

Proposed Changes to Laws Affecting Ontario Not-For-Profits and Charities

On September 14, 2017, Bill 154, *An Act to cut unnecessary red tape by enacting one new Act and making various amendments and repeals*, received first reading in the Legislative Assembly of Ontario. The Bill impacts the Ontario not-for-profit and charitable sector as it proposes amendments to three important statutes, the *Corporations Act*, the proposed *Not-for-Profit Corporations Act, 2010* and the *Charities Accounting Act*.

Corporations Act

The *Corporations Act* is the current corporate legislation that applies to not-for-profit corporations incorporated in the Province of Ontario (called corporations without share capital in the Act). Amendments to the *Corporations Act* are being proposed as the not-for-profit sector waits for the *Not-for-Profit Corporations Act, 2010* to come into force. The *Corporations Act* is antiquated legislation that does not incorporate modern technology in many of the ways that corporations fulfill their responsibilities. Bill 154 will remedy this omission by a variety of means including, as stated in the Explanatory Note to the Bill, accommodating the “filing, keeping and searching of documents in electronic format”, recognizing that notice of members’ meetings may be given by electronic means and permitting members’ meetings to be

held electronically. The Bill will also impact various provisions applicable to directors such as removing the requirement for a director to be a member, lowering the threshold for the removal of a director from a two-thirds to a majority vote and codifying an objective standard of care for directors. The proposed amendments are intended to be complementary to or consistent with the proposed *Not-for-Profit Corporations Act, 2010*.

Not-for-Profit Corporations Act, 2010

The *Not-for-Profit Corporations Act, 2010* is the proposed corporate legislation that will apply, upon proclamation, to not-for-profit corporations incorporated in the Province of Ontario. Bill 154 proposes some amendments to fix some issues identified with the *Not-for-Profit Corporations Act, 2010*, most of which are very technical in nature but include inserting definitions



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and requiring directors to consent in writing to act in that capacity. The Ontario not-for-profit sector has been waiting over seven years for the proposed *Not-for-Profit Corporations Act, 2010* to come into force. Bill 154 is a sign that the Ontario government is working towards that goal and that the proclamation date may occur in the foreseeable future.

Charities Accounting Act

Bill 154 proposes to add new social investment provisions to the *Charities Accounting Act*. The *Charities Accounting Act* applies to all charities that operate in the Province of Ontario, whether or not incorporated in the Province. The proposed provisions in the Bill define a social investment and set out the terms upon which trustees (including directors) of charities may use charitable property to make such investments.

We will be following the progress of Bill 154 and will report further as the Bill makes its way through the Legislature.

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