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\$37 million transferred from Tides Canada Foundation to Tides Canada Initiatives Society

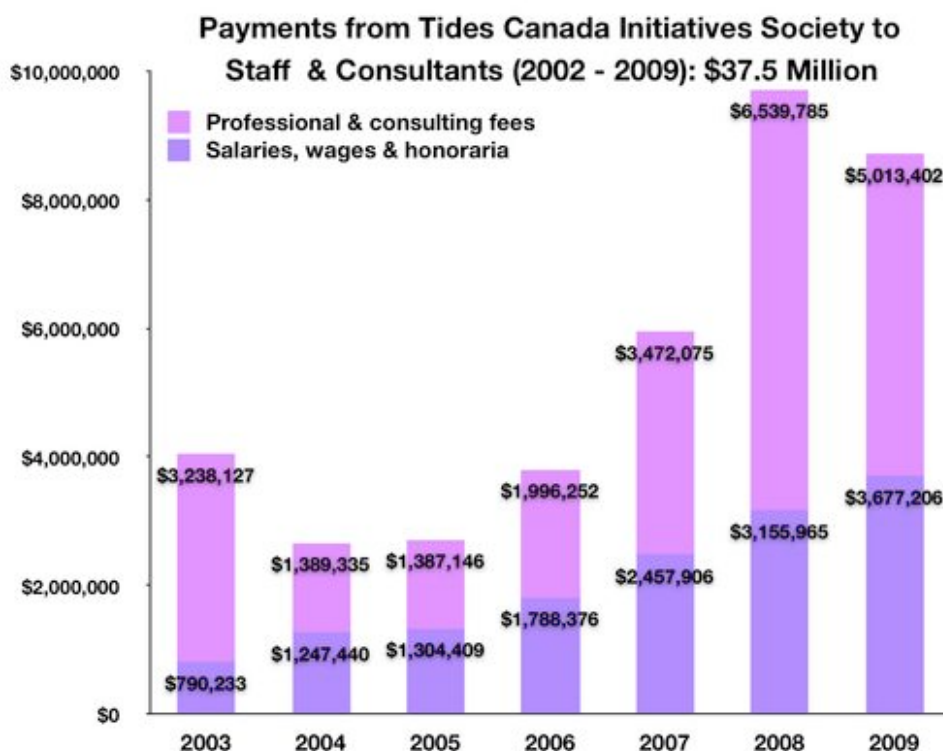
From: VIVIAN KRAUSE <vivian.krause@me.com>
To: Ross McMillan <ross.mcmillan@tidescanada.org>
Cc: Marieke Walsh <Marieke.Walsh@CBC.CA>
Date: March 09, 2012 11:48:16 AM

Mr. McMillan,

Below, I have written about my questions with regards to the \$37 million that Tides Canada Foundation has granted to Tides Canada Initiative Society over the years. I would be most grateful for your response or feedback. In particular, if I have presented anything here that is factually incorrect, or if I have missed any important points, please let me know.

Sincerely,
Vivian Krause

\$37 Million Granted from Tides Canada Foundation to Tides Canada Initiatives. How was the money spent?



From 37 to 251 employees, Tides Canada's staff size has increased sharply over the past five years. Most of this increase has been at Tides Canada Initiatives Society (TCIS) where the number of employees increased from [72 in 2009](#) to [187 employees in 2010](#). In just one year, TCIS took on more 115 new staff members, according to what Tides Canada reported in its Canadian tax returns.

In essence, it seems to me that Tides Canada Initiatives is simply the internal projects of Tides Canada and that Tides Canada Foundation and Tides Canada Initiative Society are part and parcel of the same organization.

Tides Canada prepares [consolidated financial statements](#) for both organizations combined. In its annual report for 2010, Tides Canada refers to TCIS as its “operating charity” and says that it is “home to 40 of Canada’s leading social change initiatives.”

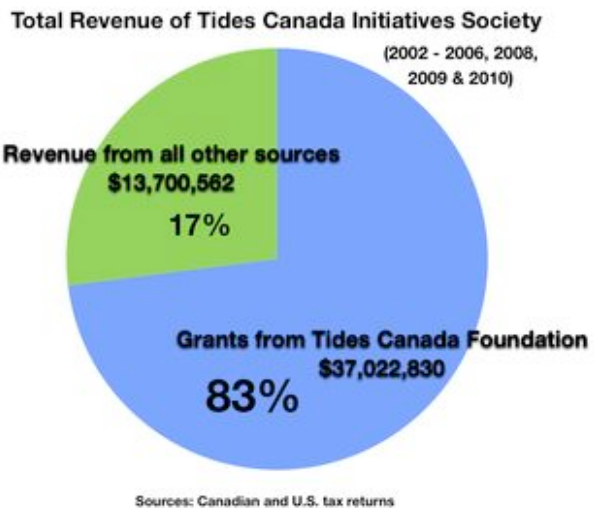
While Tides Canada Foundation grants millions of dollars to other organizations, TCIS does not. Since 2002, the total amount granted to other organizations by TCIS was only \$141,162 ([\\$7,084](#) in 2005, [\\$57,734](#) in 2008, [\\$51,422](#) in 2009 and [\\$24,922](#) in 2010).

TCIS did not make relatively large grants to other organizations but TCIS did spend tens of millions of dollars on staff compensation and professional and consulting fees. In fact, according to Canadian tax returns, during 2008, 2009 and 2010, TCIS spent \$27.4 million on staff compensation and professional and consulting fees. That’s an average of \$9.1 million annually. Of that \$27 million, \$11 million was for staff and \$16 million on consultants. Annual expenditures for TCIS’s staff increased from \$790,000 in 2003 to a high of \$4.3 million in 2010. On top of that \$4.3 million, TCIS also spent \$4.7 million for consultants (professional and consulting fees).

Where is Tides Canada getting the money to pay for all of these new employees? And what are they doing?

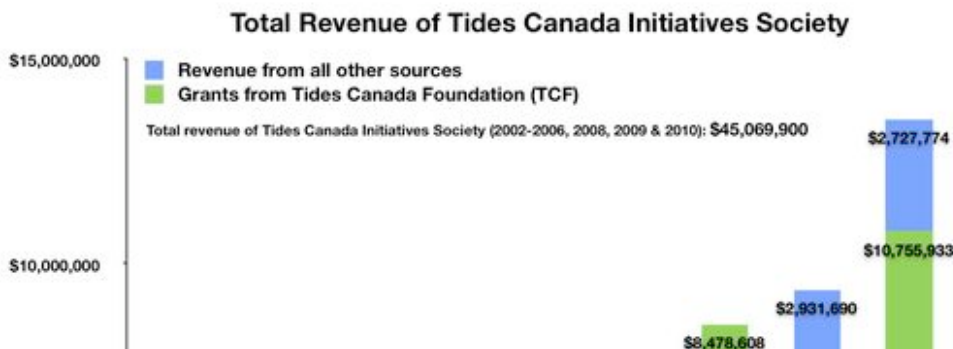
Based on my analysis of Canadian and U.S. tax returns for Tides Canada, it appears to me that roughly 83 percent of the total revenue of Tides Canada Initiatives Society has come from Tides Canada Foundation in recent years.

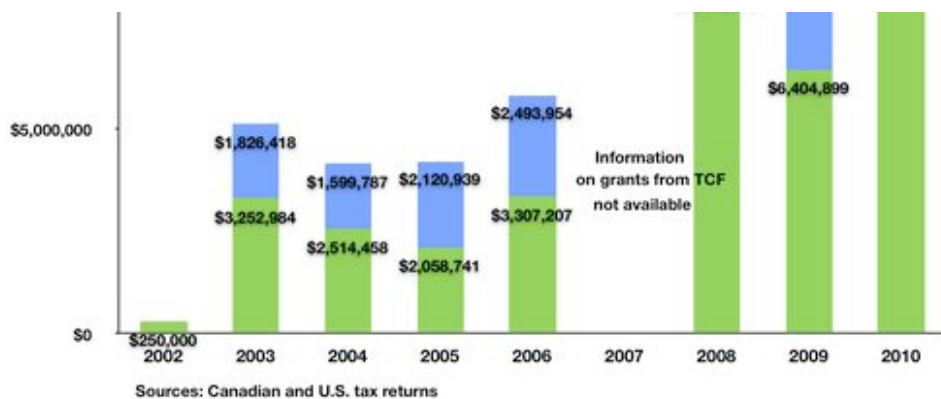
Since 2002, [Tides Canada Foundation](#) (TCF) has granted at least \$37 Million to [Tides Canada Initiatives Society](#) (TCIS). As I see it, in essence, this is money that Tides Canada is simply passing from one pocket to another. Of the \$37 million that Tides Canada Initiatives Society received from Tides Canada Foundation, only \$141,162 was re-granted to other organizations. In my opinion, this raises a series of questions:



- What happened to the \$37 million that TCIS received from TCF but did not re-grant to other organizations? How was that money spent? Did TCIS use the \$37 Million to pay its employees ([110 full-time and 77 part-time](#) as of 2010)?
- Where did the \$37 million originate from that Tides Canada Foundation (TCF) granted to Tides Canada Initiatives Society (TCIS)?

The above questions are based on the information below.





\$37.4 Million Granted from TCF to TCIS:

- [\\$250,000](#) in 2002
- [\\$3,252,984](#) in 2003
- [\\$2,515,458](#) in 2004
- [\\$2,058,741](#) in 2005
- [\\$3,307,207](#) in 2006
- [\\$8,478,608](#) in 2008
- [\\$6,404,899](#) in 2009
- [\\$10,755,933](#) in 2010

Spreadsheets on which these figures are based:

- [Grants from Tides Canada Foundation to Tides Canada Initiatives Society](#): \$37.4 Million
- [Tides Canada Staff \(2002 - 2010\)](#)
- [Tides Canada & Endswell Staff \(2003-2010\)](#): \$61 Million

Notes: Tides Canada has two active entities: [Tides Canada Foundation](#) (TCF) and [Tides Canada Initiatives Society](#) (TCIS). Tides Canada prepares consolidated financial statements for these organizations as a pair but they are legally distinct and file separate Canadian tax returns. Both TCF and TCIS are federally registered non-profits in Canada. TCIS dates back to 1990 while TCF was goes back to 1999. TCF has equivalency status in the United States and files tax returns with the U.S. Internal Revenue Service (I.R.S.) whereas TCIS does not. Tides Canada also has a third entity called the [Tides Canada Centre Society](#) but it has never reported revenues or expenditures.