



# Charities and Giving Glossary

The Charities and giving glossary is provided for information purposes only as a plain language explanation of some of the technical terms used on our webpages and in our forms and guides, and does not replace the law, either enacted or proposed.

## **Adjusted cost base**

*Generally, this is the amount the registered charity originally paid for the property, plus the costs (such as legal fees or surveys) associated with the purchase, plus the cost of improvements to the property.*

## **Advantage**

*An advantage is the total value, at the time the gift is made, of all property, services, compensation, or other benefits that a person is entitled to receive in relation to the gift. The advantage may be conditional or receivable in the future, either by the donor or a person or partnership not dealing at arm's length with the donor.*

*An advantage also includes any limited-recourse debt relating to the gift at the time it was made. However, the calculation of an advantage does not include taxes such as GST, PST, HST, or gratuities. For more information, go to [Determining fair market value of non-cash gifts](#).*

## **Annuities**

*A charitable gift annuity is an arrangement under which a donor transfers capital to a charitable organization in exchange for immediate guaranteed payments for life at a specified rate depending on life expectancy or for a fixed term.*

*A charitable organization may enter into arrangements to issue annuities without jeopardizing its status as a registered charity. Charitable foundations, however, cannot enter into arrangements to issue annuities since an undertaking to make an annuity payment is considered a debt, which is a ground for revocation.*

## **Annulled**

*When a charity's or [Canadian amateur athletic association's](#) registration is annulled, it is deemed to have never been registered. Annulments generally occur when registration was granted in error. An organization whose registration has been annulled can no longer issue donation receipts for income tax purposes, and is no longer eligible to receive gifts from registered charities. However, because the registration was granted in error, the CRA considers receipts issued before the date of the notice of annulment to be valid.*

## **Appropriation**

*An appropriation occurs when a charity transfers property to an individual or organization and the recipient of the transfer obtains an unwarranted benefit as a result of the transaction.*

*Appropriations that are included in the calculation of the revocation tax are those that took place up to 120 days before the charity received a notice of intention to revoke its registration.*

*The amount of an appropriation is the fair market value of the property transferred less any amount the recipient gave the charity for the property.*

Individuals and organizations that receive an appropriation from a charity are jointly liable with the charity for the revocation tax up to the amount of all appropriations. In other words, if a charity cannot pay the revocation tax because it has given away its property to an individual or organization, then the recipient that improperly benefited from the transfer of property will be liable for the revocation tax up to the amount of all appropriations.

### **Arm's length**

The term "at arm's length" describes a relationship where persons act independently of each other or who are not related. The term "not at arm's length" means persons acting in concert without separate interests or who are related.

Related persons are individuals who are related to each other by blood, marriage or common law partnership, or adoption. Examples of blood relatives include grandparents, parents, brothers, sisters, children, and grandchildren. Examples of persons related by spousal relationship include the grandparents of a spouse, the parents of a spouse, the brothers and sisters of a spouse, the children of a spouse, the spouse of a brother or a sister, the spouse of a child, and the spouse of a grandchild. Generally, in determining arm's length relationships, common law partners are treated in the same way as legally married spouses. Adopted children are treated in the same way as blood-related children.

Related persons also include individuals or groups and the corporations in which they have a controlling interest. Persons related to these individuals or groups are also considered related to those corporations.

For more information on arm's length and related persons, see Income Tax Folio [S1-F5-C1, Related persons and dealing at arm's length](#).

### **Asset**

A registered charity's assets include, among others, amounts receivable, bank accounts, capital assets, cash, inventories, long-term investments, and short-term investments.

A registered charity must report the value of its assets on a cost basis (that is, the amount the charity paid to acquire the asset). If an asset is donated to a charity, the value is the fair market value of the asset on the day the charity received the gift.

### **Associated charities**

Associated charities are two or more registered charities that have applied for and received this designation from us. Associated charities can pass funds among themselves without being affected by the usual limitation placed on gift making by charitable organizations.

The Income Tax Act generally requires that charitable organizations spend no more than half their income as gifts to qualified donees, otherwise they will be re-designated as public foundations.

You must obtain written permission from us to have an associated status designation. For more information, see [Asking for associated status](#).

### **Authorized representative**

An authorized representative is an individual that can act on behalf of your organization. They can be given permission to access, change, add and delete information. An authorized representative can be an employee, volunteer, or another individual such as a lawyer, accountant, or bookkeeper.

## **BN**

*The [business number \(BN\)](#) is a 9-digit business identifier to which businesses can register program accounts with the Canada Revenue Agency (CRA). An organization may have more than one program account number assigned by the CRA including corporate income tax, import/export, payroll deductions, goods and services tax/harmonized sales tax (GST/HST), and registered charities. The first nine digits would be the same for all of these accounts.*

## **Bequests**

*A bequest is property a qualified donee receives from the will of a deceased person.*

## **Bylaws**

*Bylaws, if adopted by an organization, form part of the governing documents. They set out the rules and regulations for the administration and management of the organization. For example, bylaws often identify the duties of officers, the fiscal year-end of the organization, and when meetings must be held.*

## **Canadian amateur athletic association**

*A Canadian amateur athletic association is created and resident in Canada with the exclusive purpose and exclusive function to promote amateur athletics in Canada on a nation-wide basis. It must devote all its resources to that purpose and function.*

*A Canadian amateur athletic association is eligible for registration by the Canada Revenue Agency. Once registered, it can issue official donation receipts for income tax purposes for gifts from individuals and corporations, and receive gifts from registered charities.*

## **Capital gain**

*A capital gain is realized when a capital property (for example, a share or land) is sold or considered to have been sold for **more** than the total of its adjusted cost base and the outlays and expenses incurred to sell the property. Outlays and expenses include fixing-up expenses, finders' fees, commissions, brokers' fees, surveyors' fees, legal fees, transfer taxes, and advertising costs.*

## **Capital loss**

*A capital loss is realized when a capital property (for example, a share or land) is sold or considered to have been sold for **less** than the total of its adjusted cost base and the outlays and expenses incurred to sell the property. Outlays and expenses include fixing-up expenses, finders' fees, commissions, brokers' fees, surveyors' fees, legal fees, transfer taxes, and advertising costs.*

## **Capital property**

*This includes depreciable property, and any property that, if sold, would result in a capital gain or a capital loss. Capital property is usually bought for investment purposes or to earn income. It does not include trading the assets of a business, such as inventory. Some common types of capital property include:*

- *securities, such as stocks, bonds, and units of a mutual fund trust*
- *land, buildings, and equipment used in a business or a rental operation*

*For more information, see [P113, Gifts and Income Tax](#) and the [Guide T4037, Capital Gains](#).*

## **Cash gifts**

Cash gifts generally include cheques, money orders, bank drafts, as well as cash. Donations made by debit card and by credit card are also considered cash gifts.

## **Cause-related marketing**

Cause-related marketing (sometimes called social marketing) is a venture with a non-charitable partner to promote the sale of items or services on the basis that a portion of the revenues will be directed to a charity or charities.

## **Certificate of good standing**

A document issued by an incorporating authority (federal, provincial, or territorial government) stating that the organization is duly incorporated and that it is in good standing with the authority. The name of the document may vary from jurisdiction to jurisdiction.

## **Charitable organization**

- is established as a corporation, a trust, or under a constitution
- has exclusively charitable purposes
- primarily carries on its own charitable activities, but may also gift funds to other [qualified donees](#), (e.g., registered charities)
- more than 50% of its governing officials must be at [arm's length](#) with each other
- generally receives its funding from a variety of arm's length donors
- its income cannot be used for the personal benefit of any of its members, shareholders, or governing officials

## **Charities Registration (Security Information) Act**

Law enacted by Parliament in 2001 as Part 6 of the Anti-terrorism Act. It provides a mechanism for revoking the registration of any charity or denying registration of an applicant when security information is used to establish that the charity or applicant is involved in supporting terrorism. Under the act, two ministers may sign a special certificate when they have reasonable grounds to believe that a charity or applicant is implicated in supporting terrorism. A court then reviews the evidence. If it confirms that it was reasonable to issue the certificate, the charity's registration is revoked or the applicant's registration is denied on the date of the court's determination.

## **Charity registration number**

A charity registration number is 15-digit program account number assigned to a charity by the Canada Revenue Agency when it is registered. A complete charity registration number has three parts: the [BN](#) (first nine digits), the program identifier (two letters), and the reference number (four digits). The registered charity program identifier is "RR." When you deal with the Charities Directorate always use the 15-digit registration number. If you are unsure of your registered charity's number, [contact the Charities Directorate](#). For more information, go to [Registration number](#).

## **Compensation**

Compensation, for persons (employees) working full-time or part-time for a registered charity, includes salaries, wages, commissions, allowances, bonuses, fees, and honoraria, plus the value of taxable and non-taxable benefits.

## **Compliance agreement**

The Canada Revenue Agency may enter into a compliance agreement with a registered charity to help correct some infractions. A compliance agreement sets out the steps that a charity must follow in order to comply with the Income Tax Act, and the consequences of continued infractions.

## **Designated gift**

**(Applies only for fiscal years ending on or after March 4, 2010)**

A designated gift is a type of gift made between registered charities that are not at arm's length to each other. A gift becomes a designated gift if the donor charity identifies it as a designated gift in its information return for the year the gift is made.

For more information on designated gifts, see [Anti-avoidance rules and designated gifts](#).

## **Directors/trustees**

Directors and trustees are persons who make up the registered charity's elected or appointed governing body. This generally means persons who hold positions identified in the registered charity's governing documents, such as chair, treasurer, secretary, or past president. The registered charity's governing board includes all its directors and trustees.

## **Disbursement quota**

The disbursement quota is the minimum calculated amount that a registered charity is required to spend each year on its own charitable programs or on gifts to qualified donees (such as other registered charities). For more information, see [Annual spending requirement \(disbursement quota\)](#).

## **Eligible amount of gift**

This is the amount by which the fair market value of the gifted property exceeds the amount of any [advantage](#) received or receivable as a result of the gift. This is the amount for which a qualified donee can issue a receipt.

For example, a donation of \$1,000 is made to the Anytown Ballet Company, which is a registered charity. In gratitude, the charity gives the donor three tickets to a show that are valued at a total of \$150. The donor is considered to have received an **advantage** of \$150. Therefore, the **eligible amount** of the gift is \$850 (\$1,000 - \$150).

## **Note**

There are exceptions to this concept. For a more detailed explanation, see [P113, Gifts and Income Tax](#) and [S7-F1-C1, Split-receipting and Deemed Fair Market Value](#) or go to [Deemed fair market value rule](#), [Determining fair market value of non-cash gifts](#), or [What you need to know to issue an official donation receipt](#).

## **Eligible donee**

An eligible donee is a registered charity:

- that is not subject to a suspension of tax-receipting privileges
- that is not subject to a security certificate under the Charities Registration (Security Information) Act
- that has no unpaid liabilities under the Income Tax Act or the Excise Tax Act
- that has filed all of its information returns
- that has more than half of its directors/trustees at arm's length with each of the directors/trustees of the charity gifting to it

*In some cases, a municipality may be an eligible donee. For example, in situations where an eligible charity cannot be found in order to keep the property in the charitable sector, the Minister may allow the property to be transferred to a municipality for the benefit of the community.*

### **Employees**

*Employees are individuals who are hired under an employment contract to perform specific duties under the management of the charity. The earnings from employment contracts in Canada are considered employment income and are subject to Canada Pension Plan, Employment Insurance, and income tax deductions.*

### **Enduring property**

***(Applies only for fiscal years ending before March 4, 2010)***

*The definition "enduring property" applies for the purpose of the definition "disbursement quota" and is applicable to fiscal years that begin after March 22, 2004. The enduring property of a registered charity generally includes:*

- *a gift received by way of bequest or inheritance (which may include direct distributions of proceeds to a registered charity that is the designated beneficiary of a life insurance policy, a registered retirement savings plan, or a registered retirement income fund)*
- *a gift received by a charitable organization from another registered charity that is subject to a trust or direction to the effect that the property given, or property substituted for the gift,
  - *is to be held by the charitable organization for a period of not more than five years from the date the gift was received by the charitable organization, and*
  - *is to be expended in its entirety over the period referred to in the trust or direction to acquire a tangible capital property to be used in charitable activities or administration, and/or in the course of a program of charitable activities of the charitable organization that could not reasonably be completed before the end of the first fiscal year**
- *ten-year gifts*
- *a gift received by a charity from another charity that was a bequest or inheritance (which may include direct distributions of proceeds to a registered charity that is the designated beneficiary of a life insurance policy, a RRSP, or a RRIF) of the other charity*
- *a gift received by a charity from another charity that was a ten-year gift or a one to five year gift of the other charity and is subject to the same condition and original term of the gift*

*Gifts of enduring property are generally excluded from the charity's disbursement quota in the year they are received. However, the charity may subsequently have to consider these gifts when calculating the value of property for its 3.5% disbursement requirement.*

*When the charity spends or transfers some or all of the enduring property, the amount spent or transferred must be included when calculating the disbursement quota requirement.*

### **Excepted gift**

See [\*Non-qualifying security\*](#).

### **Fair market value**

*Fair market value is usually the highest dollar value you can get for your property in an open and unrestricted market and between a willing buyer and a willing seller who are knowledgeable, informed, and acting independently of each other.*

For more information, see [Determining fair market value of non-cash gifts](#).

### **Financial statements**

*At a minimum, financial statements consist of a statement of assets and liabilities **and** a statement of revenue and expenditures for the fiscal year. They should show the different sources of a registered charity's revenue and how it spent its money. For more information, see [Financial statements](#).*

### **Fiscal period**

*A fiscal period is the 12 months (or, for incorporated charities, a period of up to 53 weeks) covered by the charity's financial statements. Many registered charities have a fiscal period that is the same as the calendar year (that is, their fiscal period is from January 1 to December 31); others have a different fiscal period (for example, ending August 31 or March 31).*

*The fiscal period-**end** is always stated as month and day only (for example, March 31). The year is not included because, unless formally changed, the fiscal year stays the same year after year. The phrase "fiscal year **ending**" does include the year because it identifies one specific fiscal period that ends in that year.*

*Under the Income Tax Act, a registered charity must obtain our permission before [changing its fiscal year-end](#), since such changes affect the charity's obligations under the Income Tax Act.*

### **Full-time (permanent) position**

*A full-time (permanent) position refers to continuous service in an office or position. An employee should be considered full-time (permanent) if the employee works, throughout the year, all or substantially all of the typically scheduled hours of work established for persons in that class of employees.*

### **Gift**

*In most cases, a gift is a voluntary transfer of property without valuable consideration to the donor. However, for gifts made after December 20, 2002 a transfer of property for which the donor received an advantage will still be considered a gift for purposes of the Income Tax Act as long as we are satisfied that the transfer of property was made with the intention to make a gift. The existence of an advantage will not necessarily disqualify the transfer from being a gift if the amount of the advantage does not exceed 80% of the fair market value of the transferred property.*

*For gifts made after December 20, 2002, it is the eligible amount of the gift that is used to calculate the donor's donation tax credit or deduction.*

For more information, see [P113, Gifts and Income Tax](#) and [S7-F1-C1, Split-receipting and Deemed Fair Market Value](#).

### **Governing documents**

*These are the documents that formally establish an organization and govern its operations. Some examples of governing documents are letters patent, certificate of incorporation, memorandum or articles of association, a constitution, trust documents, and bylaws. For more information, see [Governing documents](#)*

**Honorarium**

*An honorarium is a voluntary payment made to a person for services for which fees are not legally or traditionally required. An honorarium is typically used to help cover costs for volunteers or guest speakers.*

**Improvement district**

*An improvement district is an organization created under the Municipal Act of a province. An improvement district can meet the requirements as a Canadian municipality if the act that establishes it specifically gives it the powers of a municipality.*

**Joint venture**

*A registered charity can decide to pool its resources with other entities that may not be qualified donees in order to establish and operate a charitable program. The charity will be considered to be carrying on its own activities providing it is an active partner exercising a degree of control that is at least proportionate to the resources it provides to the venture. In these situations, the CRA strongly recommends that the charity put a formal agreement in place as evidence that it retains direction and control over its resources, and is an active participant in a joint venture that directly furthers its charitable purpose.*

**Letter of good standing**

*This is a document that is provided by a head body, which confirms the name of an internal division and its status as a branch, section, parish, or congregation. The document must give the date the internal division was established, the name of the governing document under which it was established, and the name of the governing document it currently follows. The document must be dated and signed by a director or trustee of the head body, and must show their position.*

**Like official**

*A like official is a person who has governing responsibilities for the registered charity similar to those of a member of the governing board or a trustee. This should be interpreted broadly to include anyone having control and management of the administration of the registered charity. These people generally hold positions such as chair, vice-chair, treasurer, secretary, or past president.*

**Loan of property**

*A loan of property involves granting a right to use property for a period of time. Since there is no transfer of property, it does not qualify as a gift and a receipt cannot be issued.*

**Loanbacks**

*A loanback occurs when a donor makes a gift to a qualified donee and within 60 months of making the gift, a specific situation occurs that affects the fair market value of the gift for income tax purposes. For more information, see [Loanbacks](#).*

**Non-arm's length**

See [arm's length](#).

**Non-cash gift**

*Non-cash gifts are gifts of property. They cover items such as gift certificates and gift cards (in certain circumstances), artwork, equipment, securities, and cultural and ecological property.*

*A contribution of service, that is, of time, skills or efforts, is not property and, therefore, does not qualify as a gift or non-cash gift for purposes of issuing official donation receipts.*

*For more information, see [P113, Gifts and Income Tax](#) and [S7-F1-C1, Split-receipting and Deemed Fair Market Value](#).*

*Note - Whether the donation of a gift certificate or a gift card constitutes a transfer of property, and more particularly a transfer of a right, depends on the particular circumstances. For more information, go to [Gift certificates or gift cards](#)*

### **Non-profit clause**

*A provision stating that the organization shall be carried on without purpose of gain for its members, and any profit or other assets of the organization shall be used solely to promote its objectives.*

### **Non-profit organization**

*A non-profit organization is an association, club, or society that is operated exclusively for social welfare, civic improvement, pleasure, recreation, or any other purpose except profit. It is not a charity. No part of the organization's income can be payable to or available for the personal benefit of any proprietor, member, or shareholder, unless the recipient is a club, society, or association whose primary purpose and function is to promote amateur athletics in Canada.*

### **Non-qualified investment**

*See [Non-qualified investments](#).*

### **Non-qualifying security**

*See [Non-qualifying security](#).*

### **Official copy**

*What we consider an "official copy" of the governing documents depends on how the registered charity is formed.*

*If the registered charity is incorporated, the appropriate provincial or federal incorporating authority usually has to approve changes to the registered charity's governing documents. In this case, the official copy we want is a photocopy of the amending documents displaying the stamp or other approval mark from the incorporating authority.*

*If the registered charity is not incorporated, the official copy we want is a photocopy of the amended documents showing the date the documents came into effect. Two people who are directors, trustees, or like officials of the registered charity must sign the photocopy.*

### **Official donation receipt**

*Registered charities can issue official donation receipts (also referred to as "tax receipts") to acknowledge gifts. An official donation receipt is subject to particular requirements under the Income Tax Regulations including identification that it is an official receipt for income tax purposes. See the definition [eligible amount of gift](#) for further information. To view sample receipts see [Samples - Official donation receipts](#).*

*Note that registered charities issue other forms of receipts to acknowledge acceptance of services or items that are not gifts. These are not tax receipts and should be clearly distinguished from the tax receipts issued to acknowledge gifts. Contributions of services, that is, of time, skills or efforts, are not property and, therefore, do not qualify as gifts for purposes of issuing official donation receipts. Accordingly, a charity cannot issue an official*

donation receipt for services rendered free of charge. For more information, see Policy Commentary [CPC-017, Gifts of Services](#).

### **Part-time (part-year) position**

This refers to any position of an employee of the registered charity that does not meet the requirements of a "full-time (permanent) position."

### **Penalized**

A financial penalty has been imposed on a charity because it was [not complying](#) with specific legislative obligations under the Income Tax Act.

### **Planned giving**

Planned giving is a fundraising program that involves arranging donations to serve the interests of the registered charity and that suits the personal, financial, and tax situation of the individual donor. Through a planned-giving program, a registered charity seeks to attract significant gifts by identifying potential donors and helping them with information and advice.

Examples of planned giving include bequests, annuities, life insurance policies, and residual interests or charitable remainder trusts.

### **Private foundation**

- is established as a corporation or a trust
- has exclusively charitable purposes
- carries on its own charitable activities and/or funds other [qualified donees](#), (e.g., registered charities)
- may have 50% or more of its governing officials **not** at [arm's length](#) with each other
- generally receives the majority of its funding from a donor or a group of donors that are not at arm's length
- its income cannot be used for the personal benefit of any of its members, shareholders, or governing officials

### **Proceeds of disposition**

This is usually the amount a person receives or will receive for property sold. When a registered charity sells a property such as land, buildings, securities, and works of art, it may have a gain or loss from the sale.

### **Property**

Property is anything tangible or intangible, moveable or immovable, that a person or an entity owns, including rights. There are two types of property:

- real property, which is any interest in land, including the buildings or the improvements to them
- personal property, which is anything other than land, includes items such as furniture, clothing, art, bank accounts, stocks, patents, and copyrights

### **Public foundation**

- is established as a corporation or a trust
- has exclusively charitable purposes

- generally gives more than 50% of its income annually to other [qualified donees](#), (e.g., registered charities), but it may carry out some of its own charitable activities
- more than 50% of its governing officials must be at [arm's length](#) with each other
- generally receives its funding from a variety of arm's length donors
- its income cannot be used for the personal benefit of any of its members, shareholders, or governing officials

### **Qualified donee**

A qualified donee is an organization that can issue official donation receipts for gifts it receives from individuals and corporations. It can also receive gifts from registered charities.

A qualified donee can be:

- a registered charity (including a registered national arts service organization)
- a registered Canadian amateur athletic association
- a registered housing corporation resident in Canada constituted exclusively to provide low-cost housing for the aged
- a registered Canadian municipality
- a registered municipal or public body performing a function of government in Canada
- a registered university outside Canada, the student body of which ordinarily includes students from Canada
- a registered charitable organization outside Canada to which Her Majesty in right of Canada has made a gift
- Her Majesty in right of Canada, a province, or a territory
- the United Nations and its agencies

For lists of other qualified donees, go to [Other organizations that can issue donation receipts \(qualified donees\)](#).

### **RCAAA**

RCAAA stands for registered Canadian amateur athletic association. To be registered as a Canadian amateur athletic association, the applicant must be created and resident in Canada and have the promotion of amateur athletics in Canada on a **nation-wide** basis as its exclusive purpose and exclusive function. It must also devote all its resources to that purpose and function.

### **Registered**

An organization has applied to the CRA and received approval as meeting the requirements for registration as a charity, and has been issued a charitable [registration number](#).

### **Registered charity**

A registered charity refers to a charitable organization, public foundation, or private foundation registered with the Canada Revenue Agency. A registered charity is issued a Registration Number once approved. It is exempt from paying income tax, and can issue tax receipts for donations it receives. It must be established and resident in Canada, operate for charitable purposes, and devote its resources to charitable activities. However, if a registered charity is under [suspension](#), it no longer has receipting privileges during the suspension period. For a list of registered charities, go to [List of charities](#).

## **Restricted funds**

Restricted funds are funds tied to a specific use and not available for the general purposes of the organization (for example, a fund consisting of contributions that donors specifically direct the registered charity to use to buy a new building). Endowments are one type of restricted fund. Donors create them when they stipulate that the registered charity must maintain the principal amount and only use the income earned on it.

## **Revocation summary**

The summary is a brief description of the Charities Directorate's decision to revoke the registration of a charity or [Canadian amateur athletic association](#). After an audit, if a case of non-compliance results in the issuing of a Notice of Intention to Revoke, only the **summary paragraph** of the reasons for the revocation will be published on our webpages.

## **Revocation tax**

Revocation tax is a tax that a charity becomes liable for when its registration is revoked. The tax is 100% of the value of the charity's remaining assets after all debts and liabilities have been paid. A charity can reduce the amount of revocation tax it owes by using its remaining assets on its charitable programs or by transferring them to an [eligible donee](#) during the winding-up period. For more information see, [Revocation tax and the T2046 tax return](#).

## **Revoked**

Registration as a charity or [Canadian amateur athletic association](#) (CAAA) has been cancelled and the privileges that go with it have been taken away. The organization can no longer issue official donation receipts and is no longer eligible to receive gifts from registered charities.

Registration as a charity or CAAA is officially revoked when a notice is published in the Canada Gazette.

Registration may be revoked because the charity or CAAA:

- chooses to give up its registration (revoked voluntary)
- does not file its annual return or does not file it on time (revoked for failure to file)
- fails to maintain its corporate status (revoked for other reasons)
- is audited and found to be non-compliant with the requirements for registration (revoked as a result of an audit)

## **Revoked as a result of an audit**

Registration as a charity or [Canadian amateur athletic association](#) (CAAA) has been cancelled where, following an audit of their operations, it was determined that the charity or CAAA ceased to comply with the requirements for registration (other than failure to file). Generally, charities or CAAs are revoked where there are severe cases of non-compliance or cases where there is continuous non-compliance.

## **Revoked for failure to file**

Registration as a charity or [Canadian amateur athletic association](#) has been cancelled for failure to file an Information Return (Form T3010 or Form T2052 respectively) within six months of the end of its fiscal year.

## **Revoked for other reasons**

Registration as a charity or [Canadian amateur athletic association](#) has been cancelled for failure to maintain its corporate status.

### **Revoked voluntarily**

Registration as a charity or [Canadian amateur athletic association](#) (CAAA) has been cancelled at the charity's or CAAA's request. Voluntary revocation may be requested for a number of reasons, such as:

- a lack of available resources
- dissolution of the organization
- a merger or consolidation
- no further need for organization's services (for example, the project or program it was established to undertake is complete)

### **Right to acquire shares**

A right to acquire shares is a right under which a charity is entitled, either immediately or in the future, and either absolutely or contingently, to purchase or otherwise receive any class of shares.

### **Sanction**

A sanction is a measure that can be used to obtain compliance with the requirements of the Income Tax Act from registered charities, registered Canadian amateur athletic associations ([RCAAA](#)), and other listed qualified donees. They include:

- financial penalties (applicable only to registered charities and RCAAs)
- one-year suspension of the right to issue official donation receipts and eligibility to receive gifts from registered charities
- revocation of registration

### **Share**

A share is a share or fraction of a share of the capital stock of a corporation. A share of the capital stock of a corporation includes a share of the capital of a cooperative corporation (within the meaning assigned by subsection 136(2) of the Income Tax Act) and a share of the capital of a credit union.

A gift of shares is a non-cash gift. A registered charity that receives a gift of shares can issue an official donation receipt for the fair market value of the shares on the date the transfer of ownership takes place.

### **Subordinate position**

A charity may be in a subordinate position to a parent organization. For example, a registered charity with its own governing documents may be, at least in some respects, in a subordinate position to a parent organization. The parent organization usually has policies that govern the charitable programs the charity delivers and that regulate its administrative and financial affairs. It may also require dues from the subordinate charity.

A charity may also be in a subordinate position as an internal division of a head body. An internal division is an internal branch, section, or other division of a registered charity. It does not have its own governing documents, but instead operates under the governing document of its head body.

### **Suspended**

Certain privileges of a registered charity, registered Canadian amateur athletic association, or other qualified donee have been temporarily taken away because it failed to comply with specific provisions of the Income Tax Act. Although a suspended organization may continue to operate while its privileges are suspended, it is not considered a qualified donee during that time, it cannot issue official donation receipts, and it must inform a donor of its suspension before accepting a gift.

**Tax receipt**

See [Official donation receipt](#).

**Ten-year gift**

A 10-year gift is a donation made to a registered charity that is subject to a donor's written trust or direction that the gift be held by the charity for 10 years or more from the date the gift was made. For more information, go to [10-year gift](#).

**Written agreement**

A written agreement is a document that helps establish the relationship between a charity and its representative when the representative is carrying out specifically identified tasks on behalf of the charity. For more information, see Guidance, [Canadian registered charities carrying out activities outside Canada](#).