

Combined financial statements and
independent auditor's report of



December 31, 2015

Combined financial statements

Year ended December 31, 2015

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Independent Auditor's Report

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To the Members of
Tides Canada Foundation and Tides Canada Initiatives Society ("Tides Canada")

We have audited the accompanying combined financial statements of Tides Canada, which comprise the combined statement of financial position as at December 31, 2015 and the combined statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Tides Canada as at December 31, 2015 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Vancouver, Canada
May 26, 2016

A stylized, handwritten-style signature of "Grant Thornton LLP" in black ink.

Chartered Professional Accountants



Combined statement of financial position
December 31, 2015

	<u>2015</u>	<u>2014</u>
		Restated (Note 13)
ASSETS		
Current		
Cash	\$ 21,236,898	\$ 6,568,632
Accounts receivable	436,447	495,639
Prepaid expenses	181,798	186,111
	<u>21,855,143</u>	<u>7,250,382</u>
Investments (Note 5)	35,035,628	32,448,376
Loans receivable (non-interest bearing)	234,000	133,250
Property and equipment (Note 6)	1,135,279	749,890
Intangible assets (Note 7)	105,713	139,764
TOTAL ASSETS	<u>58,365,763</u>	<u>40,721,662</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	910,583	1,248,673
Deferred capital contribution (Note 6)	92,200	92,200
	<u>1,002,783</u>	<u>1,340,873</u>
Deferred capital contribution - long term (Note 6)	184,400	276,600
TOTAL LIABILITIES	<u>1,187,183</u>	<u>1,617,473</u>
FUND BALANCES		
General (Note 13)	27,212,218	23,979,301
Externally Restricted (Note 13)	29,966,362	15,124,888
TOTAL FUND BALANCES	<u>57,178,580</u>	<u>39,104,189</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,365,763</u>	<u>\$ 40,721,662</u>

Commitments (Note 8)
Contingency (Note 11)

See the accompanying notes to the combined financial statements.

APPROVED BY:

Andrew Heintzman, Treasurer

Ross McMillan, President and CEO



Combined statement of revenues and expenses

Year ended December 31, 2015

	2015			2014 Restated (Note 13)		
	General	Externally Restricted	Total	General	Externally Restricted	Total
REVENUES						
Support awards and earned income	\$ 3,662,319	\$ -	\$ 3,662,319	\$ 3,770,157	\$ -	\$ 3,770,157
Other awards and donations	6,315,883	27,283,330	33,599,213	5,760,283	12,174,235	17,934,518
Investment income and other revenue	2,080,635	1,360,666	3,441,301	2,344,141	1,635,552	3,979,693
Realized gain on investments	333,007	59,450	392,457	662,169	189,334	851,503
Unrealized gain (loss) on investments	(405,335)	2,907	(402,428)	(278,806)	64,449	(214,357)
TOTAL REVENUES	11,986,509	28,706,353	40,692,862	12,257,944	14,063,570	26,321,514
EXPENSES						
General and administrative (Note 9 and 10)	5,315,104	-	5,315,104	5,548,425	-	5,548,425
Grant and program expenditures	3,946,401	13,356,966	17,303,367	5,739,176	19,059,236	24,798,412
TOTAL EXPENSES	9,261,505	13,356,966	22,618,471	11,287,601	19,059,236	30,346,837
EXCESS OF REVENUES OVER EXPENSES	\$ 2,725,004	\$ 15,349,387	\$ 18,074,391	\$ 970,343	\$ (4,995,666)	\$ (4,025,323)

See the accompanying notes to the combined financial statements.



Combined statement of changes in fund balances

Year ended December 31, 2015

	<u>General</u>	<u>Externally Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
FUND BALANCES, BEGINNING OF YEAR (Note 13)	\$ 23,979,301	\$ 15,124,888	\$ 39,104,189	\$ 43,129,512
Excess of Revenues over Expenses	2,725,004	15,349,387	18,074,391	(4,025,323)
Transfers (From)/To Funds	507,913	(507,913)	-	-
FUND BALANCES, END OF YEAR	\$ 27,212,218	\$ 29,966,362	\$ 57,178,580	\$ 39,104,189

See the accompanying notes to the combined financial statements.



Combined statement of cash flows

Year ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 18,074,391	\$ (4,025,323)
Adjust for items not requiring cash:		
Amortization of property and equipment	269,731	303,374
Amortization of intangible assets	56,339	-
Amortization of deferred capital contribution	(92,200)	(92,200)
Unrealized loss on investments	402,428	214,357
Changes in:		
Accounts receivable	59,192	1,496,780
Prepaid expenses	4,313	(48,548)
Accounts payable and accrued liabilities	(338,090)	(311,938)
Net cash provided by (used in) operating activities	18,436,104	(2,463,498)
INVESTING ACTIVITIES		
Repayment of loans receivable	-	524,456
Loans receivable	(100,750)	(96,417)
Redeemed term deposits	-	163,484
Investments	(2,989,680)	(3,934,940)
Purchase of property and equipment	(677,408)	(291,647)
Net cash used in by operating activities	(3,767,838)	(3,635,064)
INCREASE (DECREASE) IN CASH	14,668,266	(6,098,562)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,568,632	12,667,194
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 21,236,898	\$ 6,568,632

See the accompanying notes to the combined financial statements.



Notes to the combined financial statements

December 31, 2015

1. PURPOSES OF TIDES CANADA

Tides Canada Foundation (TCF) and Tides Canada Initiatives Society (TCI), operating jointly as 'Tides Canada', are not-for-profit societies and registered charities under the Income Tax Act. Neither TCF nor TCI are taxable under the Federal Income Tax Act.

TCF is a national public foundation that receives grants and donations from individuals, foundations, and corporations. The distribution of funds for philanthropic purposes is primarily through grant making. Tides Canada's mission is to provide uncommon solutions for the common good by leading and supporting actions that foster a healthy environment and just Canadian society.

TCI is an operating charity, and receives grants and donations from individuals, foundations and corporations. TCI expends funds through the direct operation of programs to further its mission to develop and carry on programs that encourage social and environmental sustainability, educate the public about environmental issues, and provide access to information, services, resources and products to help facilitate individuals and organizations to make positive changes in consumption and lifestyle alternatives.

2. STATEMENT OF COMPLIANCE WITH CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) *Principles of Combination*

In April 2005 the members of TCF and TCI decided to operate the two organizations under common control. TCF and TCI have the same management, members, and board. Consequently, the financial statements have been prepared as if TCF and TCI were a single organization (Tides Canada) by the aggregation of their financial statements and the elimination of transactions and balances between them.

(b) *Fund Accounting*

Tides Canada follows the restricted fund method of accounting for contributions.

General Fund

This fund includes earned income, awards, donations and investment income used to support Tides Canada's grant making activities and operations. Tides Canada's intention is to direct contributions in accordance with donors' fund purpose. Tides Canada retains control over distribution of grants.



Notes to the combined financial statements

December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Externally Restricted Fund

Awards and donations are restricted for specific purposes by donor-imposed stipulations. Investment income earned on resources of the externally restricted funds is reported in the Externally Restricted Fund or in the General Fund, dependent on any restrictions imposed by the contributors.

(c) *Revenue Recognition*

Awards and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned. Changes in the market value of investments measured at fair value are recorded as gains (losses) in the statement of revenues and expenses.

(d) *Donated Assets*

Donated assets are recognized only when a fair value can be reasonably estimated and when the goods and services are used in the normal course of Tides Canada's operations and would otherwise have been purchased.

(e) *Financial Instruments*

Tides Canada initially measures its financial assets and financial liabilities at fair value. Tides Canada subsequently measures all of its financial assets and financial liabilities at amortized cost, with the exception of investments with a quoted market price in an active market which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable, loans receivable and investments without a quoted market price in an active market.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.



Notes to the combined financial statements

December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash on hand, balances with banks and short term cash deposits with maturities of 3 months or less and bank overdrafts repayable on demand.

(g) *Property and Equipment*

Property and equipment are recorded at cost and are amortized on a straight-line basis over the estimated useful lives of assets as follows:

Computer software	3 years
Enterprise software	5 years
Furniture and equipment	3 - 6 years
Leasehold improvements	over the remaining term plus one renewal option of the lease

Property and equipment under development are not amortized until put into use.

(h) *Intangible Assets*

Website and portal development is recorded at cost and amortized on a straight-line basis over the estimated useful life of the assets as follows:

Website and portal	3 years
--------------------	---------

(i) *Investment Management Expense Allocations*

Investment management expenses are allocated to the General Fund and the Externally Restricted Fund on a pro-rata basis by Tides Canada's management.

(j) *Use of Estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



Tides Canada

Notes to the combined financial statements

December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) *Foreign Currency Translation*

Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date. Non-monetary items are translated at the rate in effect at the time the asset was acquired or the liability was realized. Revenue and expenses are translated at the rate prevailing at the time of the transaction.

4. FINANCIAL INSTRUMENTS

The carrying amount of financial assets measured at amortized cost is \$22,987,232 as at December 31, 2015 (December 31, 2014: \$8,079,230).

The carrying amount of financial assets measured at fair value is \$33,955,741 as at December 31, 2015 (December 31, 2014: \$31,566,667).

The carrying amount of financial liabilities measured at amortized cost is \$910,583 as at December 31, 2015 (December 31, 2014: \$1,248,673).

Market risk

Market risk is the potential for financial loss to Tides Canada from changes in the values of its financial instruments due to changes in interest rates, equity prices, currency exchange and other price risks. The investments of Tides Canada are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

i) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises primarily from Tides Canada's investment in interest-bearing financial instruments. The value of fixed income securities will generally rise when interest rates fall and decrease when interest rates rise.

Changes in interest rates may also affect the value of equity securities.

ii) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. Tides Canada is exposed to equity price risk on its investments in equity funds holding equity securities.



Tides Canada

Notes to the combined financial statements

December 31, 2015

4. FINANCIAL INSTRUMENTS (Continued)

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, other than those arising from interest rates.

All investments represent a risk of loss of capital. Investments held by Tides Canada are susceptible to other price risk arising from uncertainties about future prices of the investments. The maximum risk resulting from the investments is determined by the fair value of their total investments.

Tides Canada actively manages market risk through its investment policy that outlines the objectives, constraints, and parameters related to its investment activities. The Finance and Investment Committee and management regularly review Tides Canada's investments to ensure all activities adhere to the investment policy.

Liquidity risk

Liquidity risk is the risk that Tides Canada cannot meet a demand for cash or fund its obligations as they come due. Maximum exposure to liquidity risk is \$910,583 as at December 31, 2015 (2014:\$1,248,673), which is due to be paid in full before December 31, 2016.

Liquidity risk is managed by investing the majority of Tides Canada's assets in investments that are traded in an active market and can be readily liquidated. In addition, Tides Canada retains sufficient cash positions to maintain liquidity.

Credit risk

Tides Canada is exposed to the risk that a counterparty defaults or becomes insolvent. Financial instruments that potentially subject Tides Canada to concentrations of credit risk are receivables and investments in pooled funds that hold debt securities that are exposed to such risks.

Tides Canada limits the credit risk of investments in money market funds and bond funds by dealing principally with counterparties that maintain a credit rating of Single A or higher as rated by Dominion Bond Rating Service or equivalent.

The maximum exposure to credit risk in terms of receivables is \$670,447 (2014: \$628,889). Tides Canada manages credit risk on receivables by ensuring sufficient security is in place.



Tides Canada

Notes to the combined financial statements

December 31, 2015

5. INVESTMENTS

	2015	2014
Money market	\$ 1,061,054	\$ 1,085,832
Bonds	12,387,102	12,423,577
Equity	19,442,661	17,007,258
Long-term deposits	1,064,924	1,050,000
Investments at fair value	33,955,741	31,566,667
Long term investments, carried at cost	1,079,887	881,709
Total investments	\$ 35,035,628	\$ 32,448,376

Money market and bond funds have a weighted average yield of 0.50% and 2.67% (December 31, 2014: 1.00% and 3.40%) respectively.

Long term investments consist primarily of 957 (2014: 759 units) units which were acquired in a social venture fund to invest in program related sectors that are critical for a sustainable economy and to generate investment returns. The companies are private companies and fair value is not readily determinable. The investment is carried at cost.

Periodically, Tides Canada receives securities available for sale which are subsequently disposed of and credited to the donor advised fund.

6. PROPERTY AND EQUIPMENT

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software	\$ 280,670	\$ 237,150	\$ 43,520	\$ 76,396
Enterprise software	1,350,879	749,656	601,223	149,144
Furniture and equipment	837,550	770,925	66,625	118,613
Leasehold improvements	1,277,212	853,301	423,911	405,737
Total property and equipment	\$ 3,746,311	\$2,611,032	\$ 1,135,279	\$ 749,890

In 2008, gifted leasehold improvements of \$922,000 were received. The deferred capital contribution is being recognized over the amortization period of the leasehold improvements.



Tides Canada

Notes to the combined financial statements

December 31, 2015

7. INTANGIBLE ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Website and portal	\$ 162,052	\$ 56,339	\$ 105,713	\$ 29,115
Website and portal under development			-	110,649
Total intangible assets	\$ 162,052	\$ 56,339	\$ 105,713	\$ 139,764

As part of Tides Canada's rebrand and website enhancement, \$110,649 was reported as asset under development in 2014. The amount is now reported under the asset class Website and portal.

8. COMMITMENTS

As of December 31, 2015, Tides Canada committed to grants totaling \$ 185,000. Payment of these grants is conditional on the recipients meeting certain criteria and providing certain supporting information.

Tides Canada committed to purchasing units in limited investment partnerships totaling \$1,686,501. As at the year-end, 957 units totaling \$927,423 have been purchased (see Note 5). The remaining commitments of \$759,078 are required at the call of the general partner when further investment capital is required.

As at December 31, 2015, limited investment partnership commitments are as follows:

	Units			Amount		
	Commitment	Paid	Balance	Commitment	Paid	Balance
Renewal 2	709	709	-	\$ 731,404	\$672,346	\$ 59,058
Renewal3	250	80	170	254,982	84,982	170,000
Investeco New Market Funds	198	163	35	200,115	165,095	35,020
	500	5	495	500,000	5,000	495,000
Total	1,657	957	700	\$ 1,686,501	\$927,423	\$ 759,078

December 31, 2015

8. COMMITMENTS (Continued)

As at December 31, 2015, minimum rental commitments are as follows:

Year	Total
2016	\$ 591,473
2017	575,954
2018	514,449
2019	70,378
2020	-
Total	\$ 1,752,254

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
Staff costs	\$ 3,754,577	\$ 3,552,978
Professional services	284,351	633,421
Office expenses	673,028	670,018
Amortization	320,589	297,215
Travel	128,394	181,197
Finance costs	28,333	20,657
Marketing and communications	119,275	170,227
Events and programming	6,557	22,712
Total general and administrative expenses	\$ 5,315,104	\$ 5,548,425

10. ALLOCATION OF EXPENSES

Investment management fees of \$84,535 (2014:\$82,104) have been allocated as follows:

	2015	2014
General fund : General and administrative	\$ 65,575	\$ 62,576
Externally restricted: Grant and program expenditures	18,960	19,528
Total allocation of expenses	\$ 84,535	\$ 82,104



Notes to the combined financial statements

December 31, 2015

11. CONTINGENCY

Tides Canada has been subject to an audit of its operations by the Canada Revenue Agency (CRA) for its 2008 and 2009 fiscal years. The audits commenced in February 2011 and the audit process is ongoing with the timing and outcome not currently determinable. The CRA audit process involves an exchange of views and information regarding activities conducted by TCF and TCI. Management is actively providing information to the CRA with respect to its charitable activities. As the outcome is not determinable at this time, no consequent provisions or accruals have been recorded in these financial statements.

12. CONTROLLED ORGANIZATION

Tides Canada Ventures Society (TCVS) is a not-for-profit society incorporated in the Province of British Columbia that is controlled by Tides Canada established for the purpose of encouraging and promoting social entrepreneurship. The board of TCVS consists of two Tides Canada staff and one Tides Canada board member. Financial transaction between TCVS and Tides Canada in 2015 amounted to \$4,983.

Funds held by TCVS are externally restricted by agreement with its funder, and are held for the purpose of supporting work related to salmon aquaculture.

Tides Canada does not combine the financial information of TCVS. The financial information for TCVS is as follows:

Tides Canada Ventures Society
Balance Sheet
as at December 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash	\$ 98,176	\$ 102,135
TOTAL ASSETS	\$ 98,176	\$ 102,135
<u>LIABILITIES</u>		
	-	-
TOTAL LIABILITES	-	-
<u>FUND BALANCES</u>		
Externally Restricted Funds	98,176	102,135
TOTAL FUND BALANCES	98,176	102,135
TOTAL LIABILITIES AND FUND BALANCES	\$ 98,176	\$ 102,135



Notes to the combined financial statements

December 31, 2015

12. CONTROLLED ORGANIZATION (Continued)

Tides Canada Ventures Society
Statement of Revenues and Expenditures
For the period ended December 31, 2015

	2015	2014
REVENUES		
Awards and funding agreements	\$ -	\$ 25,000
Interest and Other Income	1,025	781
TOTAL REVENUES	1,025	25,781
EXPENSES		
Consulting fees	-	25,992
Travel	-	2,644
Workshop and conference	4,984	
TOTAL EXPENSES	4,984	28,636
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (3,959)	\$ (2,855)



Notes to the combined financial statements

December 31, 2015

13. REVISED 2014 FUND BALANCES

Funds previously classified as Endowment Funds have been reclassified to the General Fund or Externally Restricted Fund categories. This is to reflect changes made to Endowment Fund agreements that allow fund holders to access the fund principal with no time-based restrictions. The impact of the reclassifications for fiscal 2014 is reflected in the tables below:

Combined statement of financial position

	Original 2014 Balance	Reclassification	2014 Revised Balance
General	\$ 9,119,518	\$ 14,859,782	\$ 23,979,301
Externally restricted	8,018,157	7,106,732	15,124,888
Endowment	21,966,514	(21,966,514)	-
Total	\$ 39,104,189	\$ -	\$ 39,104,189

Combined statement of revenues and expenses

	2014			
	General	Externally Restricted	Endowment	Total
Original Revenues	\$ 10,901,382	\$ 13,079,898	\$ 2,340,234	\$ 26,321,514
Reclassification	1,356,562	983,672	(2,340,234)	-
Revised Revenues	12,257,944	14,063,570	-	26,321,514
Original Expenses	11,052,393	19,039,707	254,737	30,346,837
Reclassification	235,208	19,529	(254,737)	-
Revised Expenses	11,287,601	19,059,236	-	30,346,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 970,343	\$ (4,995,666)	\$ -	\$ (4,025,323)



Notes to the combined financial statements

December 31, 2015

13. REVISED 2014 FUND BALANCES (Continued)

Combined statement of changes in fund balances

	2014			
	General	Externally Restricted	Endowment	Total
FUND BALANCES, January 1	\$ 9,333,149	\$ 13,899,337	\$ 19,897,026	\$ 43,129,512
Reclassification	13,754,438	6,142,588	(19,897,026)	-
Revised excess (deficiency) of revenues over expenses	970,343	(4,995,666)	-	(4,025,323)
Revised transfers (from)/to funds	(78,629)	78,629	-	-
FUND BALANCES, December 31	\$ 23,979,301	\$ 15,124,888	\$ -	\$ 39,104,189