CHAPTER SUMMARY

The annual meeting process is a requirement for all corporations incorporated in Canada, large or small, offering or non-offering. Corporations can meet the annual meeting requirement either by providing the minutes from formal directors' and shareholders' meetings or by drafting resolutions in writing that would then be signed by all of the directors and shareholders, as applicable. Typically, larger corporations with more than a few shareholders would meet their annual meeting requirements by holding formal meetings where the differing views and interests of the shareholders can be expressed. Smaller corporations, with perhaps only two or three shareholders, all of whom had reached a consensus beforehand on the matters that get addressed in the annual meeting process, would likely instead prepare written resolutions. If a corporation chooses to hold formal annual meetings, the OBCA sets out specific requirements relating to holding the meetings, including the timing and location of the meetings, the amount of notice required to be provided, and, for the most part, the specific matters that would need to be addressed at the meetings.

While a corporation must meet its annual meeting requirements to remain in good standing, a reliable source of additional capital is one of a new corporation's most pressing post-incorporation needs. That capital can come from either debt or equity financing and a corporation's choice to use one or the other, or both methods of financing, will depend on a number of factors including: (1) the corporation's creditworthiness; (2) the rate of interest available given the corporation's credit history, market conditions, etc.; (3) the corporation's ability to make regular debt repayments; (4) the willingness of shareholders or other related persons to guarantee a loan; (5) the willingness of shareholders to dilute their ownership interest; and (6) the strength of the business plan and its ability to attract equity investors. Corporate directors must weigh these factors and develop a financing plan that best meets the corporation's needs.

KEY TERMS

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REVIEW QUESTIONS

1. What type of resolution would the shareholders need to pass for the following matters?
   - **a.** electing the directors of the corporation
   - **b.** authorizing the change of the name of the corporation from ChargeItUp! Incorporated to ChargeMeUp! Incorporated
   - **c.** approving the financial statements of the corporation
   - **d.** approving an amalgamation involving the corporation
2. What is the purpose of a record date? Explain why non-offering corporations typically do not use one.
3. Eva Deerfoot and Gina Ito (Dev's friend and business associate with product marketing experience) recently became shareholders of ChargeItUp! Incorporated. The annual shareholders' meeting will be scheduled for a date in November. Eva will be out of the country for the entire month. Explain how she may still be able to participate in the meeting.
4. Gina Ito has $40,000 that she would like to invest in ChargeItUp! but she is not certain whether she wants to make a debt or equity investment. Highlight for her the relative benefits and risks of each type of investment.
5. Explain what rights a participating, retractable, convertible preferred share would have.

REFERENCES

Statutes

Business Corporations Act, RSO 1990, c C.38 and regulation RRO 1990, Reg 181.

Canada Business Corporations Act, RSC 1985, c C-44.

Canada Business Corporations Regulations, 2001, SOR/2001-512.

Corporations Information Act, RSO 1990, c C.39.

Execution Act, RSO 1990, c E.24.

Income Tax Act, RSC 1985, c 1 (5th Supp).

Personal Property Security Act, RSO 1990, c P.10.

Articles and Other Publications

The Business Law Group, *Canadian Business Law*, 2nd ed (Toronto: Emond Montgomery, 2012).