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How Tides Canada Used \$200 million (2000-2010)

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 To: Ross McMillan <ross.mcmillan@tidescanada.org>
 Cc: Charlie Smith <charlie@straight.com>, Fizal Mihlar <fmihlar@vancouver.sun.com>
 Date: November 10, 2011 1:24:43 PM

Mr. McMillan,

For your review, please find below my analysis of how Tides Canada has spent some \$200 million over the past decade.

If I have presented anything here that is factually incorrect, or if I have missed any important points, please let me know.

If I have not had any response from you by the end of this week, I will assume that you decline to respond.

As always, you or your staff can reach me at 604.618.1810.

Sincerely,
 Vivian Krause

How Tides Canada Used \$200 Million (2000-2010)

Only 20 percent of the \$200 million that Tides Canada has gone through over the past decade was granted to organizations other than [Coast Funds](#) which supports First Nations on the north coast of B.C. That's one of the most surprising observations that I have made as I've analyzed the Canadian and U.S. tax returns filed by Tides Canada over the past decade. From most grant-making charitable foundations, one generally expects that they grant far more than 20 percent of their available resources to external organizations.

A main thrust of Tides Canada's grant-making appears to consist of transferring tens of millions of dollars from American foundations to First Nations and environmental organizations working on the north coast of B.C. In 2009, the most recent year for which U.S. tax returns are publicly available, [half of Tides Canada's grants](#) went towards projects on B.C.'s north coast.

Tides Canada [says](#) that it is Canada's "first and only national public foundation focused on the environment and social justice" and that it has funded hundreds of organizations. This type of work is really important. It would be great if Tides Canada is actually doing that.

According to [Tides Canada's audited financial statements](#), Tides Canada consists of two entities, a national charitable foundation called Tides Canada Foundation (TCF) and an operating charity called Tides Canada Initiatives Society (TCIS).

From 2000-2010, TCF and TCIS reported combined revenue of just over \$200 million, according to my calculations. That's a lot of money and it raises a fair question: What has Tides Canada accomplished over the past decade?

Tides Canada says that its biggest achievement has been the

How Tides Canada Used \$209 Million (2000-2010)		
Expenditure	Amount	
Staff & Consultants	\$56,269,792	27%

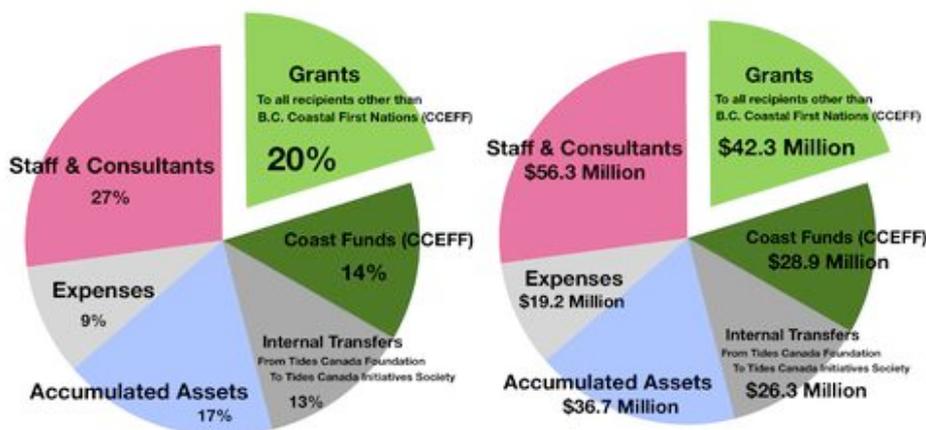
creation of the Great Bear Rainforest on the north coast of British Columbia. This area is a huge, relatively intact and undisturbed ecosystem, the largest coastal temperate rainforest in the world. From an economic and trade perspective, it is also Canada's strategic gateway to Asia.

So, how did Tides Canada spent roughly \$200 million over the past decade? Well, Tides Canada spent roughly \$171 million as follows:

- Staff: \$56 million
- Expenses (travel, supplies, office, etc.): \$19 million
- Grants: \$96 million

Accumulated Assets	\$36,677,022	17%
Internal Transfers from Tides Canada Foundation To Tides Canada Initiatives Society	\$26,266,897	13%
Expenses	\$19,212,229	9%
Coast Funds (CCEFF)	\$28,939,882	14%
Grants to all other recipients	\$42,289,583	20%
TOTAL	\$209,655,405	100%
Other expenses includes travel, supplies, office expenses, etc.		
Source: Analysis of Canadian tax returns		

How Tides Canada Used \$209 Million (2000-2010)



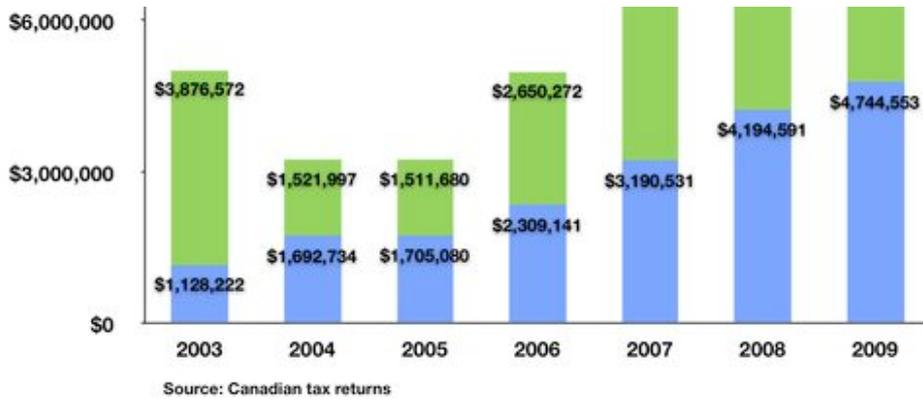
Source: Analysis of Canadian and U.S. tax returns.
 Note: Tides Canada granted \$27,322,143 to CCEFF in 2008. At an exchange rate of 0.9441, that's \$28,939,882.

Staff and Consultants

By far, Tides Canada's largest expense is staff and consultants. Since 2005, Tides Canada's payroll has tripled from \$3.2 million to over \$10 million. The [staff size sky-rocketed](#) from 37 to 251 employees (from 2006 to 2010).

Tides Canada's top earner saw a particularly marked increase in his or her income. In 2006, the highest paid employee at Tides Canada earned [less than \\$120,000](#). In 2010, Tides Canada reported that at least one person earns between [\\$200,000 and \\$249,999](#).





Grants

Tides Canada says that it funds [hundreds of charities](#). Over the years, that may be true but in 2006, 2008 and 2009, the most recent years for which lists of grants are available in U.S. tax returns, the number of grantees was around 100.

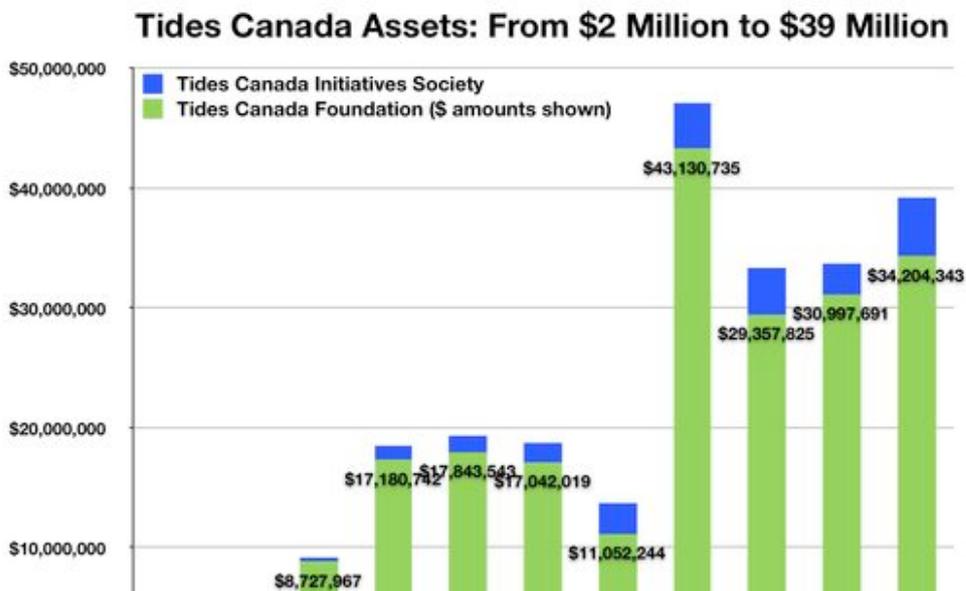
While the total amount of Tides Canada's grant-making seems large, the majority of grants are relatively small. In 2006 and 2008, 60 percent of the recipients of grants from Tides Canada got less than \$10,000. In 2009, half of Tides Canada's grantees got less than \$12,000.

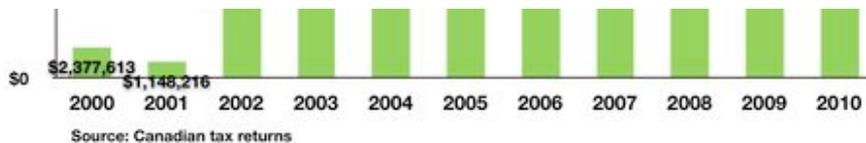
In 2009, Tides Canada granted a total of \$4.1 million to 100 organizations. Of that, \$2.3 million went to 10 organizations, primarily First Nations and environmental groups that work on the north coast of B.C. in conjunction with the Great Bear Rainforest Initiative.

A small number of Tides Canada's grantees receive very large grants. For example, in 2009 the [Rainforest Solutions Project](#) got [\\$848,966](#). This project implements the Great Bear Rainforest Initiative and involves [Forest Ethics, Greenpeace and the Sierra Club](#). In 2009, Forest Ethics Canada also got a grant for [\\$783,603](#) and the Turning Point Initiative got [\\$505,134](#). However, the vast majority of the recipients of funds from Tides Canada got far less.

Total Assets

Over the same years that Tides Canada spent \$171 million, Tides Canada also substantially increased its nest egg of assets, from \$2 million to \$39 million.





Internal Grants from Tides Canada Foundation to its Operating Charity

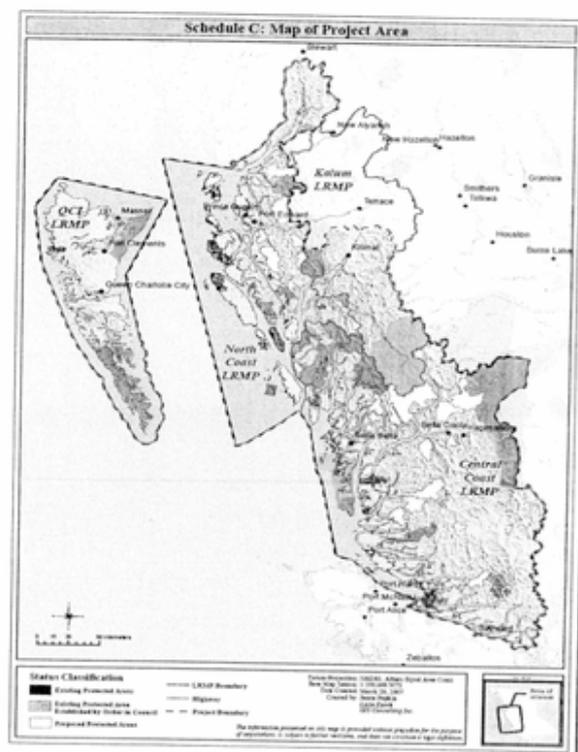
Of the \$96 million that Tides Canada reported as grants, it is important to note that [\\$26 million](#) was simply transferred internally from TCF to TCIS, U.S. tax returns show. Of that, 99.5 % was spent internally; only \$116,240 was re-granted externally, according to my calculations.

How Tides Canada Initiative Society has spent the \$26 million that it received from Tides Canada Foundation is a bit of a mystery, except for 2009. U.S. tax returns show that in 2009, TCF made [25 grants for \\$5.3 million](#). For more information about the internal projects that Tides Canada is funding, click [here](#).

First Nations on the North Coast of B.C.

Of the \$70 million granted to organizations outside of Tides Canada, [\\$27.3 million](#) went to single recipient in a single cheque, in 2008. This money was granted to the Coast Conservation Endowment Fund Foundation ("Coast Funds"), a non-profit that supports First Nations - but only for work in a strategic part of B.C.'s north coast, the area that corresponds to the so-called Great Bear Rainforest and the Haida Gwaii.

Coast Funds is a legally distinct entity but as far as I can tell, it is more or less a creation of Tides Canada. According to an [agreement](#), Tides Canada provided an initial \$2 million in 2007. Subsequently, Tides Canada played a central role as one of six parties involved in a [Conservation Investments & Incentives Agreement](#) in which American foundations and the federal and provincial government pledged a total of \$120 million to coastal First Nations. The other parties to the agreement were the William & Flora Hewlett Foundation, the David & Lucile Packard Foundation and the Gordon & Betty Moore Foundation and the Nature Conservancy.



Only 20 Percent Granted to Organizations Other Than Coast Funds

When both expenditures and asset accumulation are considered, Tides Canada went through more than \$200 million over the past decade. But of that, only \$42 million was granted to organizations other than Coast Funds. What this means is that only 20 percent of the funds handled by Tides Canada over the past 20 years went to outside organizations. For a grant-making foundation, that's very low, in my opinion.

Grant information is not available for 2007 or 2010. When grants in these years are taken into consideration, it may be that internal transfers from TCF to TCIS and grants to Coast Funds are even higher such that the percentage granted to outside organizations is even lower than 20 percent.

Below, here are the tables on which the above-mentioned observations, opinions, questions and concerns are

based.

For a .pdf file of the tables presented below, click [here](#).

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Analysis of Tides Canada Expenditures (2000-2010)				
	Tides Canada Foundation (TCF)	Tides Canada Initiatives Society (TCIS)	Tides Canada Foundation & Tides Canada Initiatives Society	
Salaries, wages & honoraria (2003-2010 only)	\$5,765,122	\$18,771,508	\$24,536,630	\$56,269,792
Professional & consulting fees (2003-2010 only)	\$4,016,420	\$27,716,742	\$31,733,162	
Operating expenditures	\$647,289	\$1,118,182	\$1,765,471	\$19,212,229
Management & administration	\$1,475,040	\$55,434	\$1,530,474	
Advertising & promotion	\$423,708	\$1,341,649	\$1,765,357	
Travel & vehicle	\$728,226	\$3,317,496	\$4,045,722	
Interest & bank charges	\$306,346	\$137,038	\$443,384	
Amortization of capitalized assets	\$799,114	\$82,326	\$881,440	
Licenses, memberships & dues	\$135,258	\$192,914	\$328,172	
Office Supplies & Expenses	\$596,815	\$3,862,142	\$4,458,957	
Occupancy costs	\$759,596	\$1,257,963	\$2,017,559	
Education & training	\$98,557	\$65,362	\$163,919	
Research grants & scholarships	\$81,209	\$158,949	\$240,158	
Other expenditures	\$1,139,764	\$400,650	\$1,540,414	
Purchased supplies & assets		\$29,715	\$29,715	
Donated goods		\$1,487	\$1,487	
Grants to TCIS	\$26,266,897		\$26,266,897	\$95,878,623
Grant to CCEFF	\$27,322,143		\$27,322,143	
Other grants	\$42,148,421	\$141,162	\$42,289,583	
TOTAL	\$112,709,925	\$58,650,719	\$171,360,644	

Source: Analysis of Canadian tax returns

TIDES CANADA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2000-2010
Revenue												
Tides Canada Foundation	\$2,413,781	\$1,109,114	\$12,240,631	\$5,040,730	\$7,862,029	\$8,247,296	\$8,299,319	\$43,461,766	\$35,760,327	\$13,177,110	\$14,539,573	\$152,151,676
Tides Canada	\$523,624	\$326,082	\$229,487	\$5,079,402	\$4,114,245	\$4,179,680	\$5,801,161	\$8,699,972	\$2,845,629	\$9,336,589	\$13,483,707	\$54,619,578

Occupancy costs				\$52,262	\$83,197	\$117,658	\$44,402	\$38,711	\$143,833	\$141,184	\$138,349	\$709,596
Education & training						\$7,850	\$13,587	\$17,967	\$21,161	\$17,029	\$20,963	\$98,557
Salaries, wages & honoraria				\$337,989	\$445,294	\$400,671	\$520,765	\$732,625	\$1,038,626	\$1,067,347	\$1,221,805	\$5,765,122
Professional & consulting fees				\$638,445	\$132,662	\$124,534	\$654,020	\$722,104	\$925,511	\$575,408	\$243,736	\$4,016,420
Research grants & scholarships					\$25,107	\$9,742	\$31,360	\$5,000		\$7,500	\$2,500	\$81,209
Other expenditures				\$31,830	\$532,942	\$525,034	\$49,958					\$1,139,764
Grants	\$1,511,449	\$3,560,831	\$5,501,892	\$5,197,160	\$4,743,615	\$5,948,117	\$10,910,743	\$36,146,843	\$11,034,384	\$11,182,427	\$95,737,461	
TOTAL	\$243,086	\$2,333,323	\$4,618,200	\$6,795,087	\$6,629,491	\$6,168,070	\$7,620,391	\$12,778,075	\$38,733,465	\$13,358,294	\$13,432,443	\$112,709,925

Source: Canadian tax returns

Tides Canada Initiatives Society Expenditures (2000-2010): \$58 Million												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	(2000-2010)
Operating expenditures	\$507,317	\$331,544	\$279,321									\$1,118,182
Management & administration	\$14,379		\$41,655									\$55,434
Advertising & promotion				\$116,474	\$81,220	\$7,512	\$174,172	\$118,530	\$48,392	\$263,024	\$532,325	\$1,341,649
Travel & vehicle				\$526,619	\$367,826	\$315,104	\$316,279	\$398,851	\$456,526	\$383,458	\$552,833	\$3,317,496
Interest & bank charges						\$1,272	\$816	\$6,133	\$3,737	\$72,714	\$52,366	\$137,038
Amortization of capitalized assets							\$4,974	\$7,182	\$8,335	\$27,066	\$34,769	\$82,326
Licenses, memberships & dues							\$370	\$1,016	\$139,378		\$52,150	\$192,914
Office supplies & expenses				\$157,229	\$210,329	\$343,320	\$314,972	\$722,435	\$371,546	\$885,708	\$856,603	\$3,862,142
Occupancy costs				\$75,137	\$77,181	\$134,388	\$133,757	\$183,380	\$167,397	\$264,339	\$222,384	\$1,257,963
Education & training							\$7,648	\$11,311	\$13,308	\$17,903	\$15,192	\$66,362
Salaries, wages & honoraria				\$790,233	\$1,247,440	\$1,304,409	\$1,788,376	\$2,457,906	\$3,155,965	\$3,677,206	\$4,349,973	\$18,771,508
Professional & consulting fees				\$3,238,127	\$1,389,335	\$1,387,146	\$1,996,252	\$3,472,075	\$6,539,785	\$5,013,402	\$4,680,620	\$27,716,742
Research grants & scholarships					\$13,353	\$14,571	\$24,978	\$13,035	\$5,625	\$44,485	\$42,902	\$158,949
Other expenditures				\$72,436		\$283,229	\$44,926				\$59	\$400,650
Purchased supplies & assets											\$29,715	\$29,715
Donated goods											\$1,487	\$1,487
Grants						\$7,084			\$57,734	\$51,422	\$24,922	\$141,162
TOTAL	\$521,696	\$331,544	\$320,376	\$4,976,255	\$3,386,684	\$3,798,035	\$4,807,520	\$7,391,854	\$10,967,728	\$10,700,727	\$11,448,300	\$58,650,719

Source: Canadian tax returns

TIDES CANADA EXPENDITURES For Staff & consultants		2003	2004	2005	2006	2007	2008	2009	2010	(2003-2010)
Salaries, wages & honoraria	TCF	\$337,989	\$445,294	\$400,671	\$520,765	\$732,625	\$1,038,626	\$1,067,347	\$1,221,805	\$5,765,122
	TCIS	\$790,233	\$1,247,440	\$1,304,409	\$1,788,376	\$2,457,906	\$3,155,965	\$3,677,206	\$4,349,973	\$18,771,508
Professional & consulting fees	TCF	\$638,445	\$132,662	\$124,534	\$654,020	\$722,104	\$925,511	\$575,408	\$243,736	\$4,016,420
	TCIS	\$3,238,127	\$1,389,335	\$1,387,146	\$1,996,252	\$3,472,075	\$6,539,785	\$5,013,402	\$4,680,620	\$27,716,742
Salaries, wages & honoraria Consultants	Both	\$1,128,222	\$1,692,734	\$1,705,080	\$2,309,141	\$3,190,531	\$4,194,591	\$4,744,553	\$5,571,778	\$24,536,630
	Both	\$3,876,572	\$1,521,997	\$1,511,680	\$2,650,272	\$4,194,179	\$7,465,296	\$5,588,810	\$4,924,356	\$31,733,162
TOTAL:		\$5,004,794	\$3,214,731	\$3,216,760	\$4,959,413	\$7,384,710	\$11,659,887	\$10,333,363	\$10,496,134	\$56,269,792

Source: Canadian tax returns

TOTAL ASSETS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Accumulated Assets
Tides Canada Foundation	\$2,377,613	\$1,148,216	\$8,727,967	\$17,180,742	\$17,843,543	\$17,042,919	\$11,052,244	\$43,130,735	\$29,357,825	\$30,997,691	\$34,204,343	\$31,826,730
Tides Canada Initiatives Society	\$45,099	\$51,861	\$299,647	\$1,254,420	\$1,493,487	\$1,658,765	\$2,607,450	\$3,803,831	\$3,905,120	\$2,634,207	\$4,895,391	\$4,850,292
TOTAL:	\$2,422,712	\$1,200,077	\$9,027,614	\$18,435,162	\$19,337,030	\$18,700,784	\$13,659,694	\$46,934,566	\$33,262,945	\$33,631,898	\$39,099,734	\$36,677,022

Source: Canadian tax returns.