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Draft blog material: An Overview of Tides Canada Revenue & Expenditures

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To: Drummond Pike <drummond@tides.org>, joel@renewalpartners.com, Ross McMillan <ross.mcmillan@tidescanada.org>

Date: October 22, 2010 12:58:03 PM

To: Mr. Pike, Mr. Solomon & Mr. McMillan,

Further to my previous e-mail, below please find more of the draft material that I have prepared to post at my blog. If you find anything here that is factually incorrect, or if I have missed any important points, please let me know.

Sincerely,
Vivian Krause

Key Points:

- Since 2000, Tides Canada has had revenues of at least **\$137 Million**.
- Between 2003 and 2009, staff and consultants were paid **\$45.7 Million**.
- Grants to some environmental organizations increased **five-fold** between 2006 and 2008.
- In a single grant, **\$27.3 Million** was paid to First Nations on the B.C. coast.

Background:

This post provides a preliminary analysis of the revenue and expenditures of Tides Canada since 2000. As with all posts at this blog, the goal is to ask fair questions in a fair way. Fair comments are welcome.

The information, analysis and opinions presented here are based on publicly available U.S. and Canadian tax returns. Canadian tax returns were accessed on-line from [Revenue Canada](#). U.S. tax returns were obtained from [Guidestar](#).

As it appears, Tides Canada has at least three entities:

- [Tides Canada Initiatives Society](#) (TCIS), formerly the Sage Centre.
- [Tides Canada Foundation](#) (TCF)
- [Tides Canada Centre Society](#) (TCCS)

According to Revenue Canada, Tides Canada Initiatives Society was registered as a charity in 1990. Tides Canada Foundation was registered nine years later, in 1999. The Treasurer of TCIS and TCF is the same person: James Morrissey, a senior accountant at Ernst & Young.

The Tides Canada Centre Society has reported no assets, no revenue and no expenditures in any of the years since its registration in 2005.

Both TCF and TCIS are registered in Canada and report to Revenue Canada. TCF is also registered in the U.S. and reports to the Internal Revenue Service (IRS). Because TCF is registered in the U.S., this makes it much easier for TCF to receive donations from U.S. sources. As far as I can tell, TCIS is not registered in the U.S. This means that TCIS doesn't have to report to the IRS. If I'm not mistaken, this arrangement allows Tides Canada to take in U.S. money via TCF and then transfer it to TCIS whose expenditures don't have to be reported to the I.R.S.

Revenue:

According to my calculations based on Canadian tax returns posted at the web-site of Revenue Canada, since 2000, TCIS has had revenues of \$41 Million and TCF has had revenues of \$137 Million.

One might think that the revenues of Tides Canada are the revenues of TCF and TCIS combined. However, since TCF grants substantial funds (\$10 Million in 2006 and 2008 alone) to TCIS, it isn't possible to determine the exact revenues of Tides Canada simply by adding the revenues of the two organizations (TCF and TCIS). At the very least, the revenue of Tides Canada is equal to the revenue of Tides Canada Foundation. At most, the total revenue of Tides Canada from 2000 to 2009 was \$178 million, the combined revenue of TCIS and TCF (\$41 Million and \$137 Million).

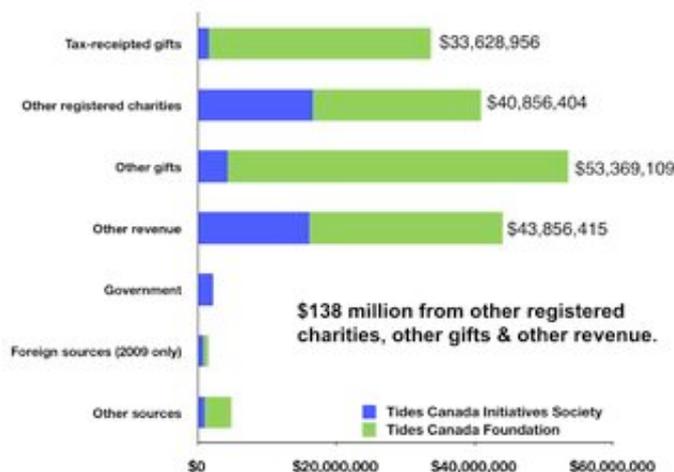
REVENUE (2000-2009)	Tides Canada Initiatives Society (TCIS)	Tides Canada Foundation (TCF)	TCIS & TCF
Tax-receipted gifts	\$1,459,880	\$32,169,076	\$33,628,956
Other registered charities	\$16,380,844	\$24,475,560	\$40,856,404
Other gifts	\$4,016,553	\$49,352,556	\$53,369,109
Other revenue	\$15,838,296	\$28,018,119	\$43,856,415
Government	\$1,986,976	\$275	\$1,987,251
Foreign sources (2009 only)	\$590,649	\$819,659	\$1,410,308
Other sources	\$862,673	\$2,776,858	\$3,639,531
Total revenue as reported to Revenue Canada	\$41,135,871	\$137,612,103	\$178,747,974

As shown in the figure to the right, between 2000 and 2009, TCF and TCIS took in a combined total of \$138 Million from other registered charities, other gifts and other revenue. An important question that needs to be asked is this: Of the \$36.2 Million that TCIS took in from these sources, how much originated from TCF?

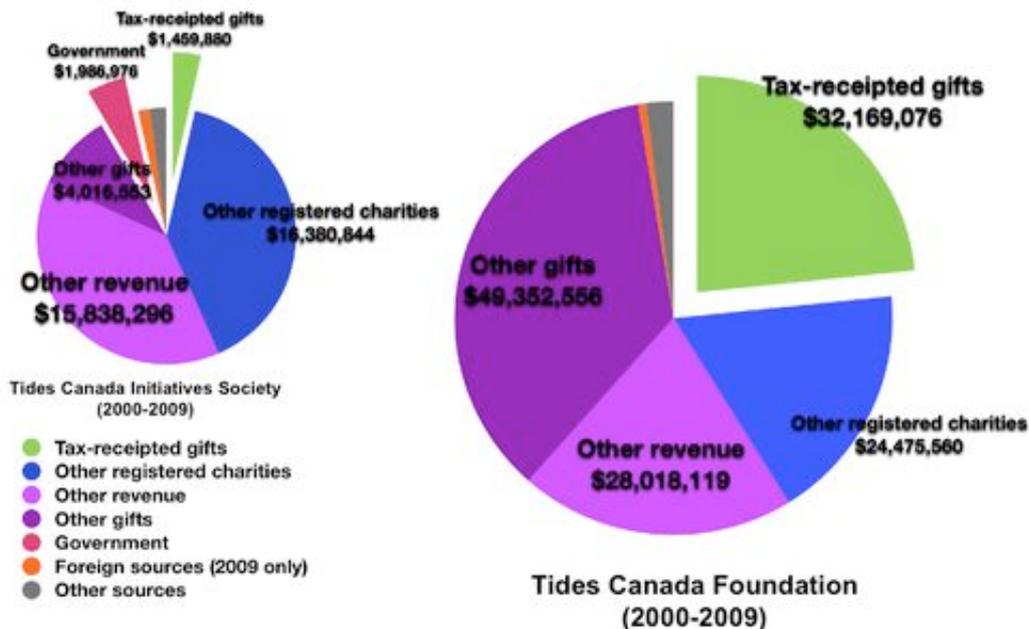
In other words, how much of the revenue of TCIS is money that was simply passed over from TCF?

The revenue streams of TCF and TCIS appear to be different in important ways. For example, between 2000 and 2009:

Tides Canada Sources of Revenue (2000-2009)



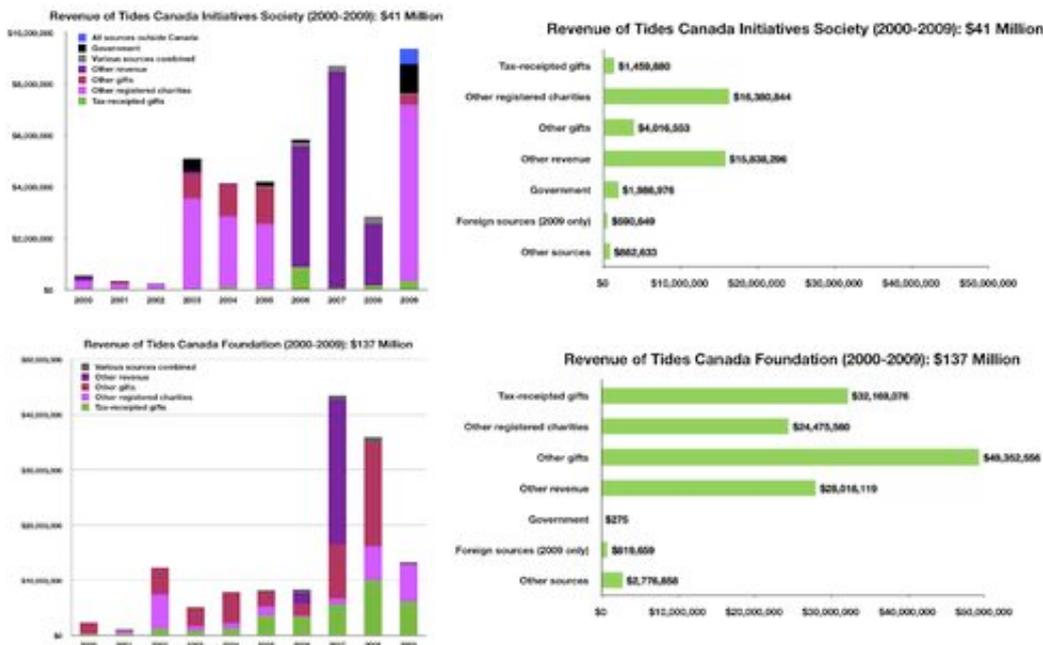
- Tax-receipted donations accounted for 23 percent of TCF's total revenues but only 3.5 percent for TCIS. TCF took in \$32 Million from tax-receipted donations whereas TCIS took in only \$1.4 Million.
- Other registered charities, other gifts and other revenue accounted for fully 88 percent of the total revenue of TCIS. The total revenue that TCIS derived from these sources - which are not tax-receipted donations - was \$36 Million. TCF also took in a total of 74 percent of its revenue from these three categories of sources. This consisted of \$24 Million from other registered charities, \$49 Million from "other gifts," and \$28 Million from "other revenue."



Source: Calculations based on Canadian tax returns for TCIS and TCF.

In light of the large amount of money - **more than \$100 million** - that Tides Canada has had since 2000 in revenue from sources that were not tax-receipted donations, it seems fair to ask: where did these funds originate? In particular, how much of the revenue of Tides Canada is from foreign sources, eg. the United States? Tides Canada has been asked repeatedly but so far, Tides Canada isn't saying.

The figures below show the revenue of TCIS and TCF since 2000, by type of revenue and by year.



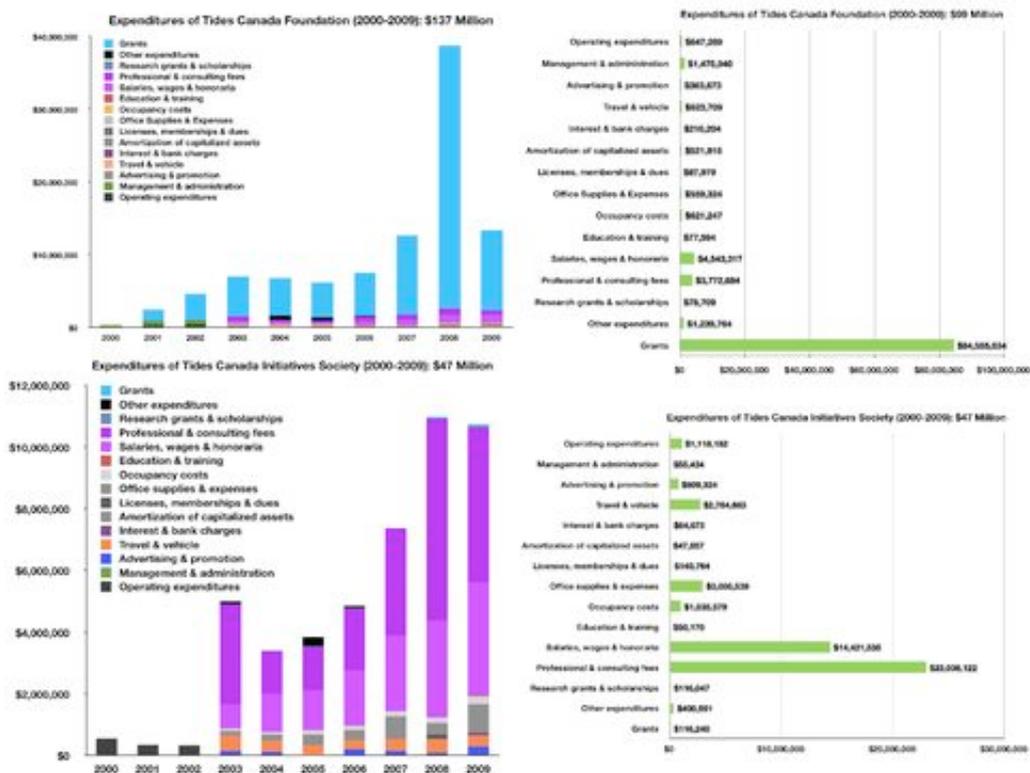
Source: Calculations based on Canadian tax returns for TCIS and TCF.

Expenditures:

Since 2000, TCIS has reported total expenditures of **\$47 Million** while TCF has reported **\$137 Million** in expenditures. Of that, about \$86 Million was spent by Tides Canada Foundation (TCF) and \$36 Million was spent by Tides Canada Initiatives Society (TCIS). As shown below, TCF's expenditures spiked sharply in 2008. This was the year that Tides Canada granted **\$27.3 Million** to the Coast Conservation Endowment

Fund Foundation (CCEFF).

The figures below show the revenue of TCIS and TCF since 2000, by type of revenue and by year.



Source: Calculations based on Canadian tax returns for TCIS and TCF.

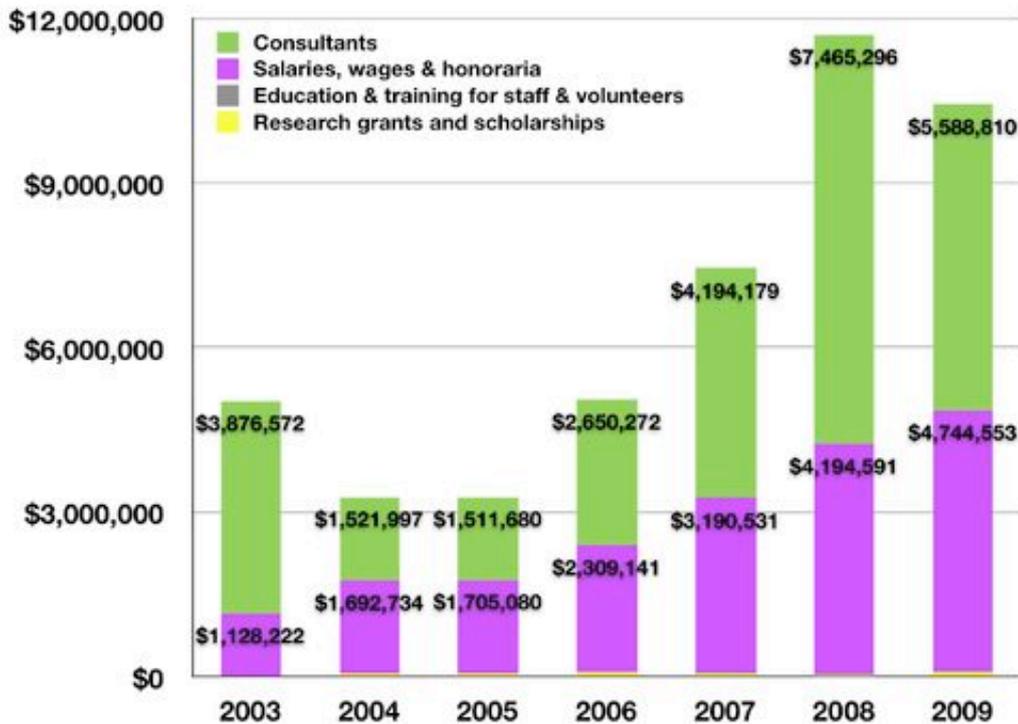
Staff-Related Spending (2003-2009): \$46 Million

Since 2003, staff-related expenses at Tides Canada have increased sharply. In fact, according to calculations based on Canadian tax returns, staff costs have nearly quadrupled from about \$3 Million in 2005 to \$12 Million in 2008. The bulk of Tides Canada's staff expenditures weren't spent through Tides Canada Foundation but rather through Tides Canada Initiatives Society which does not report to the I.R.S.

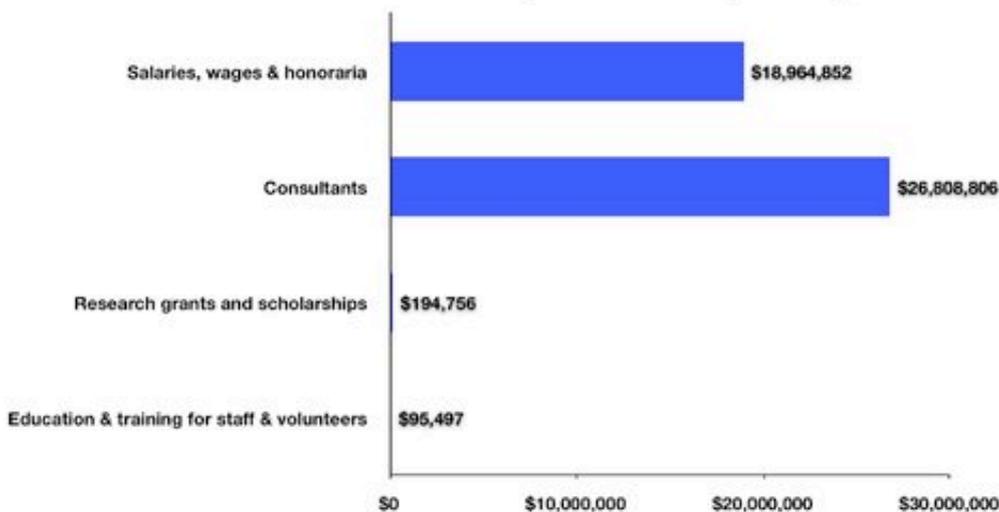
Between 2003 and 2008 TCF paid about \$4.5 million for salaries, wages and honoraria and a further \$3.7 Million for professional consulting fees. This pales in comparison to what was paid by TCIS. Between 2003 and 2008, TCIS alone paid \$14.4 Million in salaries, wages and honoraria and \$23 Million in professional and consulting fees.

Of the total staff-related expenses of \$46 Million, about \$19 Million was paid as salaries, wages and honoraria while \$26.8 Million was paid as professional and consulting fees. More than 99 percent of staff-related expenditures was spent on salaries, wages and fees while 0.6% was spent on staff training, education, research grants and scholarships.

Tides Canada Staff Expenses (2003 - 2009): \$45.7 Million



Tides Canada Expenditures for Staff (2003-2009): \$45.7 Million



Source: Calculations based on Canadian tax returns for TCIS and TCF.

GRANTS: How Tides Canada gave away \$35.7 Million in 2008

In 2008, fully 76 percent of the money granted by Tides Canada Foundation went to a single recipient: the Coast Conservation Endowment fund Foundation which was paid a total of \$27.3 Million "to fund conservation planning projects and conservation initiatives of the Nuxalk and the Lax Kw'alaams First Nations."

In the U.S., registered charities are required to submit a list of all the organizations to which grants were given. Since Tides Canada Foundation is a registered charity in the U.S., I would have thought that this applies to Tides Canada. Indeed, in the publicly available U.S. tax return for 2006 and 2008, Tides Canada Foundation included a list of grantees and the amount that they were paid - to the dollar. In fact, the list for 2006 includes the amounts that were paid to the penny. However, for 2003, 2004, 2005 and 2007, lists of grantees and grants are not included in the publicly available U.S. tax returns for Tides Canada Foundation. Tides Canada has been asked to provide lists of grantees and mounts paid but so far, no response.

As U.S. tax returns for 2009 are not yet publicly available from Guidestar or from the Foundation Center, the most recent year for which a list of the grantees of Tides Canada could be obtained, is 2008.

Top 12 Grantees in 2008:

In 2008, ten of the top 12 grantees are an environmental organization or a land trust. The only recipient of more than \$20,000 that was not a large environmental organization, land trust or First Nations organization, was the Phoenix Community Works Foundation, in Toronto.

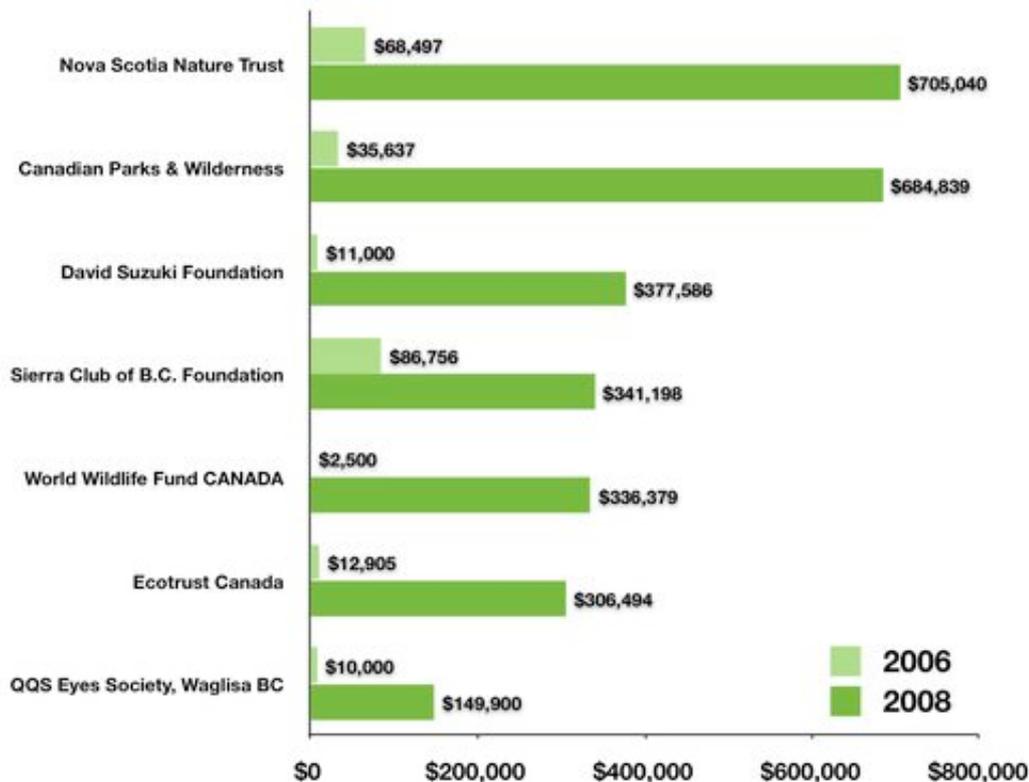


Source: U.S. tax returns.

Which projects and initiatives are being funded - to the tune of \$27 Million? Was the entire \$27.3 Million really ear-marked only for the Nuxalk and the Lax Kw'alaams - as Tides Canada has reported to the I.R.S.

Grants from Tides Canada to Environmental Organizations: 2006 vs. 2008

Grants to environment organizations increased markedly between 2006 and 2008. In fact, the total amount granted to the six largest ENGOs increased nearly five-fold, from about \$480,000 in 2006 to \$2.5 Million in did Tides Canada get the funds that made it possible to markedly increase funding to these environmental organizations - over such a short period.



Source: U.S. tax returns.

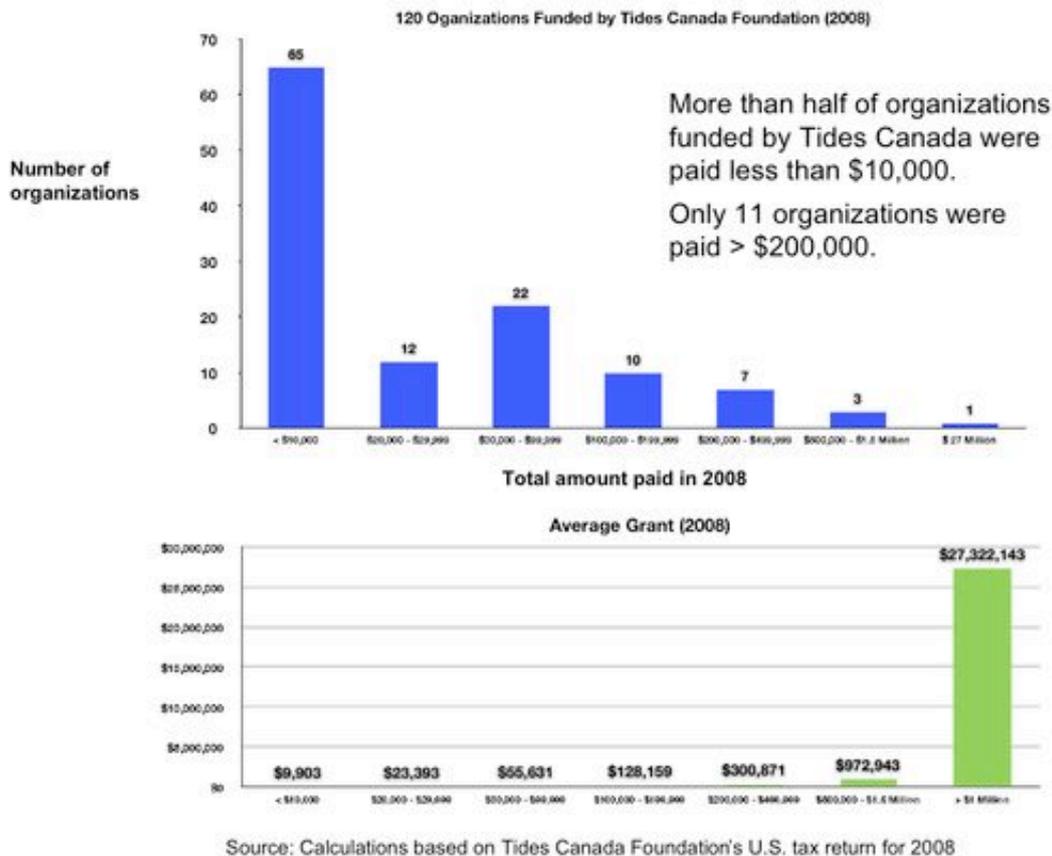
Grant Distribution Highly Skewed: 11 grantees got 91% of funds

Tides Canada says that it has funded [hundreds of charities](#). That may be true but on the basis of the analysis presented below, it seems that in 2008, the lion's share of money from Tides Canada went to only a small handful of organizations.

In 2008, about 90 percent of all grants was paid to only 11 organizations. Ten percent of the total funds granted were divided among 91 percent of the recipient organizations (a total of 109 organizations). Twelve organizations were granted between \$20,000 and \$29,999, and 22 organizations were paid between \$30,000 and \$99,999. Only 11 organizations were paid more than \$200,000.

Of the \$35.7 Million that was paid in 2008, only 10 organizations were paid more than \$200,000. More than half of all grantees were paid less than \$10,000.

Distribution of Funds was Extremely Skewed in 2008



The Vancouver General Hospital Foundation, the UBC Hospital Foundation and the Multiple Sclerosis Society of Canada were each given about \$100,000. In comparison, five large environmental organizations were given grants over \$300,000. A grant of \$100,000 sounds like a lot, and to the recipient, it truly is. But if your total annual grant-making budget is \$35.7 Million, a grant for \$100,000 is only 0.2 percent.

In conclusion, on the basis of how grants were made, it appears to me that in 2008, the main activity of Tides Canada was to funnel a huge amount of foreign funds to a small number of First Nations and environmental organizations, especially in British Columbia, Alberta and Nova Scotia.

ADDITIONAL INFORMATION:

The figures above are based on the information in the tables shown below. These tables were compiled on the basis of Canadian and U.S. tax returns.

TIDES CANADA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009
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	\$137,612,103
Tides Canada Initiatives Society	\$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	\$41,135,871
Total:	\$2,937,405	\$1,435,196	\$12,470,118	\$10,120,132	\$11,976,274	\$12,426,976	\$14,100,480	\$52,161,738	\$38,605,956	\$22,513,699	
Expenditures											
Tides Canada Foundation	\$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	\$99,277,482
Tides Canada Initiatives Society	\$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	\$47,202,419
Total:	\$764,782	\$2,664,867	\$4,938,576	\$11,771,342	\$10,016,175	\$9,966,105	\$12,427,911	\$20,169,929	\$49,701,193	\$24,059,021	

Revenue of Tides Canada Initiatives Society (2000-2009): \$41 Million											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	(2000-2008)
Total eligible amount of tax-receipted gifts	\$9,124	\$7,785	\$6,405	\$6,968	\$73,508	\$57,667	\$828,638	\$15,700	\$132,053	\$322,032	\$1,459,880
Total amount received from other registered charities	\$313,520	\$207,325	\$200,000	\$3,541,716	\$2,743,921	\$2,486,216	\$25,000			\$6,863,146	\$16,380,844
Total other gifts		\$71,459	\$6,301	\$932,619	\$1,234,696	\$1,385,465	\$2,725			\$383,288	\$4,016,553
Revenue from federal govt						\$177,804	\$77,976			\$291,969	\$547,749
Revenue from provincial gov.t	\$46,125	\$37,010		\$495,782		\$1,517	\$27,928			\$541,483	\$1,149,845
Revenue from municipal/ regional gov.t										\$289,382	\$289,382
All sources outside Canada										\$590,649	\$590,649
Other fees & earned income			\$9,898								\$9,898
Interest and investment income				\$8,981	\$11,262	\$46,986	\$53,800	\$69,356	\$55,637	\$27,569	\$273,591
Disposition of assets										\$40	\$40
Interest and dividends		\$205	\$6,883								\$7,088
Total revenue from sale of goods and services						\$24,025	\$100,439	\$178,261	\$242,300		\$545,025
Memberships, dues, and association fees										\$27,031	\$27,031
Other revenue	\$154,855	\$2,298		\$93,336	\$50,858		\$4,684,655	\$8,436,655	\$2,415,639		\$15,838,296
Total revenue as reported to Revenue 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	\$41,135,871

Source: Compiled based on Canadian tax returns filed with Revenue Canada

Revenue of Tides Canada Foundation (2000-2009): \$137 Million											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009
Total eligible amount of tax-receipted gifts	\$255,867	\$376,025	\$1,208,108	\$825,031	\$1,190,570	\$3,499,345	\$3,294,347	\$5,558,542	\$9,885,703	\$6,075,538	\$32,169,076
Total amount received from other registered charities	\$27,000	\$405,884	\$6,234,883	\$867,046	\$1,043,384	\$1,685,626	\$256,971	\$1,107,511	\$6,147,949	\$6,699,306	\$24,475,560
Total other gifts From provincial govt	\$2,122,133	\$144,926	\$4,728,193	\$3,258,049	\$5,512,107	\$2,685,008	\$2,201,190	\$9,859,303	\$18,765,753	\$75,894	\$49,352,556
All sources outside Canada										\$275	\$275
Other fees & earned income	\$8,781	\$34,135	\$15,756								\$819,659
Interest and investment income				\$70,344	\$100,956	\$336,316	\$659,832	\$697,815	\$956,922	\$729,642	\$3,551,827
Disposition of assets										-\$1,300,614	-\$1,300,614
Interest and dividends		\$70,522	\$18,925								\$89,447
Net realized capital gains			\$18,105								\$18,105
Other income		\$68,656	\$9,209								\$77,865
Rental income		\$8,966	\$7,452	\$20,260	\$15,012	\$41,001				\$77,410	\$170,101
Total revenue from sale of goods and services							\$47,992	\$59,463	\$4,000		\$111,455
Other revenue							\$1,838,987	\$26,179,132			\$28,018,119
	\$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	\$137,612,103

Source: Compiled from publicly available Canadian tax returns filed with Revenue Canada.

Expenditures of the Tides Canada Foundation (2000-2009): \$99 Million											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	(2000-2009)
Operating expenditures	\$10,950	\$226,534	\$409,805								\$647,289
Management & administration	\$232,136	\$595,340	\$647,564								\$1,475,040
Advertising & promotion				\$47,786	\$19,506	\$47,576	\$81,830	\$53,522	\$85,618	\$27,835	\$363,673
Travel & vehicle				\$46,216	\$48,950	\$52,301	\$195,238	\$83,328	\$139,510	\$58,166	\$623,709
Interest & bank charges						\$1,642	\$11,114	\$20,796	\$46,850	\$129,802	\$210,204
Amortization of capitalized assets				\$56,423	\$62,506	\$44,916	\$41,990	\$25,903	\$41,364	\$248,813	\$821,915
Licenses, memberships & dues					\$4,974		\$12,361	\$39,638	\$18,782	\$12,224	\$87,979
Office Supplies & Expenses				\$82,244	\$77,193	\$92,531	\$15,649	\$127,738	\$125,367	\$38,602	\$659,324
Occupancy costs				\$52,262	\$83,197	\$117,658	\$44,402	\$38,711	\$143,833	\$141,184	\$621,247
Education & training						\$7,850	\$13,587	\$17,967	\$21,161	\$17,029	\$77,594
Salaries, wages & honoraria				\$337,989	\$445,294	\$400,671	\$520,765	\$732,625	\$1,038,626	\$1,067,347	\$4,543,317
Professional & consulting fees				\$638,445	\$132,662	\$124,534	\$654,020	\$722,104	\$925,511	\$575,408	\$3,772,684
Research grants & scholarships					\$25,107	\$9,742	\$31,360	\$5,000		\$7,500	\$78,709
Other expenditures				\$31,830	\$632,942	\$525,034	\$49,958				\$1,239,764
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	\$84,555,034
TOTAL	\$243,086	\$2,333,323	\$4,618,200	\$6,795,087	\$6,729,491	\$6,168,070	\$7,620,391	\$12,778,075	\$38,733,465	\$13,358,294	\$99,377,482

Source: Compiled from publicly available Canadian tax returns filed with Revenue Canada

Expenditures of Tides Canada Initiatives Society (2000-2009): \$47 Million											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	(2000-2009)
Operating expenditures	\$507,317	\$331,544	\$279,321								\$1,118,182
Management & administration	\$14,379		\$41,055								\$55,434
Advertising & promotion				\$116,474	\$81,220	\$7,512	\$174,172	\$118,530	\$48,392	\$263,024	\$809,324
Travel & vehicle				\$526,619	\$367,826	\$315,104	\$316,279	\$398,851	\$456,526	\$383,458	\$2,764,663
Interest & bank charges						\$1,272	\$816	\$6,133	\$3,737	\$72,714	\$84,672
Amortization of capitalized assets							\$4,974	\$7,182	\$8,335	\$27,066	\$47,557
Licenses, memberships & dues							\$370	\$1,016	\$139,378		\$140,764
Office supplies & expenses				\$157,229	\$210,329	\$343,320	\$314,972	\$722,435	\$371,546	\$885,708	\$3,005,539
Occupancy costs				\$75,137	\$77,181	\$134,388	\$133,757	\$183,380	\$167,397	\$264,339	\$1,035,579
Education & training							\$7,648	\$11,311	\$13,308	\$17,903	\$50,170
Salaries, wages & honoraria				\$790,233	\$1,247,440	\$1,304,409	\$1,788,376	\$2,457,906	\$3,155,965	\$3,677,206	\$14,421,535
Professional & consulting fees				\$3,238,127	\$1,389,335	\$1,387,146	\$1,996,252	\$3,472,075	\$6,539,785	\$5,013,402	\$23,036,122
Research grants & scholarships					\$13,353	\$14,571	\$24,978	\$13,035	\$5,625	\$44,485	\$116,047
Other expenditures				\$72,436		\$283,229	\$44,926				\$400,591
Grants						\$7,084			\$57,734	\$51,422	\$116,240
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	\$47,202,419

Source: Compiled from publicly available Canadian tax returns filed with Revenue Canada

TIDES CANADA EXPENDITURES	2003	2004	2005	2006	2007	2008	2009	(2003-2009)	(2000-2009)	
Education and training for staff and Salaries, wages & honoraria	TCF		\$7,850	\$13,587	\$17,967	\$21,161	\$17,029	\$77,594	\$95,497	
	TCIS						\$17,903	\$17,903		
Professional & consulting fees	TCF	\$337,989	\$445,294	\$400,671	\$520,765	\$732,625	\$1,038,626	\$1,067,347	\$4,543,317	\$18,964,852
	TCIS	\$790,233	\$1,247,440	\$1,304,409	\$1,788,376	\$2,457,906	\$3,155,965	\$3,677,206	\$14,421,535	
Research grants and scholarships	TCF	\$638,445	\$132,662	\$124,534	\$654,020	\$722,104	\$925,511	\$575,408	\$3,772,684	\$26,808,806
	TCIS	\$3,238,127	\$1,389,335	\$1,387,146	\$1,996,252	\$3,472,075	\$6,539,785	\$5,013,402	\$23,036,122	
	TCF		\$25,107	\$9,742	\$31,360	\$5,000	\$7,500	\$78,709	\$194,756	
	TCIS		\$13,353	\$14,571	\$24,978	\$13,035	\$5,625	\$44,485		\$116,047
Both		\$0	\$38,460	\$24,313	\$56,338	\$18,035	\$5,625	\$51,985	\$194,756	\$290,253
Education & training for staff & volunteers	Both	\$0	\$0	\$7,850	\$13,587	\$17,967	\$21,161	\$34,932	\$95,497	0.6%
Salaries, wages & honoraria	Both	\$1,128,222	\$1,692,734	\$1,705,080	\$2,309,141	\$3,190,531	\$4,194,591	\$4,744,553	\$18,964,852	\$45,773,658
Consultants	Both	\$3,876,572	\$1,521,997	\$1,511,680	\$2,650,272	\$4,194,179	\$7,465,296	\$5,588,810	\$26,808,806	99.4%
TOTAL		\$5,004,794	\$3,253,191	\$3,248,923	\$5,029,338	\$7,420,712	\$11,686,673	\$10,420,280	\$46,063,911	