

Tides Canada closing international donation matching system with Tides US Foundation

December 26, 2016 | By: Mark Blumberg (<mailto:mark@blumbers.ca>)

Topics: News (<http://www.globalphilanthropy.ca/blog/category/news>), Global Giving (http://www.globalphilanthropy.ca/blog/category/global_giving)

Tides Canada quietly announced earlier this year that their international donation matching system between the Tides US and Tides Canada is being shutdown as of the end of this 2016 year. The Tides mechanism was essentially a matching mechanism between Tides US foundation and the Tides Canada foundation.

For example, an American donor may want to donate to a charity in Canada but they want to receive a tax receipt from a US charity. A Canadian donor may want to donate to a charity in the US but they want a tax receipt from a charity in Canada. This mechanism provided that Canadian donations were given to Tides Canada and the Canadian money actually stayed in Canada and was gifted to Canadian charities but the money was also matched with US money that was provided by Tides US to a US charity that the Canadian donor had wanted to support. It worked similarly for US donors but they donated to the Tides US foundation who granted out to US charities, while a similar amount was granted by Tides Canada to a Canadian charity.

The mechanism facilitated a significant amount of cross-border philanthropy which benefited a large number of Canadian and US charities.

It had some challenges over the years. The biggest challenge perhaps was that the amount of money Canadians and US donors wanted to give to the other country at various points of time was not equally matched. Therefore, in some cases a gift to Tides Canada could result in a delay of over a year for those funds being granted by Tides US. Such delays are not a problem when you're making \$1000 donation to an organization that has a multimillion dollar budget. On the other hand it is a significant problem if 80% of your budget comes from across the border and you have to wait over a year those funds!

Another challenge was the 10% cost of such a mechanism. For small donations such as a \$5,000 or \$10,000 gift the 10% fee was small. However when occasionally you have to deal with larger gifts such as \$1 million gift and one has to pay a fee of \$100,000 to facilitate the issuing of one cheque it is quite costly.

Another challenge with the Tides mechanism was that it only was a matching mechanism with the United States. So it did not work with the other countries. In some cases there are US friends organizations of charities around the world. The donation could go through Tides Canada and be matched with Tides US and then granted to the US friends organization. However in that case the concern was not just the Tides 10% overhead cost but also in many cases and overhead cost for the friends of organization in the US.

Also while having a mechanism is helpful, it does not actually facilitate fundraising in the same way that having a group of people actively organized and with fundraising events does facilitate fundraising.

Some of our clients have used the Tides mechanism but then came to us when they outgrew it or no longer met their needs.

International philanthropy from Canada has been growing at a substantial rate. In a typical year approximately \$3.5 billion is spent by Canadian charities outside of Canada. Canadians are increasingly realizing that one can facilitate a huge amount of international philanthropy by using the rules that CRA has for "direction and control" (http://www.globalphilanthropy.ca/images/uploads/Canadian_Charities_Conducting_International_Activities_2015_by_Mark_Blumberg.pdf).

Despite some critics of the accountability that direction and control provides it is an appropriate balance between the freedom of Canadian charities to provide grants to foreign entities (who are not under the supervision of the CRA) and the concern that funds may be used inappropriately outside of Canada.

With the demise of the Tides Canada mechanism there are still plenty of ways for Canadian philanthropists to engage in international philanthropy. There are about 5000 Canadian registered charities who identify on their T3010 forms that they are doing international work. There are also new organizations that have been set up to assist philanthropists who are interested in global issues with foreign activities and they will arrange for the implementation of projects, reporting and oversight.

For some philanthropists who wish to conduct significant operations internationally there is also the possibility of setting up their own Canadian registered charity. We continue to assist philanthropists in that process.

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Contact



Mark Blumberg is a partner at the law firm of Blumberg Segal LLP in Toronto and works almost exclusively in the areas of non-profit and charity law.

✉ mark@blumbergs.ca (mailto:mark@blumbergs.ca)

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