



The Architectural Conservancy of Ontario
 ANNUAL GENERAL MEETING OF THE MEMBERS – Hybrid meeting
 Saturday June 22, 2024 @ 10 am
 206-401 Richmond Street West

Present: Diane Chin (President), Deb Crawford, Alison Drummond, Deb Forman, F. Leslie Thompson, David Emberly, Edwin Rowse, and Liz Driver

Virtual: Ted Cobean, Eben Rawluk, Sarah King Head, Paul King, David Siebert, Gail Pool, Marg Rowell, Marina Smirnova, Philippe Elsworthy, Alexandra Miller-Gerrard, Gail Benjafield, Robert Fishlock, Alex Sostar, Dan Schneider, Howard Kaplan, Ian Worte, Jane Clark, Kae Elgie, Karen Lang, Katherine McHarg, Lucille Bish, Marc Seguin, Sandra Parks, Sarah Shepherd, Susan Layard, Susan Ratcliffe, and Tammy Dewhirst

Staff: Will Coukell (COO), Alex Mackinnon, and Tai So

1. Welcome

- Chair called the meeting to order at 10:02 am and gave a land Acknowledgement
- No conflicts of interest

2. Approval of Agenda

Moved by F. Leslie Thompson, seconded by Debra Crawford that the agenda be approved.
 CARRIED.

- F. Leslie Thompson said she added a motion 5.2.4, it will be voted on

3. Approval of Minutes of 2022 AGM

- No comments or discussion

Moved by: Tammy Dewhirst, **seconded by:** Alison Drummond that the Minutes of 2023 AGM be approved. **CARRIED.**

4. Business Arising from the Minutes

- None

5. Reports

5.1 Chair's Report

- Chair read highlights from her report, and thanked the board and staff for their support for the last 3 years
- Kae Elgie thanked Diane for a doing a great job as Chair

- Chair thanked Kae Elgie for taking the lead on the Policy Manual and thanked F. Leslie Thompson for writing the policies

5.2 Treasurer

5.2.1 Approval of the audited financial statements for 2023

Whereas the Finance and Audit Committee Charter delegates authority to the Finance and Audit Committee to approve the annual audited financial statements; and

Whereas the Finance and Audit Committee has reviewed and approved the audited financial statements for the year ended December 31, 2023; and

Whereas a member has noted that Note 13 of the audited financial statements should read “ACO Provincial branch renewed its lease agreement for their premises for its head office, effective March 1, 2021, for a 3-year term requiring annual payments of approximately \$36,500.”;

Be it resolved, that the audited financial statements for the year ended December 31, 2023, be amended in order to rectify the issue noted in Note 13 above and be accepted by the members as amended

- Liz Driver asked if there was a reason why the Provincial finances were not provided and feels it is crucial information
- Eben Rawluk clarified: the board monitors the Provincial Office budget throughout the year, whereas these are the consolidated accounts of the corporation.

Moved by Eben Rawluk, **seconded by** F. Leslie Thompson that the audited financial statements for 2023 be approved. **CARRIED.**

5.2.2 Motion from member – Edwin Rowse, Prince Edward County - Treasurer

Whereas the annual cost of the ACO’s current auditor, Vloet & Kan LLP, is about \$65,000; and

Whereas the ACO has a budget deficit of \$204,100; and

Whereas at the 2024 AGM members are scheduled to vote to appoint an auditor for the upcoming fiscal year; therefore,

Be it resolved that

- (a) the membership does not approve Vloet & Kan LLP at this time;
- (b) the Finance and Audit Committee complete a competitive search and obtain at least 2 quotations for a qualified auditor at a lower annual fee than the current fee charged by Vloet & Kan LLP, for the purpose of reducing the budget deficit; and

(c) the Finance and Audit Committee bring a recommendation to a special general meeting called by the Board within 4 months of this Annual General Meeting and that the auditor for the 2024 fiscal year be appointed at that time.

Moved by Edwin Rowse and **Seconded by** Marc Seguin.

- Liz Driver introduced herself as the President of ACO PEC, which brought the “motion from member” (i.e., mover Edwin Rowse and seconder Marc Seguin), and as the Executive Director for 16 years at Campbell House Museum, where she sets and adheres to a balanced budget of an amount similar to ACO’s operating budget. Although she understood the concern about the upcoming CRA investigation of ACO’s 2022 financials, she expressed her own concern about the vote on motion 5.2.2, specifically that members who submitted proxies did not have the full information at the time. Liz had learned from past president Leslie Thompson that only the day before the AGM (Friday, June 21), Leslie was able to do the due diligence of contacting ACO’s auditor Vloet & Kan LLP. The auditor confirmed that it would be happy to assist with the CRA investigation of the 2022 financials and to respond if ACO issued an RFP for an auditor. Liz expressed the view that the auditor’s response should lessen members’ fear of voting for motion 5.2.2, and that Eben’s announcement of achieving a \$3,000 reduction in the auditor’s fee for the 2023 audit demonstrated that discounts can be achieved. Liz noted that ACO PEC welcomed item 5.2.4, Leslie’s motion for an RFP process. Liz questioned whether the Finance and Audit Committee had completed a market test for Vloet & Kan LLP before recommending this auditor for 2024.
- Eben Rawluk thanked members of PEC for their attention to ACO’s financial situation and for their attempt to reduce the continued deficit and provided highlights as to why he is in opposition of this motion:
- First and foremost, the Board at its most recent meeting voted to have the Finance and Audit Committee bring a report to its October meeting which includes: (i) a draft budget for FY2025 which has a deficit of no greater than \$150,000; (ii) a financial plan for years beyond FY2025 which brings the organization’s budget into a balanced position prior to the exhaustion of its investments and other financial resources; (iii) and an operational plan to achieve the aforementioned targets. This will be a comprehensive analysis which considers all expenditures, including the annual external audit, and their interaction with each other, revenues, and organizational resources. My recommendation to the Membership is that the Board and its committees ought to be permitted to complete this analysis without piecemeal decisions made by the members along the way.
- Second, the Finance and Audit Committee is in the final stages of a comprehensive review of the incumbent external auditor’s performance, which will be delivered to the Board at its next meeting or at the same time as the financial plan mentioned previously. The Finance and Audit Committee at its most recent meeting has recommended a market-testing measure to

ensure that it can include for the Board an assessment of the incumbent auditor's fee relative to other firms. This approach is intended to be sensitive to both the timing of the 2024 audit and ACO's current organization resources. For the members to make a decision as has been proposed here would, again, be front-running existing process.

- Third, the proposal brought to the members today would require an extremely accelerated RFP process during a time when the FAC, Executive, and staff resources are concurrently completing the aforementioned report for the Board on finances, as well as the strategic planning process. Further, this risks putting undue time pressure on the incumbent auditor or new auditor, who generally perform material interim audit work in the September to December period. The FAC intends to check the market on an informal basis in order to finalize its assessment of the incumbent auditor and believes that if it receives information that the current audit fee is materially above market, that it could negotiate with the incumbent auditor for the FY2024 audit; followed by undertaking a fulsome RFP process, if needed, at a more appropriate time relative to the FY2025 audit and in advance of next year's AGM.
 - I remind the members bringing this motion today that at the most recent Board meeting, the Board also voted to have the FAC request a reduction to the current year (FY2023) audit fee. The Board has not received a report from the FAC since that motion was made, however, I can confirm that the incumbent auditor has agreed to a fee reduction of approximately \$3,000 or 5.5%, having account for the current financial position that ACO finds itself in.
- As the Board will know, ACO remains under a compliance agreement with the CRA entered into in 2020, following an audit with material findings. In recent days, the CRA has informed ACO that it intends to perform an audit of the 2022 fiscal year as a follow-up to that compliance agreement. While changing auditors in and of itself is not prohibited by CRA under this agreement, a rushed procurement process for audit services – in particular one brought forth by members outside of the Board's existing process – risks raising red flags as we complete that audit (in addition to further stretching our resources). Additionally, while our incumbent auditor has said they will support us in this audit process; should we not re-engage with them for FY2024, there will be a not insignificant cost to have them support that effort.
- Eben Rawluk recommended that members oppose the motion tabled by the Prince Edward County branch today, allowing the Board and its committees to carry out their duties in the normal course without interference via motions of this nature, well-intentioned as it may have been
- Chair also spoke out against this motion and made 4 points:

1. At the April 20th Board meeting, the Board voted to have the F&AC bring a report to the October Board meeting which includes (i) a draft budget for FY2025 which has a deficit of no greater than \$150,000 down from \$200,000+ (ii) a financial plan for years beyond FY2025 which brings the organization's budget into a balanced position prior to the exhaustion of its investments and other financial resources; (iii) and an operational plan to achieve the aforementioned targets.
 2. Subsequent to this motion passing, I announced as Chair of the Governance & Nominating Committee that I would be establishing a Working Group of experts in ACO's finance and governance to assist the Finance & Audit Committee. The purpose would be to examine and analyze both income and expenses and bring a report to the Board and Finance committee meeting on October 20 which is the date of the next Board Meeting. That committee is ready to go and has its first meeting in early July. This motion brought by PEC will prevent us from doing this work. This motion will force us to do an exhaustive search for an auditor to save what \$5000, \$10,000 when that time and energy could be better spent looking at all of the components of ACO finances.
 3. As the Treasurer has just noted, the F&A Committee is already doing its due diligence to assess the cost and performance of the auditor.
 4. Since the April 20 Board meeting, we have been informed by CRA that they will be visiting us this summer. It is not to have tea and cookies. This is part of their follow-up when years ago we came close to losing our Charities status as a result of non-compliance with CRA procedures. Subsequent to those tenuous times, we have met CRA timelines and requests and have been given a somewhat "clean bill of Health." But as is the case both medically and financially, it is always necessary to do a follow-up check. CRA is doing this to ensure compliance. If we were not to have an auditor in our employ as their work is done for this year with this audit you have before you and no guarantee of work next year, we would be in a tenuous situation as far as representation is concerned. That might raise the eyebrows of CRA. If we solicited assistance from our auditors with no guarantee of work next year, then we might incur extra costs anyways. This motion could end up costing us more money
- Kae Elgie was concerned with the upcoming CRA audit and pointed out the ACO was on probation
 - F. Leslie Thompson said it is a reasonable assumption that if we did not renew Vloet and Kann to audit 2024 and they are expected to work with CRA there could be a \$20, 000 retainer, so the total would be \$85, 000 (\$65, 000 for audit and \$20, 000 retainer)
 - Chair summed it up by saying it would end up costing ACO more money

- Alison Drummond said that 2 points were raised, with the upcoming CRA audit: \$20, 000 expense or keep Vloet and Kann
- Chair pointed out that ACO has 22 separate audits, new auditors would need to be caught up to speed and may not be cheaper
- Marlee Robinson commented that this motion is asking us to do what we at the executive have agreed to do in October
- Chair called a vote. Results:

	<u>All in favour</u>	<u>Opposition</u>
Virtual	5	22
In person	3	4
Proxy	<u>11</u>	<u>31</u>
Total:	19	57

Motion not carried.

5.2.3 Appointment of the auditor for 2024 audit

Whereas the Finance and Audit Committee has recommended appointment of Vloet & Kan LLP as ACO's external auditor for the 2024 fiscal year;

Be it resolved, that Vloet & Kan LLP be appointed as ACO's external auditor for the 2024 fiscal year.

Moved by Eben Rawluk and Seconded by Alison Drummond. Carried.

	<u>All in favour</u>	<u>Opposition</u>	<u>Abstains</u>
Virtual	18	3	0
In person	4	0	3
Proxy	<u>31</u>	<u>0</u>	<u>0</u>
Total:	53	3	3

5.2.4 Agenda Item

Whereas, the Architectural Conservancy of Ontario (ACO Inc.) is an Ontario registered not-for-profit corporation and a charity regulated by the Canada Revenue Agency with a federated (local branch) organization, it is not required by regulators in this jurisdiction to periodically change its auditors; and

Whereas, ACO Inc.'s Finance and Audit Committee (|FAC) undertook a full Request for Proposals (RFP) process before employing the current Auditor, Vloet and Kahn, and the FAC annually undertakes a performance review of ACO Inc.'s auditors following CPA Canada Guidelines and following that process, recommended approval of Vloet and Kahn to this AGM as ACO Inc's auditors for 2024 as per Agenda item 5.2.3; and

Whereas, ACO Inc's audit demands are complicated by its federated organization of branches, their multiple bank accounts, 22 separate audits, interbranch reconciliation of accounts and complex branch operations such as ownership of a theatre and charitable receipted auctions.

Be it resolved that

ACO Inc. initiate an RFP process for 2025 to obtain quotes from reputable accounting firms with at least the following qualifications:

1. Active in the not-for-profit sector;
2. Experienced with federated charitable organizations;
3. Favourable recommendations from existing clients;
4. Capacity to download QuickBooks files, and meet the timelines and quality required for a charity in Canada; and
5. Present a team of qualified and experienced CPAs to manage the approximately 22 audits.

Following the submission of proposals, ACO's FAC shall review and assess the proposals and make a recommendation to the ACO Board Executive for the recommendation of the appointment of the selected auditor for the 2025 fiscal year.

Moved by F. Leslie Thompson and **Seconded by** Liz Driver. **Carried.**

	<u>All in favour</u>	<u>Opposition</u>	<u>Abstains</u>
Virtual	21	0	0
In person	7	0	0
Proxy	0	0	0
Total:	28	0	0

5.2 COO Report

- COO thanked staff for their support all year and said that they were part of the solution

6 Election of Board

6.1 Nominating Committee Report

- The Governance and Nominating Committee proposes that the following members constitute the Executive Committee of the ACO Board of Directors for 2023-2024.
 Chair: Deb Crawford
 Past Chair: Diane Chin
 Treasurer: Eben Rawluk
 Corporate Secretary:
 Director, NextGen:
 Directors-at-large: Alison Drummond, Ian Worte, Jane Clark, and Marlee Robinson

Moved by: F. Leslie Thompson and **Seconded by:** Liz Driver. **CARRIED.**

6.2 Election of new members of the Board

Moved by: Kae Elgie and **Seconded by:** Tammy Dewhurst. **CARRIED.**

There were no questions and no objections

6.3 Motions to thank departing members from the ACO Board of Directors

Motion #1: That the ACO Board and membership extend it deepest gratitude and appreciation for Sarah Shepherd's 4 years of very active participation on the ACO Board of Directors Executive Committee.

Moved by F. Leslie Thompson and **Seconded by** Deb Crawford. **CARRIED.**

Motion # 2: That the ACO Board and membership extend it deepest gratitude and appreciation for Doug Evans' 4 years of very active participation on the ACO Board of Directors Executive Committee.

Moved by Alison Drummond and **Seconded by** Deb Crawford. **CARRIED.**

Motion #3: That the ACO Board and membership extend it deepest gratitude and appreciation for Alex Sostar's 2 years of very active participation on the ACO Board of Directors Executive Committee.

Moved by Liz Driver and **Seconded by** Susan Layard. **CARRIED.**

Motion #4: That the ACO Board and membership extend it deepest gratitude and appreciation for Dawn Newlands' 2 years of participation on the ACO Board of Directors Executive Committee.

Moved by Sarah Shepherd and **Seconded by** Ian Worte. **CARRIED.**

7. New Business

- COO thanked Diane Chin on behalf of the staff and presented a gift
- Deb Crawford thanked Diane Chin for all her work and thanked the past Chairs Kae Elgie and F. Leslie Thompson and greeted the members

9. Adjournment of business meeting

- Chair moved adjournment at 12:23 pm.