

Corporation of the Municipality of Brockton

MEMO

To: Cargill and District Community Fund
From: Fiona Hamilton, Brockton Clerk
Date: November 24, 2020
Re: Alternative Governance Structures

The purpose of this Memo is to provide some of the pros and cons related to continuing as a Committee of Council versus becoming a separate not-for-profit corporation for preliminary discussion purposes.

Committee of Council

Pros	Cons
Assistance from Municipal Staff with Bookkeeping	Must comply with all municipal policies and procedures (such as coding invoices, compensation for members, purchasing and procurement)
Inclusion in the Municipal Audit	
Ability to use Brockton's CRA number to issue tax receipts for charitable donations	
Access to GrantMatch grant writing	Requirement to follow Brockton's grant policy – as grants usually stipulate only one application for entity, some grants may be used for other municipal purpose
Included under Brockton's insurance policy	
Clear path to advise on or influence Council's decision related to the Cargill and District Community Centre	
High degree of operational control of Cargill and District Community Centre	
	Need to obey the Council Code of Conduct and could be subject to investigation by the Integrity Commissioner

	Requirement to keep timely minutes to be sent to Council for adoption and retention
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Separate Not-for-Profit Corporation

Pros	Cons
Ability to fundraise for charitable purposes identified by the Committee	Would need to become a registered charity to have a CRA number for tax receipts for charitable donations
Could independently apply for any applicable grants	
	Must organize an Annual General Meeting where the auditors are appointed and directors elected
	Initial Incorporation Costs – Approximately \$1500.00 for accounting costs, \$3,000.00 for legal fees, accounting software of \$500.00
	Must incur audit and legal fees every year (\$250.00 for legal for lawyer to keep minute book up to date) (approximately \$1200.00 or more for accounting fees to prepare tax returns)
Ability to use lottery licensing funds (provided not fundraising for a municipal facility)	
Complete control over programming, events and fundraising, provided legislative rules followed. No need to wait for a Council's decision.	
Could separately hire employees or contractors as desired by the Committee	Need to obtain separate general liability and directors liability insurance
Could appear as delegations to Council to make requests	Limited control over operations or capital planning for the Cargill and District Community Centre (access to facility would be restricted with only Brockton representatives having a key)
Could hold events at any location and could also purchase other properties separately (like Margaret's Mercantile building)	Need to pay a rental fee or enter into an Agreement with Brockton about the use of the Cargill and District Community Centre
Can enter into partnerships with other fundraising entities or service clubs that may not be permitted or possible in a municipal context	Volunteer cost associated with bookkeeping and administrative tasks
	Potential need to purchase equipment (like a laptop or software)

	Would need to comply with the common law rules relating to avoidance of conflict of interest and fiduciary duties.
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There are some initial set-ups fees associated with becoming a separate not-for-profit corporation and smaller annual costs. The Committee would also need to enter into an Agreement with Brockton about the use of the Cargill and District Community Centre. The Agreement would likely contain clauses committing Brockton to consulting with the Committee prior to major capital planning and budget for the year. In exchange, the Committee would likely need to pay a rental fee or some other compensation for the use of the facility. The Committee would no longer have any oversight over the operation of the Cargill and District Community Centre. On the other hand, the Committee, if it became a registered charity, could raise funds for a much wider variety of projects and would have complete control over how those funds would be spent.

There are fewer costs associated with remaining a Committee of Council and more control over the operation of the Cargill and District Community Centre, however there are more financial and fundraising limitations.

This Memo has not considered the pros and cons of becoming an unincorporated not-for-profit corporation. Although the administrative costs associated with these types of organizations are less, there is significantly more risk of liability to the individual committee members and no ability to separately own property.

It is also recommended that a lawyer and an accountant be retained to assist with any incorporation to ensure legislative compliance. It is also much easier to become a registered charity from the start than amend the corporate documents later on. If the Committee decided to become a not-for-profit corporation, the recommendation would be to become a registered charity for fundraising purposes and charitable donation receipts could be provided.