

Auditors' Report and Financial Statements of

TIDES CANADA FOUNDATION

December 31, 2003

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**Deloitte
& 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, 2003 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, 2003 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 27, 2004

Deloitte
Touche
Tohmatsu

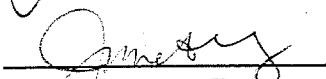
TIDES CANADA FOUNDATION
(Incorporated under Society Act of British Columbia)
Statement of Financial Position
December 31, 2003

	2003	2002
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 7,050,174	\$ 8,545,239
Accounts receivable	561,565	80,360
Assets held in trust	9,444,356	-
Prepaid expenses and other	5,039	6,890
	<u>17,061,134</u>	<u>8,632,489</u>
PROPERTY AND EQUIPMENT, net (Note 3)	69,792	45,662
OTHER ASSETS	49,816	49,816
TOTAL ASSETS	\$ 17,180,742	\$ 8,727,967
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 812,318	\$ 20,877
Current portion of loan payable (Note 4)	-	28,665
Trust liability	9,444,356	-
	<u>10,256,674</u>	<u>49,542</u>
NET ASSETS		
Unrestricted	6,514,068	7,256,300
Internally restricted	410,000	350,000
Externally restricted	-	1,072,125
TOTAL NET ASSETS	6,924,068	8,678,425
TOTAL LIABILITIES AND NET ASSETS	\$ 17,180,742	\$ 8,727,967

APPROVED BY:



Joel Solomon, Director



James Morrissey, Treasurer

TIDES CANADA FOUNDATION
Statement of Activities and Changes in Net Assets
Year ended December 31, 2003

	2003			2002	
	Unrestricted	Internally Restricted	Externally Restricted	Total	Total
SUPPORT AND REVENUE					
Support grants	\$ 663,014	\$ 60,000	\$ -	\$ 723,014	\$ 789,133
Grantmaking	4,227,112	-	-	4,227,112	11,397,806
Interest and other revenue	90,604	-	-	90,604	53,691
TOTAL SUPPORT AND REVENUE	4,980,730	60,000	-	5,040,730	12,240,630
EXPENSES					
General and administrative (Schedule)	826,159	-	-	826,159	647,564
Grantmaking	5,968,928	-	-	5,968,928	3,970,636
TOTAL EXPENSES	6,795,087	-	-	6,795,087	4,618,200
(DECREASE) INCREASE IN NET ASSETS	(1,814,357)	60,000	-	(1,754,357)	7,622,430
NET ASSETS, BEGINNING OF YEAR	7,256,300	350,000	1,072,125	8,678,425	1,055,995
NET ASSETS RELEASED FROM RESTRICTIONS (Note 6)	1,072,125	-	(1,072,125)	-	-
NET ASSETS, END OF YEAR	\$ 6,514,068	\$ 410,000	\$ -	\$ 6,924,068	\$ 8,678,425

TIDES CANADA FOUNDATION
Statement of Cash Flows
Year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (1,754,357)	\$ 7,622,430
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	56,423	37,730
Changes in:		
Accounts receivable	(481,205)	(51,713)
Contributions receivable	-	56,276
Prepaid expenses	1,851	(4,831)
Accounts payable and accrued expenses	791,441	(22,679)
Net cash (used in) provided by operating activities	<u>(1,385,847)</u>	<u>7,637,213</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(80,553)</u>	<u>(3,307)</u>
FINANCING ACTIVITY		
Repayment of loan payable	<u>(28,665)</u>	<u>(20,000)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,495,065)</u>	<u>7,613,906</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,545,239</u>	<u>931,333</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,050,174</u>	<u>\$ 8,545,239</u>

TIDES CANADA FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2003

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. 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, internally and externally restricted net assets. As of December 31, 2003, 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) *Trust assets and liabilities*

The Foundation receives funds that are accounted for as assets held in trust with a trust liability for the designated recipients recorded in the same amount. Distributions to the designated recipients are made when all of the terms and conditions established by the donor have been fulfilled.

(d) *Property and equipment*

Property and equipment 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

TIDES CANADA FOUNDATION
Notes to the Financial Statements
Year ended December 31, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Restricted net assets*

Internally restricted net assets represent an allocation whose use by the Foundation is limited to the maintenance of the Foundation's general and administration operations.

Externally 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, 2003, temporarily restricted net assets of \$Nil (2002 - \$1,072,125) were available for designated purpose programs.

(f) *Revenue recognition*

Contributions are recognized as revenue when received or unconditionally promised.

(g) *Functional expense allocations*

Expenses, such as depreciation, supplies and travel are allocated to grantmaking and general and administration based on estimates made by the Foundation's management.

(h) *Fair value of financial instruments*

As of December 31, 2003, the estimated fair value of the Foundation's financial instruments (including cash and cash equivalents, accounts receivable and accounts payable and accrued expenses) approximates their carrying values due to either their short term to maturity or the existence of interest rates that approximate prevailing rates.

(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, 2003

3. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following at December 31:

	2003			2002
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer software	\$ 30,859	\$ 30,859	\$ -	\$ -
Furniture and equipment	124,847	90,696	34,151	12,071
Leasehold improvements	82,372	46,731	35,641	33,591
	<u>\$ 238,078</u>	<u>\$ 168,286</u>	<u>\$ 69,792</u>	<u>\$ 45,662</u>

4. LEASES

The Foundation has an operating lease for office space which expires in 2005 with two renewal periods. As at December 31, 2003, minimum rental commitments are as follows:

2004	\$ 23,280
2005	11,640

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets in the amount of \$1,072,125 (2002 - \$56,276) were released from donor restrictions during the year ended December 31, 2003 by incurring expenses satisfying the restricted purposes specified by donors for start-up and general support.

6. COMPARATIVE FIGURES

Certain prior period figures have been restated to conform with the current year presentation.

TIDES CANADA FOUNDATION
Schedule of General and Administrative Expenses
Year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and management fees	\$ 102,978	\$ 79,620
Advertising and promotion	47,786	50,609
Computer	19,584	37,545
Consulting fees	49,903	40,831
Depreciation	56,423	37,730
Legal and audit fees	18,528	21,785
Office and miscellaneous	82,244	42,863
Payroll	337,989	229,829
Rent	52,262	39,816
Telephone	12,246	10,323
Travel	46,216	56,613
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ 826,159	\$ 647,564

