



Keeping Your Corporate Records Straight

The Corporate Minute Book

Your company's Minute Book is its official record of corporate activity including:

- All documentation to prove the corporation exists
- Proof that all required steps were taken to activate the corporation after incorporation
- The names of all shareholders, officers and directors since incorporation
- Share issuance and transfers
- Declaration of dividends
- Resolutions or meeting minutes showing that legislative requirements regarding annual meetings of shareholders and directors have been met
- Shareholder approvals exempting the corporation from preparing audited financial statements each year
- Notices filed with government regulators as required by legislation
- Major transactions involving the corporation that are out of the realm of its ordinary course of business, such as the sale of some or all of its business or a reorganization for tax or other reasons

The Cost to Have Our Firm Maintain Your Minute Book

The cost of keeping corporate Minute Books up-to-date on an annual basis is nominal compared with the substantial costs and damages a corporation can incur as a consequence of not doing so. Dust Evans Grandmaitre will keep your minute book for you and update it annually for \$150.00 per year. For this nominal fee, we will prepare annual resolutions for the signature of the officers, directors and shareholders, including those needed for the declaration of dividends and bonuses. We rely on you to have your accountant advise us of resolutions needed for dividends and bonuses. We prepare the documentation needed and send it to you by mail to sign and return to us for inclusion in the Minute Book.

If we incorporate your company, we will review our Minute Book maintenance services with you at that time. If we did not incorporate your company, we will be happy to review your Minute Book with you, provide an estimate of the cost to bring it up-to-date, and maintain it on an annual basis thereafter.

When Your Minute Book May Be Required

Lawyers, accountants, government agencies and others will need your Minute Book from time to time. If it is not kept up-to-date, any request to produce it will likely have you scrambling to locate and update it. The Minute Book may be needed if:

- The corporation wishes to obtain financing
- CRA performs a tax audit
- WSIB performs an audit
- Your accountant wishes to review it to provide advice on tax or other corporate planning
- A shareholder wishes to sell shares
- A shareholder dies
- The corporation wishes to amalgamate with another corporation
- The corporation wishes to amend its Articles of Incorporation
- A third party wishes to buy shares in the corporation
- A third party wishes to buy the business of the corporation

The Risks of Not Maintaining the Corporate Minute Book

In some cases, it may be relatively quick and painless to update your minute book, but not so when shareholders, officers or directors have died, become incapacitated or ceased to be cooperative. If a satisfactory minute book cannot be provided, the corporation, and the individuals who own and operate it, could suffer adverse tax consequences, the company may not be able to obtain critical financing or an important business transaction may not come to fruition. Costs could run into the thousands and even millions of dollars, depending on the situation.

Whether you keep your Minute Book up-to-date on your own or have it updated by your lawyer, the small investment needed to do so is money or time well spent. If you resolve to do this on your own and find it is not getting done, let your lawyer's office take on the responsibility. The modest cost is small price to pay for the peace of mind that comes from knowing that you will not get caught by surprise with an unanticipated need to produce an up-to-date Minute Book.

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