

RSC IMPLEMENTATION GUIDANCE

A NEW MODEL - THE PPCLI FOUNDATION AND PPCLI ASSOCIATION

BACKGROUND

1. By a decision at its Annual General Meeting on 7th August 2019, the Board of Directors of the PPCLI Foundation, an independent entity created as an irrevocable trust with charitable status, have determined that the PPCLI Foundation is not sustainable, and have advised the other entities of the PPCLI family of such. The President of the PPCLI Foundation has sought and been given agreement by the Foundation’s Board of Directors to, in principle, participate in a planning process leading to a two-component Regimental structure whereby the post-service component is not based on the Foundation. That is, the vector of change is towards the Association/HGMF structure, incorporating the essence of the Foundation’s functionalities where possible and practicable.
2. In general terms, these changes to the Foundation may require a transfer of purposes and assets to like organizations – some or all including possibly the PPCLI Association and its charitable arm the Hamilton Gault Memorial Fund (HGMF). The Association and HGMF have always been seen by the Foundation as “natural participating partners”. That said, the reduction of the PPCLI family group to two entities (serving and post-service) versus three is not yet a completely foregone conclusion, as there may be a better solution determined in the course of consultation.
3. When the PPCLI serving component acted as settlor to the establishment of the PPCLI Foundation, it gave up all future control of the assets of PPCLI Foundation. Therefore, it must be clearly understood that the decision to accept any plan that will satisfy the Foundation’s Board of Directors and the Foundation members is wholly up to that entity to either accept or reject – even while acknowledging that by instigating the discussions, the Board of the Foundation has signaled that it believes strategic change is needed. Equally, the Board of Directors of the PPCLI Association and the Association members and the Board of Trustees of the HGMF and the Council of Presidents of the PPCLI Association would have the same rights to accept or reject a proposed plan whereby some terms of their Association Articles of Continuance or HGMF Constitution and their fiscal status may be affected.
4. PPCLI Foundation, created in 2010 to be the strategic fundraiser for PPCLI, is a complex trust – it has:
 - a. Patrons, Vice Patrons, a Board of Directors, members, volunteers and paid staff;
 - b. an extant *For the Soldier Legacy Fund* with a component internal fund termed the *Loewen-Perrett Endowment Fund*, both of which have charitable status;
 - c. a regional Fundraising Group;
 - d. five lines of business operations: Grants and Benefits; Planned Giving; Individual Giving; Corporate Giving; and Events and Projects which consist of:
 - (1) Galas;
 - (2) Heroes Hockey Challenge;
 - (3) Reaching the Summit for Mental Health and Wellness;

- (4) The Ramp Ceremony Video production;
- (5) Personal Legacy Stones;
- (6) Youth Education – Battlefield Tours;
- (7) Homes for Heroes; and
- (8) For the Soldier Breakfasts.

e. two separate societies each with their own Directors incorporated to manage gaming operations for the benefit of the PPCLI Foundation – *First in the Field Board* and *For the Soldier Institute*. These societies operate under the rules and regulations of the Alberta Gaming, Liquor and Cannabis Commission, and any disbursement of assets generated by these societies must be handled in accordance with those rules.

5. The PPCLI Association is a not-for-profit corporation, created in 1947 to provide social and other support to post-service members and general support to regimental goals. It is registered with Corporations Canada under the Canada Not-for-Profit Corporations Act (NFP Act). The Association is organized with a Board of Directors and Officers and has 14 regional Branches as well as a nation-wide e-Branch. The HGMF is an arms-length fund approved as a charity by the Canada Revenue Agency Charities Directorate (CRA/CD or CD). It has its own constitution, and is administered by a Board of Trustees, overseen by the PPCLI Association Council of Presidents.

a. Under the terms of the NFP Act, the Association is not permitted to receive nor disburse charitable funds. However, the Association does have an agreement with the Alberta Gaming, Liquor and Cannabis Commission (AGLC or Alberta Gaming) which allows it to conduct periodic casinos and to accrue profits in a Casino Account. No other funds are allowed to be deposited into the Casino Account. Alberta Gaming must approve expenditures from the Account, ensuring that they are spent in Alberta, and that they are in keeping with the very restrictive criteria governing the acceptability of a charitable activity or purpose. Amendments to the Association Articles of Continuance (in effect the constitution) must be approved by Special Resolution of the Board of Directors, then by members in a Special Resolution at an Annual or Special General Meeting, and finally by Corporations Canada, which will issue a Certificate of Amendment; and

b. As an approved charitable organization, the HGMF can receive charitable funds, but can disburse them only on activities and purposes which are expressly recognized in the approved purposes of the fund, detailed in the objects listed in the constitution. Members of the Board of Trustees are Officers of the PPCLI Association, but this is acceptable to CRA/CD, and has proven to be entirely workable. Amendments to the HGMF Constitution require prior approval of CRA/CD to ensure that the proposed purposes or changes fall within one of the allowable categories (not always a simple nor a straightforward process). The amendment must then be approved by a Special Resolution of the Board of Trustees and approved by the Council of Presidents before being forwarded to CRA/CD for their final review and retention.

PURPOSE

6. To outline the broad stages of the possible changes to the PPCLI Foundation and its concomitant integration of purposes into the PPCLI Association and Hamilton Gault Memorial Fund, and possible transfer of its assets into the Hamilton Gault Memorial Fund, or similar/related arrangements. This implies **an end state whereby a changed Foundation or Association, or a single entity representing the post-service family remains that is more effective and of greater impact** than before the changes to either entity.

POSSIBLE OUTLINES & PRINCIPLES

7. **Outline.** This will be a three-stage approach:

a. **Stage 1. Groundwork.** Determine the factual basis in law and practice for dissolution of an irrevocable trust with charitable status. This will require legal advice, consultation with CRA, consultation between the four entities involved (PPCLI Association, HGMF and PPCLI Foundation directly, and as an interested party, PPCLI) and perhaps others. This stage would be conducted by a modest **Ways Team** that would conduct the work of creating the option analysis. The product of this stage will be an **Option Paper outlining the practicable courses open** to the PPCLI Foundation, the PPCLI Association and HGMF, separately and considered together. It may be that a cleaner or better solution rather than dissolution of one into the extant other may be identified - hence the Ways Team would at least examine the following macro options:

- (1) integrating all parts in their current forms under a single new top-level structure and title, and over time creating efficiencies;
- (2) a partial re-organization of one or both entities;
- (3) dissolution of the Foundation and its absorption into the Association and HGMF on the basis of what capacity exists and can be absorbed; and
- (4) a dissolution of both entities and the creation of a new one with the long-term assets of the previous entities transferred into a single financial component.

The prime focus is to explore if and how strategic fundraising may be efficiently and practically included in one post-service component that also has the range of other established and important mandates such as membership, social support and communications.

b. **Stage 2. Decision.** Select an option for development. This would commence with entities providing feedback on the Option Paper, which should contain a Recommended Option, and internal discussion at entity level to determine the acceptability of each possible option and a possible selection, and a **Regimental Steering Committee (RSC) decision** on the basis of these internal discussions to recommend for approval to the entities the most effective option that can be supported. The PPCLI Foundation, PPCLI Association and HGMF would then have to determine by their constitutional processes if they agree; and

c. **Stage 3. Implementation.** Once an option is selected and approved by the various member groups, the Regimental Steering Committee would ask the Ways Team to draft an implementation instruction for the Regimental Steering Committee's approval and promulgation. Implementation would be overseen by the Regimental Steering Committee through its members leaders.

8. **Principles:**

a. The parties to these undertakings should treat the issue with gravity and selfless interest with the full embrace of fiduciary responsibility. Yet each entity will be asked to also embrace necessary changes to protect and advance the general PPCLI brand. That is, **compromise that will increase the effectiveness of the post-service entity (our end-state) will be needed, and broad regimental long-term benefit is the goal;**

b. For the duration of this effort, the independence of the involved parties as stated at para 3 above must be inviolate. No interference in the expression of the will of the members and directors of an entity will be tolerated. There can be no directed solution, and full, open and honest consultation is key;

c. Fully transparent discussions and decisions – minutes or summaries of all meetings of the PPCLI Foundation, HGMF and PPCLI Association that have any discussion pertaining to this effort, as well as all and any Ways Team meetings, will be promulgated on public means;

d. Compliance with federal or provincial laws and interpretations with respect to these matters must be complete;

e. Care is to be taken to protect the assets of the entities involved – their members and volunteer supporters as well their holdings. Functions cannot be transferred without some accounting for capacity to act, applicable documentation and possibly resources; and

f. RHQ in conjunction with the PPCLI Foundation and PPCLI Association should develop a simple internal PA plan so that the discussion around the regiment can be informed and the process clearly managed. A set of all records of this undertaking will be lodged in the PPCLI Archives.

9. **Ways Team Composition and draft TOR:** Enclosed.

10. **Timings.** The Ways Team will establish realistic timelines associated with each possible course of action. That said, this process will take several years to complete, and while the study and consideration go on, the entities should continue their legitimate and separate endeavors with no hard assumption of the final course that will be charted. The Ways Team is expected to define practical options together with a recommendation to meet the end-state by end 2020. One indicative set of timelines after that are in the enclosure.

CONCLUSION

11. The decision taken by the Board of the PPCLI Foundation to explore dissolution and transfer of its objectives and assets has been taken with due regard to the weight of that decision. It is now

incumbent on PPCLI and the PPCLI Association to assist in a rational and necessary response to that decision with the result being a stronger and fully sustainable regimental structure at the end.

12. Comments on this guidance may be sent to wenwayken@yahoo.ca cc to d.michael.day.ca@gmail.com; Peter.Dawe2@forces.gc.ca; paulhale3vp@yahoo.ca; Slade.Lerch@forces.gc.ca .

For the RSC:

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COR
PPCLI

Enclosure: 1 – Draft TOR Ways Team

Enclosure 1 to Implementation Guidance

DRAFT TOR WAYS TEAM

Purpose

The Ways Team will define practicable options open to meet the need to re-organize or dissolve the PPCLI Foundation, with a view to ensuring its essential purposes remain filled and its assets, both human and capital, are protected as much as possible, by end- 2020. An initial report would be provided the RSC not later than 1 June 2020.

Composition

Membership:

Team Lead - a post-service General Officer without a direct role in either Foundation or Association recruited and endorsed unanimously by the Regimental Steering Committee . BGen (ret'd) Craig King.

Association and HGMF (Constitutional) member – Don Dalziel (Governance Chair)

Association and HGMF (Financial) member – Dave Pentney (Finance Chair)

Foundation member – Matt Boire

Foundation member – Harold Leduc

REC/RHQ member and Secretary – Regimental Adjutant

Legal Advisor (*Ex Officio and pro-bono*) – Designate Volunteer - John Logan, QC, CD (NB Deputy Attorney General) – to be confirmed by Team Lead.

Methods

The Ways Team will work on the basis of consensus. The Team Lead will create a work plan with timelines and develop the lines of enquiry needed to develop practicable options. The entities will provide through their reps the necessary background materials, papers and inputs. Reps are expected to keep their parent entity informed. Individuals familiar with the operations of the Foundation or Association should be called to assist the Team with insights or background. The record of meetings will be placed on a public website-of-record once approved by the Team Lead. The Secretary will manage the minutes and their posting.

The draft final report of the Team on options will be delivered to the Regimental Steering Committee before it is publicly released in final form on the website of record. Options should be fully practicable and should not be limited by preconceived constraints. Options should be developed sufficiently well to afford a direct translation into actionable implementation instructions. The Team may make a recommendation of choice between options, but that is not a requirement.

Elements of practicability include but are not limited to issues such as: acceptability to members of all entities; maintenance of entity objectives and charitable purposes; compliance with the laws and guidance of agencies such as CRA, granting and gaming authorities; and general soundness.

The Ways Team will call for inputs from competent members and representatives, organized through the Team reps, or other experts as needed. It will also consult with relevant government authorities in the Corporate and CRA sides of government, using if possible contacts already established by the entities and with legal attendance/advice as needed in these discussions.

When discussing projects and programs conducted by each entity, the Ways Team should view these through a common prism, understanding comparative detail on the intent and practical components of these. This may encompass elements such as:

- a. Project or event aim and target audience;
- b. Costs incurred and resources needed to conduct the project or event;
- c. Funds raised and how disbursed;
- d. After action conclusions; and
- e. How the program or event supported Regimental objectives.

Support

The Team is expected to use a voice telecon system provided by either RHQ or one of the entities for its meetings, and using internet based written communications. The Team Lead will establish the meeting calendar and appoint any *ad hoc* members needed to the team.

If a budget is required, the Secretary will apply for such from the Regimental Executive Committee .

Possible Timelines:

Ways Team

Ways Team formed – mid- January 2020

Preliminary Ways Team sitrep to RSC – June 2020

Draft recommendations to RSC - end October 2020

Final report/recommendations to RSC – end 2020

RSC

RSC request for an Implementation Plan for the changes needed - January 2021

Implementation Plan available - March 2021

Foundation and Association consideration of the Implementation Plan – decision cycles year 2021

Implementation – for Fiscal Year 2022

End