

KEEPING CURRENT

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Bill 139 Receives Royal Assent: Fewer Non-Profit Filings, Easier Social Company Continuances

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Founded in the 1920s, Gardiner Roberts LLP has grown to become a strategically placed mid-sized business law firm with a diverse client base which includes several of Canada's largest banks, public companies including mining, high tech and software companies, real estate enterprises, lenders and investors.

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Ontario's latest piece of red tape reduction legislation has received royal assent, with amendments intended to reduce unnecessary burdens for organizations, including not-for-profit corporations and share capital social clubs in Ontario. [Bill 139, *Less Red Tape, More Common Sense Act, 2023*](#) received royal assent on December 4, 2023 as Statutes of Ontario 2023, chapter 20. Among other changes, the Bill amends the *Corporations Act* (Ontario) ("OCA") to simplify the process for share capital social clubs needing to continue out of the OCA (Schedule 5), amends the *Charities Accounting Act* (Ontario) ("CAA") to eliminate certain written notice requirements (Schedule 3), and amends the *Agricultural and Horticultural Organizations Act* ("AHOA") to change requirements for reporting financial information and for reasonable remuneration for directors, officers and members of agricultural and horticultural societies (Schedule 1).

In our previous article, "[Changes to Corporations Act Will Make it Easier for Social Clubs with Share Capital to Continue Under Separate Legislation](#)"

we summarized the changes in Bill 139 for social clubs with share capital (also referred to as "social companies"), such as golf, tennis, and curling clubs. Social companies have until October 19, 2026 to continue under one of the Ontario *Not-for-Profit Corporations Act, 2010* ("ONCA"), the *Business Corporations Act* ("OBCA"), or the *Co-operatives Corporation Act* ("OCCA"), failing which they will be automatically dissolved. Bill 139 revises the OCA so that it is not necessary to obtain the approval of each class of shareholders by separate vote to continue under the ONCA, OBCA or OCCA. Instead, only classes of shares with voting rights will be entitled to vote on continuance. In addition, all classes will now vote as one, rather than separately, removing the possibility that one class could veto the continuance. This is a welcome change given that certain classes of shareholders may have difficulty reaching quorum or may oppose the continuance. Changes to the OCA came into effect on December 4, 2023.

Much like the amendments to the OCA, the changes to the CAA are also technical in nature. The former

paragraph 1(1)(b) of the CAA, when read in conjunction with subsections 1(2) and 1(6) of the CAA, required corporations in Ontario that were incorporated for “a religious, educational, charitable or public purpose” to provide written notice to the Public Guardian and Trustee for Ontario that set out the nature of the property given to the corporation under the terms of an “instrument in writing” (other than a will) such as articles of incorporation. For example, if Charity A dissolved, and its articles of incorporation provided that upon dissolution, all property should be given to Charity B, then Charity B would be required to provide notice to the Public Guardian and Trustee of the nature of the property it received from Charity A, as well as a copy of Charity A’s articles of incorporation. Bill 139 removes the requirement to provide notice to the Public Guardian and Trustee formerly found in paragraph 1(1)(b) and subsection 1(6) of the CAA. Changes to the CAA came into effect on December 4, 2023.

Organizations under the AHOA are corporations without share capital, and are governed by many provisions that are similar to rules governing corporations without share capital under the ONCA. Bill 139 amends the AHOA to allow for directors, officers or members of the society to receive remuneration and expenses for any services provided to the society in any other capacity, unless the society’s by-laws state otherwise, which is similar to subsection 47(2) of the ONCA. For example, a director of a horticultural society who teaches a course to the members of the society could be remunerated for the activity of teaching, but not for acting as a director. Bill 139 also proposes to amend the AHOA to remove requirements for audited financial statements and add requirements for financial information to be in the form prescribed by the regulations under the AHOA (note that such regulations have not yet been published). The provision regarding remuneration

of directors, officers and members came into force on December 4, while the other provisions will not come into effect until a day to be named by proclamation of the Lieutenant Governor.

Overall, the changes introduced and implemented by Bill 139 should help social companies, not-for-profit corporations, and charities operate more efficiently. As such, they are welcome legislative changes for the sector.

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