

**Canada Revenue Agency**  
**Charities Directorate**

**DESIGNATION CODES**

**Designation A – Public Foundation**

A registered charity is a “public foundation” if:

- a) It is constituted and operated exclusively for charitable purposes;
- b) It is a corporation or a trust; and
- c) It gives more than 50% of its income annually to qualified donees, usually other registered charities.

A “public foundation” must also meet conditions (b) and (c) for charitable organizations, i.e., people at arm’s length to each other must form a majority of its board of directors/trustees and its funding must come from various sources. The essential difference between a “charitable organization” and a “public foundation” is that charitable organizations focus on carrying out charitable activities, while public foundations focus on raising funds to support operating charities.

**Designation B – Private Foundation**

A registered charity is a “private foundation” if:

- a) It is constituted and operated exclusively for charitable purposes;
- b) It is a corporation or trust; and
- c) It is not a “charitable organization” or a “public foundation”.

An entity is designated as a “private foundation” rather than a “charitable organization” or a “public foundation” because of the extent to which those who fund or control it are not operating at arm’s length.

**Designation C – Charitable Organization**

A registered charity is designated as a “charitable organization” if:

- a) It devotes its resources mainly to charitable activities carried on by itself;
- b) More than 50% of its directors/trustees deal with each other and with each of the other directors/trustees at arm’s length; and
- c) Not more than 50% of the funds that the charity has received have come from one person or organization, or from a group of people or organizations that do not deal with each other at arm’s length. However, some organizations are excepted, so that large gifts from them do not affect the charity’s designation. The excepted organizations are:
  - The federal government,
  - A provincial government,
  - A municipality,
  - Another registered charity that is not a “private foundation”, or
  - A club, society, or association that the Income Tax Act treats as a non-profit organization.