

Auditors' Report and Financial Statements of

TIDES CANADA FOUNDATION

December 31, 2001

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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, 2001 and the statements of activities and changes in net assets and cash flows for the year 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, 2001 and the results of its activities, changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

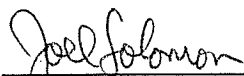
Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
February 1, 2002

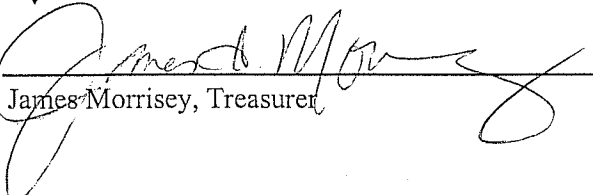
TIDES CANADA FOUNDATION
(Incorporated under Society Act of British Columbia)
Statement of Financial Position

	Year ended December 31, 2001	Eight months ended December 31, 2000
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 931,333	\$ 1,233,406
Accounts receivable	28,647	11,493
Restricted contributions receivable	56,276	1,037,161
Prepaid expenses and other	2,059	1,990
	1,018,315	2,284,050
CAPITAL ASSETS, net (Note 3)	80,085	93,563
OTHER ASSETS	49,816	-
TOTAL ASSETS	\$ 1,148,216	\$ 2,377,613
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 43,556	\$ 28,793
Current portion of loan payable (Note 4)	20,000	20,000
	63,556	48,793
LOAN PAYABLE (Note 4)	28,665	48,615
	92,221	97,408
NET ASSETS		
Unrestricted	999,719	1,243,044
Temporarily restricted	56,276	1,037,161
TOTAL NET ASSETS	1,055,995	2,280,205
TOTAL LIABILITIES AND NET ASSETS	\$ 1,148,216	\$ 2,377,613

APPROVED BY:



Joel Solomon, Director



James Morrissey, Treasurer

TIDES CANADA FOUNDATION
Statement of Activities and Changes in Net Assets

	Year ended December 31, 2001			Eight months ended December 31, 2000
	Unrestricted	Temporarily	Total	Total
		Restricted		
SUPPORT AND REVENUE				
Contributions	\$ 232,526	\$ 56,276	\$ 288,802	\$ 702,020
Program income	694,667	-	694,667	1,702,980
Interest and other income	125,644	-	125,644	8,781
Net assets released from restrictions (Note 6)	1,037,161	(1,037,161)	-	-
TOTAL SUPPORT AND REVENUE	2,089,998	(980,885)	1,109,113	2,413,781
EXPENSES				
General and administration (Schedule)	595,177	-	595,177	232,136
Program expenditures	1,738,146	-	1,738,146	10,950
TOTAL EXPENSES	2,333,323	-	2,333,323	243,086
(DECREASE) INCREASE IN NET ASSETS	(243,325)	(980,885)	(1,224,210)	2,170,695
NET ASSETS, BEGINNING OF PERIOD	1,243,044	1,037,161	2,280,205	109,510
NET ASSETS, END OF PERIOD	\$ 999,719	\$ 56,276	\$ 1,055,995	\$ 2,280,205

TIDES CANADA FOUNDATION

Statement of Cash Flows

	Year ended December 31, 2001	Eight months ended December 31, 2000
OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (1,224,210)	\$ 2,170,695
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	41,797	32,336
Non-cash contributions	(49,816)	-
Changes in:		
Accounts receivable	(17,154)	(11,493)
Contributions receivable	980,885	(1,037,161)
Prepaid expenses	(69)	(1,940)
Accounts payable and accrued expenses	14,763	28,793
Net cash (used) provided by operating activities	(253,804)	1,181,230
INVESTING ACTIVITY		
Purchase of capital assets	(28,319)	(125,899)
FINANCING ACTIVITY		
(Decrease) increase in loan payable	(19,950)	68,615
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(302,073)	1,123,946
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,233,406	109,460
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 931,333	\$ 1,233,406

TIDES CANADA FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2001

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 year ended December 31, 2001 is the first full year 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

(a) *Basis of presentation*

The financial statements are presented on the basis of unrestricted and temporarily restricted net assets. As of December 31, 2001, there were no permanently restricted net assets.

(b) *Cash and cash equivalents*

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

(c) *Fair value of financial instruments*

As of December 31, 2001, the estimated fair value of the Foundation's financial instruments (including cash and cash equivalents, accounts receivable, contributions receivable, and accounts payable and accrued expenses) approximates their carrying values due to either their short length to maturity or the existence of interest rates that approximate prevailing rates.

(d) *Contributions receivable*

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

TIDES CANADA FOUNDATION
Notes to the Financial Statements
Year ended December 31, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Capital assets*

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

Computer software	2 years
Furniture and equipment	3 years
Leasehold improvements and telephone equipment	6 years

(f) *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, 2001, temporarily restricted net assets of \$56,276 (2000 - \$1,037,161) were available for designated purpose programs.

(g) *Revenue recognition*

Contributions are recognized as revenue when received or unconditionally promised.

(h) *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.

(i) *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.

TIDES CANADA FOUNDATION
Notes to the Financial Statements
Year ended December 31, 2001

3. **CAPITAL ASSETS**

Capital assets is comprised of the following at December 31:

	2001		2000	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer software	\$ 12,542	\$ 11,435	\$ 1,107	\$ 5,164
Furniture and equipment	75,082	40,794	34,288	34,377
Leasehold improvements	66,593	21,903	44,690	54,022
	<u>\$ 154,217</u>	<u>\$ 74,132</u>	<u>\$ 80,085</u>	<u>\$ 93,563</u>

4. **LOAN PAYABLE**

The loan payable is interest free, unsecured and repayable at \$20,000 per annum.

5. **LEASES**

The Foundation has an operating lease for office space which expires in 2005 with two renewal periods. As at December 31, 2001, minimum rental commitments are as follows:

2002	\$ 23,280
2003	23,280
2004	23,280
2005	11,640

6. **NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions during the year ended December 31, 2001 by incurring expenses satisfying the restricted purposes specified by donors for start-up and general support in the amount of \$1,037,161 (2000 - \$200,000).

7. **COMPARATIVE FIGURES**

Certain prior period figures have been restated to conform to the 2001 presentation.

TIDES CANADA FOUNDATION
Schedule of General and Administrative Expenses

	Year ended December 31, 2001	Eight months ended December 31, 2000
Accounting and management fees	\$ 72,115	\$ 44,375
Advertising and promotion	9,599	-
Computer	24,992	-
Consulting fees	59,883	11,829
Depreciation	41,797	32,336
Donor development	39,140	-
Legal and audit fees	17,934	29,520
Office and miscellaneous	45,912	37,893
Payroll	202,673	32,014
Rent	40,957	31,539
Telephone	6,856	3,747
Travel	33,319	8,883
	<u>\$ 595,177</u>	<u>\$ 232,136</u>

