham Grant Recommendations - Major Community Festivals Category
Attachment 3 -	Celebrate Markham Grant Recommendations - Seniors' Clubs Category
Attachment 4 -	Celebrate Markham Grant Recommendations - Sports Events Category
Attachment 5 -	Celebrate Markham Grant Allocations and Totals
Attachment 6 -	Celebrate Markham Program Criteria

