

TYPES OF CHARITIES

Charitable Organizations

Constituted and operated exclusively for charitable purposes

Must devote all of its resources to charitable activities carried on by the organization itself

May carry on a related business

Cannot give more than 50% of its annual income to other qualified donees unless they are an associated charity

At least 50% of donations must come from persons at arm's length (Note: A proposed change to the donation rules may permit a person or group that is non-arm's length to contribute more than 50% of the charity's capital if that individual or group does not control the charity in any way, or represent more than 50% of its directors or trustees.)

Over 50% of the directors or trustees must be at arm's length

Members, directors, trustees, officers or creators cannot benefit from the organization's income

Public Foundations

Constituted and operated exclusively for charitable purposes

May devote resources to charitable activities carried on by other organizations

May carry on a related business

Must give more than 50% of its annual income to other qualified donees

At least 50% of donations must come from persons at arm's length (Note: A proposed change to the donation rules may permit a person or group that is non-arm's length to contribute more than 50% of the charity's capital if that individual or group does not control the charity in any way, or represent more than 50% of its directors or trustees.)

Over 50% of the directors or trustees must be at arm's length

Members, directors, trustees, officers or creators cannot benefit from the foundation's income

Private Foundations

Constituted and operated exclusively for charitable purposes

May devote resources to charitable activities carried on by other organizations

Not permitted to carry on any business

May give to qualified donees but not required to give 50% of annual income

No restrictions on the amount of donations that come from non-arm's length persons

No requirement for more than 50% of the directors or trustees to be arm's length – generally are non-arm's length

Members, directors, trustees, officers or creators cannot benefit from the foundation's income