BRIEFING NOTE #12

Special resolution regarding the timing of the 2020 AMM - for decision

Action required
A special resolution is needed from the members to support a Royal College application to Industry Canada. This application is needed to renew the five-year exemption granted to the Royal College in 2014 by Industry Canada pursuant to Subsection 160(2) of the Canada Not-for-profit Corporations Act (CNPCA) that permits the Royal College to hold its AMM in February of each year.

If the above proposal is supported, the members will then be asked to consider a second motion granting the Royal College permission to apply the terms of the new exemption.

Issue
According to the CNPCA, with a financial year end of March 31, the AMM of the Royal College must take place by September 30 of each financial year; however, the Royal College traditionally holds its AMM in February.

The Royal College applied for and was granted a five year exemption in 2014 from Industry Canada to hold its AMM in February. The exemption has now expired and the Royal College needs to apply for a continuation of this exemption to able to hold its AMM in February in 2020 and beyond.

Background
The right of members to vote on increases to membership fees at the time of the AMM is a longstanding feature of the Royal College’s Bylaw, but is not a legal requirement. The Royal College’s AMM is held in February so that the Council of the Royal College can explain to members the need for any changes to membership fees for the coming financial year, based on a thoroughly conceived budget proposal which is ready in the February timeframe.

After continuing under the CNPCA in 2013, the Royal College sought and was granted authorization from Industry Canada to hold the AMM more than six months after the March 31, 2013, financial year end in February 2014. At the 2014 AMM in February, members passed a special resolution authorizing the Royal College to apply for another issue of this same exemption.

Industry Canada granted a five year exemption on August 15, 2014, including the following terms that the Royal College must satisfy for each year of the exemption:

- notification of the exemption is provided to the members by September 30;
- a copy or summary of the audited financial statements of the Royal College for the last financial year ended is provided to the members by September 30;
• unaudited financial information up to the most recently completed quarter is provided to the members at the AMM held in February, and
• the members pass a special resolution at the February AMM supporting the continued application of this exemption with regards to the next financial year end.

Current status

COMPLETION OF EXEMPTION TERMS
On September 30, 2018, the CEO provided notice to the members of the exemption and provided a summary of the audited financial statements of the Royal College for the year ended March 31, 2018.

By providing the exemption notice and financial information on September 30, 2018, the Royal College satisfied the rights of members to receive the corporation’s financial statements before the AMM, and in a manner consistent with the terms of the exemption granted to the Royal College by Industry Canada.

The 2019 AMM agenda also includes presentation of the:

• unaudited financial information of the Royal College for the period ended December 31, 2018, and
• audited financial statements of the Royal College for the financial year ended March 31, 2019.

APPLICATION TO RENEW THE EXEMPTION
The Royal College has now satisfied all terms of the exemption over a five year period; and must apply for a continuation of the same exemption to be able to hold its AMM in February of each year.

This question was put to the members who attended the AMM last year in 2018, and was supported. However, upon receipt of the Royal College’s application, Industry Canada responded that the Royal College was applying too early and to submit its application in 2019 when the current exemption has fully expired.

Next steps
Based on member approval, in the year ahead, the Royal College will apply to Industry Canada for another exemption similar to the one granted in 2014 to allow Royal College to continue holding its AMM in February 2020 and beyond.