

Auditors' Report and Financial Statements of

TIDES CANADA FOUNDATION

*For the eight months ending December 31, 2000
with unaudited comparative amounts as of April 30, 2000*

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& Touche**

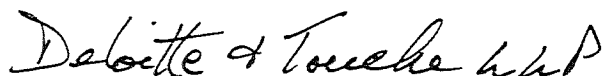
Auditors' Report

To the Directors of
Tides Canada Foundation

We have audited the statement of financial position of Tides Canada Foundation (the "Foundation") as at December 31, 2000 and the statements of activities and changes in net assets and cash flows for the eight month period then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2000 and the results of its activities, changes in its net assets and its cash flows for the eight months then ended in accordance with Canadian generally accepted accounting principles.

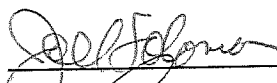


Chartered Accountants
Vancouver, British Columbia
January 31, 2001

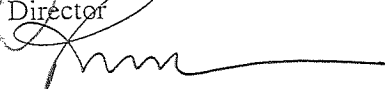
TIDES CANADA FOUNDATION
(Incorporated under Society Act of British Columbia)
Statement of Financial Position
As of December 31, 2000

| | December 31, 2000 | April 30, 2000 (Unaudited) |
|---|----------------------|----------------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 1,233,406 | \$ 109,460 |
| Accounts receivable | 11,493 | - |
| Restricted contributions receivable | 1,037,161 | - |
| Prepaid expenses and other | 1,990 | 50 |
| | <u>2,284,050</u> | <u>109,510</u> |
| CAPITAL ASSETS, net (Note 3) | 93,563 | - |
| TOTAL ASSETS | \$ 2,377,613 | \$ 109,510 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 97,408 | \$ - |
| NET ASSETS | | |
| Unrestricted | 1,243,044 | 93,527 |
| Temporarily restricted | 1,037,161 | 15,983 |
| TOTAL NET ASSETS | 2,280,205 | 109,510 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,377,613 | \$ 109,510 |

APPROVED BY THE DIRECTORS



Director



Director

TIDES CANADA FOUNDATION
Statement of Activities and Changes in Net Assets
For the Eight Months ended December 31, 2000

| | Eight months ended December 31, 2000 | | | Year ended |
|--|--------------------------------------|---------------------|---------------------|-------------------|
| | Temporarily | | Total | April 30, |
| | Unrestricted | Restricted | | 2000 |
| | | | | Total |
| | | | | (Unaudited) |
| SUPPORT AND REVENUE | | | | |
| Contributions | \$ 1,167,838 | \$ 1,237,181 | \$ 2,404,999 | \$ 76,700 |
| Interest income | 3,502 | - | 3,502 | 2,750 |
| Net assets released from restrictions (Note 5) | 200,000 | (200,000) | - | - |
| TOTAL SUPPORT AND REVENUE | 1,371,340 | 1,037,181 | 2,408,501 | 79,450 |
| EXPENSES | | | | |
| General and administration (Schedule 1) | 237,806 | - | 237,806 | 3,642 |
| INCREASE IN NET ASSETS | 1,133,534 | 1,037,181 | 2,170,695 | 75,808 |
| NET ASSETS, BEGINNING OF PERIOD | 109,510 | - | 109,510 | 33,702 |
| NET ASSETS, END OF PERIOD | \$ 1,243,044 | \$ 1,037,181 | \$ 2,280,205 | \$ 109,510 |

TIDES CANADA FOUNDATION
Statement of Cash Flows
For the Eight Months Ended December 31, 2000

| | Eight months ended December 31, 2000 | Year ended April 30, 2000 (Unaudited) |
|--|---|--|
| OPERATING ACTIVITIES | | |
| Increase in net assets | \$ 2,170,695 | \$ 75,808 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 32,336 | - |
| Changes in: | | |
| Accounts receivable | (11,493) | - |
| Contributions receivable | (1,037,161) | - |
| Prepaid expenses | (1,940) | (50) |
| Accounts payable and accrued expenses | 28,793 | - |
| Net cash provided by operating activities | 1,181,230 | 75,758 |
| INVESTING ACTIVITY | | |
| Purchase of capital assets | (125,899) | - |
| FINANCING ACTIVITY | | |
| Increase in note payable | 68,615 | - |
| INCREASE IN CASH AND CASH EQUIVALENTS | 1,123,946 | 75,758 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 109,460 | 33,702 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 1,233,406 | \$ 109,460 |

TIDES CANADA FOUNDATION

Notes to the Financial Statements

Eight Months ended December 31, 2000

1. OPERATING MANDATE

The Tides Canada Foundation (the "Foundation") is a registered non-profit society and is non-taxable under the federal Income Tax Act. It changed its status from corporation to society on February 22, 1999 and changed its fiscal year end from April 30 to December 31 in 2000. The eight months ended December 31, 2000 is the first period of staffed operations for the Foundation. The Foundation receives funds through grants and donations from individuals, foundations, and corporations. Distribution of funds for philanthropic purposes is made primarily through the direct operation of a grantmaking program. The mission of the Foundation is to create partnerships with donors and charitable organizations to grow and organize resources for social change and environmental sustainability. The Foundation wishes to facilitate innovative and effective grantmaking programs, foster opportunities for learning, and build a donor community.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are presented on the basis of unrestricted and temporarily restricted net assets. As of December 31, 2000, there were no permanently restricted net assets.

Cash and cash equivalents

Cash and cash equivalents include cash and all highly liquid investments with maturities of twelve months or less.

Fair value of financial instruments

As of December 31, 2000, the estimated fair value of the Foundation's financial instruments (including cash and cash equivalents, accounts receivable, contributions receivable, accounts payable and accrued expenses and note payable to a related party) approximates their carrying values due to either their short length to maturity or the existence of interest rates that approximate prevailing rates.

Contributions receivable

Contributions receivable represents pledges by donors, all of which are due within one year.

Capital assets

Capital assets are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives of assets as follows:

| | |
|-------------------------|---------|
| Computer software | 2 years |
| Furniture and equipment | 3 years |
| Leasehold improvements | 6 years |

TIDES CANADA FOUNDATION

Notes to the Financial Statements

Eight Months ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted net assets

Temporarily restricted net assets represent contributions whose use by the Foundation is limited by donor-imposed stipulations that can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. As of December 31, 2000, temporarily restricted net assets of \$1,037,161 were available for designated purpose programs.

Revenue recognition

Contributions are recognized as revenue when received or unconditionally promised.

Functional expense allocations

Expenses, such as depreciation, supplies and travel, are allocated among program services, general and administration and fundraising based on the program benefited and estimates made by the Foundation's management.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

3. CAPITAL ASSETS

Capital assets is comprised of the following at December 31, 2000:

| | 2000 |
|---|-----------------|
| Computer software | \$ 10,328 |
| Furniture and equipment | 50,744 |
| Leasehold improvements | 64,827 |
| | <hr/> 125,899 |
| Accumulated depreciation and amortization | 32,336 |
| | <hr/> \$ 93,563 |

TIDES CANADA FOUNDATION

Notes to the Financial Statements

Eight Months ended December 31, 2000

4. LEASES

The Foundation has an operating lease for office space which expires in 2005 with two renewal periods. As at December 31, 2000, minimum rental commitments are as follows:

| Year ending December 31: | |
|--------------------------|------------|
| 2001 | \$ 23,280 |
| 2002 | 23,280 |
| 2003 | 23,280 |
| 2004 | 23,280 |
| 2005 | 11,640 |
| | <hr/> |
| | \$ 104,760 |

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the eight months ended December 31, 2000 by incurring expenses satisfying the restricted purposes specified by donors for start-up and general support in the amount of \$200,000.

TIDES CANADA FOUNDATION
Schedule of General and Administrative Expenses
Eight months ended December 31, 2000

Schedule 1

| | <u>2000</u> |
|--------------------------------|-------------------|
| Accounting and management fees | \$ 44,375 |
| Professional fees | 41,348 |
| Office and miscellaneous | 37,893 |
| Depreciation | 32,336 |
| Payroll | 32,014 |
| Rent | 26,260 |
| Program advisor fees | 10,950 |
| Travel | 8,883 |
| Telephone | 3,747 |
| | <u>\$ 237,806</u> |