

ANNUAL GENERAL MEETINGS (AGM)

Canadian Corporation are incorporated under and governed by the *Canada Business Corporations Act* R.S.C. 1985, c. C-44 (the “CBCA”).

I. AGM overview

A. Timing of AGM

The directors of a Canadian Corporation must call an annual general meeting of shareholders (“AGM”) within 18 months after incorporation and thereafter within 15 months of the preceding AGM, but no later than 6 months after the end of the corporation’s preceding financial year (CBCA, s. [133](#)(1)).

This means that companies with a Financial Year end of:

- **December 31st** must hold their AGM by **June 30th** of the following year.
- **March 31st** must hold their AGM by **September 30th** of the following year.
- **June 30th** must hold their AGM by **December 30th** of the following year.
- **September 30th** must hold their AGM by **March 30th** of the following year.

B. Resolutions in lieu of meeting

The CBCA permits corporations to address the matters required to be dealt with at an AGM (see next section) without holding an actual meeting by having all shareholders entitled to vote at that meeting sign resolutions in lieu of meeting (CBCA, s. [142](#)).

However, written resolutions are not permitted in lieu of a meeting where (CBCA, ss. [104](#)(1), [110](#)(2) and [168](#)(5)):

- a director submits a written statement explaining why he/she has resigned or why that director opposes his/her removal from office;
- the appointment or election of a person to fill the vacated office of director is required;
- the auditor of a corporation seeks to make a written representation concerning the auditor's proposed removal;
- the appointment, or election of another person to fill the office of auditor; or
- the auditor's resignation or a resolution not to appoint an auditor).

The AGM must take place within 6 months of the corporate Financial Year end.

C. Notice of meeting / Waiver of Notice

All Shareholders of the Corporation entitled to vote receive notice of AGMs.

Shareholder must receive notice of an AGM within 21 days of the meeting.

Notice of a meeting of shareholders at which special business is to be transacted must state the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution to be submitted to the meeting (CBCA, s. 135(6)).

The Directors must provide a **Notice of Meeting** to all shareholders entitled to vote **not less than 21 days** before each AGM or before the signing of a resolution in lieu of the AGM.

Each shareholder receiving the Notice of Meeting also receives certain documents (described in Section II C below) except a shareholder who has informed the corporation in writing that he or she does not wish to receive a copy of those documents (CBCA, s. 159(1)).

A corporation failing to send the Documents to a shareholder, as prescribed, is guilty of an offence and liable on summary conviction to a fine of up to \$5,000 (CBCA, s. 159(2)).

II. Before the AGM

A. Overview

Before the AGM, the BOD the directors will hold a meeting (or pass resolutions in lieu thereof) to address the following matters:

- call the meeting at a date, time and place;
- approve and sign the financial statements; and
- add any other business to be transacted at the AGM, such as approving amended by-laws or fundamental changes to the corporation.

B. Financial statements

The corporation's directors must review and approve the audited or un-audited corporate financial statements.

Preparation

The financial statements must be prepared in accordance with generally accepted accounting principles (“GAAP”) and must include the following:

- a statement of financial position or a balance sheet;
- a statement of comprehensive income or an income statement;
- a statement of changes in equity or a statement of retained earnings; and
- a statement of cash flows or a statement of changes in financial position (Regulations, s. 72(1)).

Approval

The financial statements, accompanied by the auditor's report (if any) must be approved by the or more directors.

Copies of the financial statements may only be issued, published or circulated after they have been approved.

Records

Copies of the latest financial statements of a corporation and each of its subsidiaries must be kept at a corporation's registered office. The copies must be open to examination by the shareholders of the corporation and their personal representatives, who may make extracts free of charge on request during the normal business hours of the corporation. However, the corporation may, within 15 days of a request, apply to the court to restrict this right if it would be detrimental to the corporation or the subsidiary (CBCA, s. 157).

C. Presentation of Documents

The directors must prepare and circulate the following documents together with the Notice of Meeting:

- financial statements for either:
 - the period that began on the date the corporation came into existence and ended not more than 6 months before the annual meeting; or
 - if the corporation has completed a financial year, the period that began immediately after the end of the last completed financial year and ended not more than 6 months before the annual meeting;
- a report of the auditor, if any; and
- any further information respecting the financial position of the corporation and the results of its operations as required by the articles, by-laws or any unanimous shareholder agreement (collectively, the “**Documents**”) (CBCA, s. 155(1)).
- Comparative financial statements relating to the immediately preceding financial year (CBCA, ss. 155(1)(a)(ii) and (2)).

III. Business transacted at an AGM

The business transacted at an annual general meeting typically includes:

- approval of the minutes of the previous meeting;
- receipt of the annual report of the directors including the financial statements and any auditor's report;
- election/re-election of directors;
- appointment/re-appointment of the auditor or waiver of the audit requirements;
- confirmation of the acts and proceedings of the directors since the previous meeting; and
- any other business, such as approving amended by-laws or fundamental changes to the corporation.

All business transacted at an annual meeting of shareholders is deemed to be special

business, except consideration of the financial statements, auditor's report, election of directors, and re-appointment of the incumbent auditor (CBCA, s. 135(5)).

IV. Following the AGM

After the AGM, the BOD the directors will hold a meeting (or pass resolutions in lieu thereof) to deal with the following matters:

- appoint officers;
- appoint/constitute any committees;
- fix the remuneration of the auditors, if so authorized by the shareholders; and
- appoint/re-appoint the accountant, if no auditor has been appointed.

Where the powers of the directors have been restricted by a unanimous shareholder agreement, these matters will be considered and approved by the shareholders.