

**Report from** Financial Management Services, Billing

**Date of Report:** November 6, 2017

**Date of Meeting:** November 17, 2017

**Report Number:** FMS-B052 - 2017

**File:** 10.57.99

**Subject:** Ethnocultural Transitional Grant Program Eligibility Revisions

## Recommendation

That the Budget Standing Committee (BSC) consider the recommendations for the change in the eligibility criteria to the ethnocultural transitional grant program which includes an additional \$3,200 to be taken from the Civic Project Fund for 2017(CPF); and

That the BSC approve the ethnocultural grant program for 2018 and the CPF be used to cover this rebate program, in the event that a rebate program is not established by the Region of Niagara; and

That the BSC refer this report to Council for approval and direction.

## Summary

At the BSC meeting of May 17, 2017, the Budget Standing Committee referred the report back to staff to re-evaluate the eligibility of the organizations that originally qualified for the Ethnocultural Transitional Grant; and

That the Committee request staff to review the eligibility process as only one organization met the final eligibility criteria. Appendix 1

## Background

At the BSC meeting of November 14, 2016, the BSC directed staff to create a transitional grant program of 50% of the City's portion of property taxes for those ethno-cultural centres under the St. Catharines Cultural Investment Program (SCCIP) program rules; and

Further, that the money be added into the SCCIP program and into the budget. Appendix 2

At the Council meeting of February 27, 2017, Council directed that a transitional grant program for 50% of the City's portion of property taxes for ethno-cultural centres registered as *charitable organizations* and owning real property in the City of St. Catharines be approved and staff was directed to follow the St. Catharines Cultural

Investment Program (SSCIP) program rules and funds of \$40,000 be provided for this initiative from the Civic Project Fund (CPF) in 2017.

## Report

As permitted by subsection 361(4) of the Municipal Act, a municipality may provide a tax rebate program for organizations that are similar to eligible charities or a class of such organizations as defined by the municipality. A motion was brought forward by Councillor Britton on September 12, 2016 that requested Niagara Regional Council support the consideration of a tax rebate program for ethnocultural centres registered as charitable organizations and owning real property in the City of St Catharines in the development of their 2017 tax policy. City Council has approved in the interim a transitional grant program for *registered charitable* ethnocultural organizations until such time as the Region has had an opportunity to consider the request to change the tax policy for the purpose of providing a tax rebate for these organizations.

Staff was directed to establish a transitional grant program for ethnocultural organizations which would follow the SSCIP program rules. The transitional grant eligibility requirements were determined based on Council's direction that registered charitable ethnocultural organizations be included.

### Current Eligibility:

An organization is qualified to receive a grant if it:

- is based and active in St Catharines;
- is a *charity* in good standing within the meaning of the Income Tax Act (Canada) with a registration number issued by the Canada Revenue Agency (CRA);
- owns and operates the subject property for the purpose of an ethnocultural centre;
- demonstrates sound financial and organizational management practices;
- has a mandate to promote public understanding and awareness of ethnocultural traditions, legacies, language, arts and trade;
- provides programming or services that are open to the public and publicized city wide;
- is up to date with payment of all property taxes.

The identified ethnocultural organizations within the City are not all not considered charitable organizations with a registration number issued by the Canada Revenue Agency (CRA). Charitable Organizations Charity means a registered charity as defined in subsection 248 (1) of the Income Tax Act (Canada) that has a registration number issued by the Canada Revenue Agency (CRA). Based on the current eligibility requirements the majority of the ethno-cultural groups would not qualify for the transitional grant program. The current eligibility requirements would need to be

modified to include nonprofit organizations and charitable in order for the identified organizations to qualify for the transitional grant program.

### The Key Differences between a Registered Charity and a Non-profit

Registered charities are often called non-profit organizations. Both nonprofits and charities can operate on a not-for-profit basis, but charities and non-profits are defined differently. Charities must be registered and approved by the Canada Revenue Agency, and charities must be established and operate exclusively for charitable purposes. Non-profits do not need to operate exclusively for charitable purposes; they can operate for social welfare, civic improvement, pleasure, sport, recreation or any other purpose except for profit. There is no registration process with the CRA for non-profits. By amending the eligibility criteria to include both charitable and non-profit ethno-cultural organizations increases the City's exposure to other "unknown" ethno-cultural organizations applying for this grant. Should other unknown or unidentified organizations apply for this grant additional funds would be required. One way to eliminate the need for additional funds to support this grant is to allocate the \$40,000 approved proportionately to those organizations that apply. This would require the program to be amended to state the maximum grant provided would be "up-to" a maximum of 50% of the City portion of taxes

## Financial Implications

An annual budget of \$ 40,000 has been approved for this initiative for through the CPF. Based on the assumption that all the qualifying ethno-cultural organizations apply for the grant, the City would require additional funds of \$3,200 for 2017 and \$2,700 for 2018 assuming that all the qualifying ethno-cultural organizations apply for the grant. By changing the eligibility criteria this would allow for all the organizations to qualify for the transitional grant program whereas previously it only allowed for charitable organizations. The decrease in year over year amounts relates to the property at 455 Welland Ave which was sold part way through the year. The chart below displays the City portion of taxes and the fifty percent amount to the known ethno-cultural charitable and non-profit organizations. Should other "unknown" ethno-cultural organizations apply additional funds would be required.

2017 Taxes	City Portion of Taxes	50% of City Portion
Identified Organizations	\$86,378	\$43,189

2018 Taxes Estimated	City Portion of Taxes	50% of City Portion
Identified Organizations	\$88,411	\$42,706

## **Relationship to Strategic Plan**

This program enhances the Social Sustainability pillar goal to connect people, places and neighborhoods with the action to work together with local organizations and other levels of government to support the settlement and integration of newcomers, celebrate our diversity and create a welcoming and inclusive community with the grant to eligible organizations for the city's portion of taxes.

This grant programs also endorses the Cultural Sustainability pillar goal to support cultural festivals and events that build civic pride, encourage local engagement and attract people in the community with the allocation of funding and encouraging strategies that will help to increase funding opportunities through community-led initiatives, such as crowd funding. This grant program for eligible charitable organizations demonstrates the City's funding creativity and leadership towards new initiatives.

## **Conclusion**

At the BSC meeting of May 17, 2017, the Budget Standing Committee referred the report back to staff to re-evaluate the eligibility of the organizations that originally qualified for the Ethnocultural Transitional Grant and to review the eligibility process as only one organization met the final eligibility criteria.

By changing the eligibility requirements to include non-profit organizations, all intended organizations qualify for the transitional grant program. This change increases the amount of funds required by \$3,200 for 2017 and that \$42,700 would be required for this initiative from the CPF in 2018. The alternative to increasing the amount of funds to support this grant is to consider pro-rating the original \$40,000 approved among the qualified organizations.

### **Prepared and Submitted by:**

Lisa Read Billing Manager

### **Approved by:**

Kristine Douglas, CPA, CMA, Director of Financial Management Services

**Report from** Financial Management Services, Director

**Date of Report:** May 12, 2017

**Date of Meeting:** May 31, 2017

**Report Number:** FMS-B025-2017

**File:** 10.57.99

**Subject:** Ethnocultural Transitional Grant Program Update

## Recommendation

That the Budget Standing Committee receive this report for information purposes.

## Summary

As permitted by subsection 361(4) of the Municipal Act, a municipality may provide a tax rebate program for organizations that are similar to eligible charities or a class of such organizations as defined by the municipality. City Council has approved a transitional grant program for registered charitable ethnocultural organizations until such time as the Region has had an opportunity to consider the request to change the tax policy for the purpose of providing a tax rebate for these organizations.

## Background

At the Council meeting of February 27, 2017, the Budget Standing Committee (BSC) recommended that a transitional grant program for 50% of the City's portion of property taxes for ethnocultural centers registered as charitable organizations and owning real property in the City of St. Catharines be approved and follow the St. Catharines Cultural Investment Program (SCCIP) program rules, and that \$40,000 be provided for this initiative from the Civic Project Fund (CPF) in 2017.

## Report

Staff was directed to establish a transitional grant program for ethnocultural organizations which would follow the SSCIP program rules. Together staff have worked on the Transitional Grant Program to include the eligibility requirements, the application process, grant amount, definitions and a draft application. As the majority of all other tax rebate/refund programs are due on February 28<sup>th</sup> for the preceding year, it was determined that same timeline for this program would be most logical for both property owners and staff.

We have included in this report a draft of the Transitional Grant Program Application for ethnocultural organizations including definitions and explanations in Appendix 1. A draft application has been attached as Appendix 2 for your consideration.

### **Financial Implications**

Annually, a grant equal to 50% of what the City receives in property taxes from ethno-cultural organizations that own property in the city of St. Catharines would be approximately \$40,000. As applications are required for the grant program, the \$40,000 estimate is based on the assumption that all the qualifying ethno-cultural organizations apply for the grant.

### **Relationship to Strategic Plan**

This program enhances the Social Sustainability pillar goal to connect people, places and neighbourhoods with the action to work together with local organizations and other levels of government to support the settlement and integration of newcomers, celebrate our diversity and create a welcoming and inclusive community with the grant to eligible organizations for the city's portion of taxes.

This grant programs also endorses the Cultural Sustainability pillar goal to support cultural festivals and events that build civic pride, encourage local engagement and attract people in the community with the allocation of funding and encouraging strategies that will help to increase funding opportunities through community-led initiatives, such as crowd funding. This grant program for eligible charitable organizations demonstrates the City's funding creativity and leadership towards new initiatives.

#### **Prepared by:**

Lisa Read, Billing Manager, FMS  
Rebecca Cann, Cultural Services Supervisor, PRCS

#### **Submitted by:**

Kristine Douglas, Director, FMS

#### **Approved by:**

Shelley Chemnitz, Commissioner, Corporate Services

Transitional Grant Program for Ethno Cultural OrganizationEligibility:

An organization is qualified to receive a grant if it:

- is based and active in St Catharines;
- is a charity in good standing within the meaning of the Income Tax Act (Canada) with a registration number issued by the Canada Revenue Agency (CRA);
- owns and operates the subject property for the purpose of an ethnocultural centre;
- demonstrates sound financial and organizational management practices;
- has a mandate to promote public understanding and awareness of ethnocultural traditions, legacies, language, arts and trade;
- provides programming or services that are open to the public and publicized city wide;
- is up to date with payment of all property taxes.

Definitions

**Eligible Property:** Real property owned and operated by an eligible organization for the purposes of providing an ethnocultural centre.

**Ethnocultural Centre:** A facility that houses activities and programming for the purpose of promoting and sharing specific cultural legacies, facilitating communication and understanding of a distinct culture, language, arts and trade through open access and community-wide publicity.

Application and Approval Process:

- Eligible Organizations must apply on an annual basis.
- All applicants are required to provide completed applications.
- Applications will be accepted between January 1 of the tax year and February 28<sup>th</sup> of the following year for rebates of the current year.
- Applications must be received in our office **no later than 4:30 pm on the last business day of February.**

City staff will confirm eligibility and inform the applicant of their approval for a Tax Grant by mail within 30 business days.

Receipt of Tax Grant for Approved Organizations:

Provided that the eligible organization meets the qualifications of the program, an annual grant of 50% of the City's portion of property taxes in respect of that year shall be provided. Rebates will be payable or credited to the property tax account after February 28<sup>th</sup> of the following year.



Organization Name		
Organization Address		
City	Province	Postal Code
Contact Name	Position	
Phone Number	Fax Number	
Email	Website	
Roll Number	Charitable Registration #	

<b>Certification (to be signed by an authorized signing officer of the charitable organization)</b>	
<b>I/We certify that the above information is correct</b>	
Name(Please print clearly)	Title
Signature	Date
Ethnocultural Organization	
Full Name	Title
Daytime Telephone number	Email address

Attach the following information to this application form:

- Most recent Audited Financial Statements signed and approved by your Board of Directors
- Minutes from your most recent Annual General Meeting
- A copy of your letters patent or other incorporation documents
- A list of your board of directors – include name, title and length of service

Eligible organizations must apply for the transitional grant on an annual basis. Applications will be accepted between January 1, 2017 and February 28, 2018 for grants related to 2017 taxes.

**Applications must be received in our office  
no later than 4:30pm on Wednesday February 28, 2018.**

Return the completed application to the City of St. Catharines

50 Church Street, P.O. Box 3012, St. Catharines ON L2R 7C2 or by Fax to 905.688.4077

Financial Management Services, Director (Kristine Douglas) E...

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**For further information call 905.688.5601 ext. 1434 or email [taxes@stcatharines.ca](mailto:taxes@stcatharines.ca)**






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## Memorandum

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**To:** Budget Standing Committee

**Cc:** Shelley Chemnitz, Commissioner of Corporate Services;  
Kristine Douglas, Director of Financial Management Services

**From:** Robyn Ertelt, Administrative Assistant

**Date:** November 9, 2016

**Subject:** Request for Niagara Region to Consider a Charitable Tax Rebate Program for Ethno Cultural Organizations – Community Feedback

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At the October 17, 2016 Budget Standing Committee meeting staff were directed to connect with the ethno cultural organizations to comment within 30 days regarding the report and submit the recommendations at the next Budget Standing Committee meeting, November 14, 2016.

After consulting with the Niagara Folk Arts and the Municipal Property Assessment Corporation (MPAC) correspondence (Appendix 2) was made with eight ethno cultural organizations. The organizations listed below all own property within St. Catharines and would be impacted by the considered charitable tax rebate program.

- Armenian Community Centre, St. Catharines
- Club Roma, St Catharines
- St Catharines Canadian Polish Society
- Ukrainian Black Sea Hall Incorporated
- Fung Loy Kok Institute of Taoism
- Ukrainian Canadian Social Services Inc. St. Catharines
- Le Club la Salle de St. Catharines
- St. Catharines Club Heidelberg

The eight responses received from these organizations is available for your consideration in Appendix 3.

We present you again with the October 17 report and additional appendices.