



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: September 16, 2019
Report Number: FAF.19.098
Subject: Town of The Blue Mountains Community Foundation
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive Staff Report FAF.19.098, entitled "Town of The Blue Mountains Community Foundation";

AND THAT Council direct Staff to proceed with Option 1;

AND THAT staff work with the Grants and Donations Committee for fundraising initiatives, disbursement of charitable funds and the criteria for grants and donations;

AND THAT Council direct staff to create a Grants and Donations Reserve Fund.

B. Overview

This report describes the various options available to the Town for a Town of The Blue Mountains Community Foundation.

C. Background

Council approved Staff report FAF.19.079, Grants and Donations Program. With the approval of the report, Council established a formal Committee of Council, being the Grants and Donations Committee, which includes members of the public and two members of Council. Staff was directed to also investigate and report back on the process of establishing a Community Foundation.

D. Analysis

The Town has various options that could be considered with regards to dealing with grants and donations.

Option 1 – Grants and Donations Committee

The Town has established a Grants and Donations Committee that includes members of the public and Council members to have oversight for the fundraising and the disbursement of the annual grants and donations program. The Town is considered a qualified donee and accordingly the Town can currently issue charitable receipts to individuals to allow the individual to deduct the gift from their taxes, under section 118.1(1) of the *Income Tax Act*. Staff would recommend that a Grants and Donations Reserve Fund be established to keep the donations separate and to allow the fund to earn interest.

Pros	Cons
<ul style="list-style-type: none"> • There is no need to create a separate corporation. • The Grants and Donations Committee can fundraise and disburse charitable funds with minimal overhead and oversight. • No annual audit is required. 	<ul style="list-style-type: none"> • The Minister could deregister a qualified donee, if the qualified donee contravenes the <i>Income Tax Act</i>. • The Town may lose its qualified donee status if an improper receipt is issued. • The Town currently issues receipts for departments within the Town and there may be repercussions to other Town entities and operations, if it becomes deregistered.

Option 2 – Creation of an Ontario Charitable Corporation

Section 203 of the *Municipal Act* allows a municipality to incorporate a corporation. The *Ontario Corporations Act* allows for the incorporation of non-share capital corporations through letter patent. Letter patent refers to the ministerial creation of a special privilege, such as a corporation. Section 119 of the *Corporations Act* requires an application to be filed for a non-share corporation that includes:

- the names in full and the address for service of each of the applicants;
- the name of the corporation to be incorporated;
- the objects for which the corporation is to be incorporated;
- the place in Ontario where the head office of the corporation is to be situated;
- the names of the applicants who are to be the first directors of the corporation; and
- any other matters that the applicants desire to have embodied in the letters patent.

Pros	Cons
<ul style="list-style-type: none"> • A separate foundation is a separate legal person for liability or administrative purposes. If the foundation fails to comply with the Income Tax Act requirements for a charity or issues an improper charitable receipt, the Town is isolated from repercussions. • There is no conflict of interest for Councillors who serve on the Foundation’s Board. • A “Nuans” search, to demonstrate that the incorporation does not have the same or similar name to an existing corporation, as well as a filing fee. • “Application for Incorporation of a Corporation without Share Capital, Form2” must be completed. 	<ul style="list-style-type: none"> • A separate corporation is a distinct legal entity and therefore requires its own financial books, accounting and auditing. • Fees to establish a corporation are required. • The Foundation will have to send an annual detailed report to Canada Revenue Agency to maintain the charity registration. • Legal/Administrative costs to set up the corporation. • Longer process than Federal corporation and a hard copy must be submitted.

Option 3 – Creation of a Federal Charitable Corporation

The Canada Not-for-profit Corporations Act allows for the federal incorporation of non-share corporations. Federal incorporation is an administrative process whereby the Ministry of Innovation, Science and Economic Development creates the corporation, after approving the articles of incorporation. Under Section 7 of the *Canada Not-for-profit Corporations Act*, the articles of incorporation must include:

- the name of the corporation;
- the province where the registered office is to be situated;
- the classes, or regional or other groups, of members that the corporation is authorized to establish and, if there are two or more classes or groups, any voting rights attaching to each of those classes or groups;
- the number of directors or the minimum and maximum number of directors;
- any restrictions on the activities that the corporation may carry on;
- a statement of the purpose of the corporation; and
- a statement concerning the distribution of property remaining on liquidation after the discharge of any liabilities of the corporation.

Pros	Cons
<ul style="list-style-type: none"> • Federal incorporation can be done electronically. • Submission of "Form 4001" which is the Articles of Incorporation form. • Submission of "Form 4002" which is the Initial Registered Office Address and First Board of Directors form. • A "Nuans" search, to demonstrate that the incorporation does not have the same or similar name to an existing corporation, as well as a filing fee. • Can be done quickly as it is an administrative action. 	<ul style="list-style-type: none"> • Federal incorporation does not have pre-approved charitable objects. • Canada Revenue Agency may reject a federally incorporated charity if the Canada Revenue Agency does not fund the corporate purposes appropriate.

With Option 2 or 3, Ontario Regulation 599/06 Municipal Services Corporation governs the establishment and operations of municipal services corporations. The following commentary relates only to those sections of this regulation which apply to the corporation proposed to be established.

1. Section 3 provides that the corporation may only be established if the service or thing provided by the corporation is one that the Town could provide.
2. Section 4 provides for a similar requirement dealing with the appointment of directors, officer or members.
3. Section 6 requires a business case study to be adopted.
4. Section 8 provides that the Town shall consult with the public before establishing the corporation. It is therefore recommended that Council direct Staff to advertise and hold a public meeting for the purposes of consulting the public regarding the proposal to establish a Community Foundation, and report back to Council.

A business case would need to be developed to go to the public for input.

With the Grants and Donations Committee just being newly formed, staff feel it is not appropriate at this time to proceed with Option 2 or 3.

E. The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence

Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None

G. Financial Impact

The creation of a Community Foundation will require legal costs of approximately \$1,600. Depending on the activities and the complexity, the ongoing annual audit fees will be approximately \$5,000 or potentially higher.

Council directed staff to remove Grants and Donations from the 2020 Budget. Fundraising initiatives would be used to fund requests as determined by the committee.

H. In consultation with

Shawn Everitt, Chief Administrative Officer
Councillor Sampson
Councillor Bordignon

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Ruth Prince at directorfit@thebluemountains.ca.

J. Attached

1. June 3, 2019 Motion
2. Staff Report FAF.19.079, Grants and Donations Program
3. Grants and Donations Reserve Fund By-law - Draft

Respectfully Submitted,

Ruth Prince
Director of Finance and IT Services

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FAF.19.098
Attachment 1

June 3, 2019

Moved by: Rob Potter

Seconded by: Rob Sampson

THAT Council receive Staff Report FAF.19.079, entitled "Grants and Donations Program;

AND THAT Council authorize the development of a formal Committee of Council being the Grants and Donations Committee to include two members of Council, three members of the public, the Chief Administrative Officer and the Director of Finance and IT as resources;

AND THAT Council endorse the Terms of Reference for the Grants and Donations Committee as presented in Attachment 1 of this staff report;

AND THAT Council appoint Peter Bordignon and Rob Sampson as Council representatives on the Grants and Donations Committee to include the over sight for fundraising, disbursement and the criteria of grants and donations;

AND THAT Council authorize Staff to initiate a call for appointments of three (3) members to the Grants and Donations Committee;

AND THAT Council direct staff to investigate and report back on the process of establishing a Community Foundation;

THAT Council endorse the inclusion of the Business Association Grants under the Economic Development budget and remove these from the Grant and Donations Program Application;

AND THAT Council direct staff to remove the grants and donations budgets from the 2020 Budget, **CARRIED**.

CERTIFIED TO BE A TRUE COPY

Krista Royal, Deputy Clerk



Staff Report

Finance and IT Services

Report To: Special Committee of the Whole
Meeting Date: May 27, 2019
Report Number: FAF.19.079
Subject: Grants and Donations Program
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive Staff Report FAF.19.079, entitled "Grants and Donations Program;

AND THAT Council authorize the development of a formal Committee of Council being the Grants and Donations Committee to include two members of Council, three members of the public, the Chief Administrative Officer and the Director of Finance and IT as resources;

AND THAT Council endorse the Terms of Reference for the Grants and Donations Committee as presented in Attachment 1 of this staff report;

AND THAT Council appoint _____ and _____ as Council representatives on the Grants and Donations Committee to include the oversight for fundraising, disbursement and the criteria of grants and donations;

AND THAT Council authorize Staff to initiate a call for appointments of three (3) members to the Grants and Donations Committee;

AND THAT Council direct staff to investigate and report back on the process of establishing a Community Foundation;

THAT Council endorse the inclusion of the Business Association Grants under the Economic Development budget and remove these from the Grant and Donations Program Application;

AND THAT Council direct staff to remove the grants and donations budgets from the 2020 Budget.

B. Overview

This report outlines the proposed changes to the Grants and Donations Program to include a Committee of Council that includes members of the public to have oversight for the fundraising and the disbursement of the annual grants and donations program. This committee would be responsible for fundraising activities throughout the year to raise funds to support the annual grants and donations. They would also be responsible to establish the guidelines and criteria for grants and donations for Council's approval.

C. Background

For twelve years, The Town of The Blue Mountains has administered a Grants and Donations Program for Community Groups and Organizations who make an application for financial or in-kind support for their operations, events, and activities.

The current guidelines and criteria were revised in 2015. With the implementation of a Grants and Donations Committee, they would be responsible to develop revised guidelines and criteria for Council's approval.

D. Analysis

At the April 24th, 2019 Council meeting, Council made the following resolution:

April 24, 2019

Moved by: Odette Bartnicki

Seconded by: Rob Sampson

THAT Council direct staff to provide Council with a revised Grants and Donations Program for the 2020 year to include:

1. Additional sources of revenue;
2. Consideration of providing access to the Town's insurance program to applicants;
3. A revised Grants and Donations form to include additional information, which includes, but is not limited to the organization's:
 - a. Funding from other sources;
 - b. Volunteer hours;
 - c. Statistics on residents served and the impact of the organization in The Blue Mountains;
 - d. Percentage of total budget that goes to the administration of the organization;
4. An alternative municipal source of funding for health care providers through the Town's Health Services Reserve;
5. Consideration of alternate methods of allocating the grants and donations funds;

AND THAT Councillor Bordignon and Councillor Sampson be appointed as the Council representatives to work with staff to bring this back to Council by the end of June, 2019,
CARRIED.

Staff have been working with Councillor Bordignon and Councillor Sampson to consider options for the Town's grants and donations program.

Grants and Donations Committee

Many municipalities have established a committee to review grant and donations applications. These committees are usually comprised of Council members and Community members. It is recommended that The Blue Mountains establish a Grants and Donations Committee that will be comprised of two members of Council and three members of the public to establish terms of reference for the committee that include fundraising initiatives, disbursements and the revised grants and donations criteria.

Municipalities are also establishing Community Foundations to create and invest funds which are dispersed as grants for projects and services that enrich the community. Community Foundations offer an "arms length" method of disbursing funds. It would have an independent Board of Directors from the community. Staff will report back to Council on the possible establishment of a Community Foundation for the Town.

Business Associations

In reviewing other municipal grants and donations policies, business organizations were not included under this program. Business Associations currently included in the Town's grants and donations program are the Blue Mountain Village Association, Blue Mountains Chamber of Commerce and the Clarksburg Village Association. The dollar amounts will be included in the Communication and Economic Development Budget and will be clearly identified in the budget document so Council and the public are aware of the dollar allocation. During the budget process, Council could debate the amounts that have been allocated and the business associations that will receive funding.

Insurance

Staff contacted our insurance provider AON to discuss the request to consider providing access to the Town's insurance program to applicants. Our insurance provider indicated that the Town's underwriters are unlikely to write these groups through a rider on the municipal program. There would be concerns about the care, custody and control as it is inadvisable to extend coverage to others where you have no control to the risk. AON would not recommend adding groups through a rider even if it was somehow possible. A claim that is made from one of the grants and donation organizations would then be part of the Town's claims experience which has wider implications including future insurance premiums.

Health Services

Request for hospital funding, doctor recruitment and requests from the North East Grey Health Clinic would be funded through the Health Care Reserve based on Council's recommendations. An addition to the 2020 budget to include annual funding to this Health Care Reserve will be prepared as part of the budget package. These larger requests impact the community over many years and usually require a multi-year commitment by Council.

E. The Blue Mountains' Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

The 2020 Budget is proposed to maintain \$15,000 from the current Grants and Donations Program to fund local business associations and will be included in the Communication and Economic Development Budget. The remaining \$38,000 will be removed from the annual tax levy.

H. In consultation with

Shawn Everitt, Interim Chief Administrative Officer
Councillor Bordignon
Councillor Sampson

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Ruth Prince at directorfit@thebluemountains.ca.

J. Attached

1. Draft Terms of Reference – Grants and Donations Committee

Respectfully Submitted,

Ruth Prince
Director of Finance and IT Services

For more information, please contact:
Ruth Prince
directorfit@thebluemountains.ca
519-599-3131 extension 228



Grants and Donations Committee

DRAFT - TERMS OF REFERENCE

1. PURPOSE

The Town of The Blue Mountains (“Town”) Grants and Donations Committee will be responsible for raising funds to support the Grants and Donations program and for receiving, reviewing and approving grants and donations applications based on the grant criteria and application process approved by Council.

2. MANDATE

The Mandate of the Town’s Grants and Donations Committee is to:

- Design and implement fundraising activities that will raise funds to support the Grants and Donations program;
- Administer, receive, review and approve the annual grants and donations applications;
- Provide advice to Council and seek approval for the guidelines, criteria and application process; and
- Provide a report to Council on the financial position and the status of all grants and donations.

3. MEMBERSHIP / VOTING

The Grants and Donations will be comprised of up to Seven (7) members who are appointed by Council.

Voting Members:

- 2 members of Council
- 3 members of the public at large
- Mayor as ex-officio (not counted towards Committee membership)

Openings for the membership shall be publicly advertised as appointment opportunities arise. All voting Members are selected by resolution of Council.

Non-Voting Members:

- Chief Administrative Officer as ex-officio
- Director of Finance & IT Services
- Administrative Assistant

Members will:

1. Demonstrated expertise in fundraising;
2. Demonstrate a strong interest in and commitment to remaining informed on community issues and in particular community grants and donations;
3. Be able to allocate sufficient time during the day for participation in regularly scheduled meetings;
4. Be able to allocate sufficient time to review the agenda, minutes and applicable documentation in advance of each regularly scheduled meeting; and
5. Participate as a team member.

4. QUORUM

Quorum for the Grants and Donations Committee, per the standards of the *Municipal Act, 2001*, is 3 voting members, which must include at least one (1) Council representative, regardless of the number of members in attendance.

The Council representatives appointed to the Grants and Donations Committee count towards quorum. The Mayor as ex-officio does not count towards quorum. However, the Mayor as ex-officio does have the right to vote and make motions.

5. SUB-COMMITTEES

Should the Grants and Donations Committee feel a sub-committee is required to deal with specific issues, such sub-committees shall be ad hoc in nature, with specific, clearly articulated mandates. All sub-committees shall be reviewed annually to determine whether they need to continue. To take advantage of individual expertise, membership on sub-committees may be expanded to include community individuals who are not committee members.

6. REMUNERATION

No compensation shall be provided to members of the Grants and Donations Committee for their participation.

7. MEETING TIME & LOCATION, AGENDA PACKAGE & MEETING CANCELLATION PROCEDURES

The Grants and Donations Committee will meet monthly at a date and time to be set by the Committee once the public members have been appointed. Additional meetings of the Committee may be called by the Chair, with a minimum of 72 hours' notice, to address urgent matters.

The Administrative Assistant shall send out meeting invites to all Committee members and post notice of the meeting to the Town's website. The Call for Agenda Items will be sent out with the meeting invite along with a deadline for quorum to be obtained. If quorum is not obtained by the deadline indicated, the meeting shall be cancelled. In the event quorum is obtained by the deadline but the Committee does not have quorum the day of the meeting within fifteen (15) minutes after the hour appointed, the meeting shall be cancelled.

Meetings will be held in the Council Chambers at the Town Hall, 32 Mill Street, Thornbury. If the Council Chambers are not available, an appropriate alternative location will be selected.

All meetings are open to the public, unless closed sessions are required in accordance with the Town's procedural bylaws. Meetings are not broadcasted.

8. AGENDA, MINUTES & PROCEDURE

Agenda items will be set by the Committee Chair.

Minutes will be kept by the Administrative Assistant who will distribute the minutes to all of Council in accordance with Town practice. All meetings shall be conducted in accordance with the Town's Procedural By-law 2018-20.

The Terms of Reference is a living document and will be reviewed annually at a minimum, or as required.

9. RELATED POLICIES & TRAINING REQUIREMENTS

POL.COR.07.07 Code of Conduct for Members of Council

POL.COR.17.04 Accessibility Standards for Customer Service

POL.COR.18.04 Protocol Policy for Complaints Related to Council Members and Local Boards

POL.COR.18.08 Workplace Violence & Harassment Policy

POL.COR.18.10 Social Media Policy

POL.COR.19.02 Council Staff Relationship Protocol

[Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c.11](#)

[Municipal Conflict of Interest Act, R.S.O. 1990](#)

[Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990](#)

The Corporation of the Town of The Blue Mountains

By-Law Number 2019 –

Being a By-law to provide for the establishment and maintenance of a Reserve Fund for the purposes relating to the administration of the Town of The Blue Mountains Grants and Donations

Whereas pursuant to Section 417 of the *Municipal Act, 2001*, as amended, S.O. c.25, the municipality may provide in its budget for the establishment and maintenance of Reserve Funds for any purpose for which it has authority to spend money;

And Whereas the municipality may by By-law provide that the money raised for a Reserve Fund be spent, pledged or applied to a purpose other than that for which the Fund was established, and;

Now Therefore Council of The Corporation of the Town of The Blue Mountains hereby enacts as follows:

1. That the following new Reserve Fund be established:
 - Grants and Donations Reserve Fund;
2. That the Grants and Donations Reserve Fund will be used to administer the Town of The Blue Mountains Grants and Donations program;

And Further, that this By-law shall come into force and take effect upon the enactment thereof.

Enacted and passed this 30th day of September, 2019.

Alar Soever, Mayor

Corrina Giles, Town Clerk