



Financial Statements

ShelterBox Canada

June 30, 2012

**SHELTERBOX CANADA**  
**2012 Financial Statements**

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## Independent Auditor's Report

**To the Members of  
ShelterBox Canada**

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We have audited the accompanying financial statements of ShelterBox Canada, which comprise the statement of financial position as at June 30, 2012, and the statements of operations, 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 financial statements present fairly, in all material respects, the financial position of ShelterBox Canada as at June 30, 2012, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants, Licensed Public Accountants  
Toronto, Canada  
October 16, 2012

**SHELTERBOX CANADA**  
**Statement of Financial Position**  
**As at June 30**

	2012	2011
<b>ASSETS</b>		
Current assets		
Cash	\$ 324,888	\$ 53,382
Accounts receivable	69,060	7,541
Prepaid expenses	6,283	1,393
	<hr/> 400,231	<hr/> 62,316
Investments (note 3)	5,793	-
Equipment (note 4)	7,253	5,184
	<hr/> 13,046	<hr/> 5,184
<b>Total assets</b>	<hr/> <b>\$ 413,277</b>	<hr/> <b>\$ 67,500</b>

**LIABILITY AND FUND BALANCES**

Current liability		
Accounts payable and accrued liabilities	\$ 21,449	\$ 17,434
Fund balances		
Invested in equipment	7,253	5,184
Restricted for mission - purchase and distribution of ShelterBoxes (note 5)	287,530	8,056
Unrestricted	97,045	36,826
	<hr/> 391,828	<hr/> 50,066
<b>Total liabilities and fund balances</b>	<hr/> <b>\$ 413,277</b>	<hr/> <b>\$ 67,500</b>

**See accompanying notes**

**On behalf of the Board**

**Director**

**Director**

# SHELTERBOX CANADA

## Statement of Operations

Period ended June 30, 2012

	2012	September 17, 2010 to June 30, 2011
Revenue		
Donations (note 5)	\$ 686,227	\$ 9,108
Unrestricted bequest	250,000	-
Operating grant (note 6)	-	271,253
<b>Total revenue</b>	<b>936,227</b>	<b>280,361</b>
Expenses		
Purchase of ShelterBoxes	303,578	-
Salaries and benefits	149,085	88,629
Fundraising and marketing	58,981	41,913
Legal and audit	28,017	21,018
Travel and meetings - staff and volunteers (note 7)	23,815	54,957
Occupancy	14,270	7,916
Office and administration	12,718	9,024
Amortization	2,105	675
Office furniture and equipment (non-capital)	1,896	6,163
<b>Total expenses</b>	<b>594,465</b>	<b>230,295</b>
<b>Excess of revenue over expenses</b>	<b>\$ 341,762</b>	<b>\$ 50,066</b>

**See accompanying notes**

**SHELTERBOX CANADA**  
**Statement of Changes in Fund Balances**  
**Period ended June 30, 2012**

	<b>Invested in equipment</b>	<b>Restricted for mission - purchase and distribution of ShelterBoxes</b>	<b>Unrestricted</b>	<b>Total 2012</b>	<b>Total September 17, 2010 to June 30, 2011</b>
Balance, beginning of period	\$ 5,184	\$ 8,056	\$ 36,826	\$ 50,066	\$ -
Excess (deficiency) of revenue over expenses	(2,105)	279,474	64,393	341,762	50,066
Invested in equipment	4,174	-	(4,174)	-	-
<b>Balance, end of period</b>	<b>\$ 7,253</b>	<b>\$ 287,530</b>	<b>\$ 97,045</b>	<b>\$ 391,828</b>	<b>\$ 50,066</b>

**See accompanying notes**

## SHELTERBOX CANADA

### Statement of Cash Flows Period ended June 30, 2012

	2012	September 17, 2010 to June 30, 2011
Operating activities		
Excess of revenue over expenses	\$ 341,762	\$ 50,066
Items not involving cash		
Amortization	2,105	675
Donation of securities	(793)	-
	<hr/> 343,074	<hr/> 50,741
Net change in non-cash working capital items		
Accounts receivable	(61,519)	(7,541)
Prepaid expenses	(4,890)	(1,393)
Accounts payable and accrued liabilities	4,015	17,434
	<hr/> (62,394)	<hr/> 8,500
Cash flows from operating activities	<hr/> 280,680	<hr/> 59,241
Investing activities		
Purchase of investments	(5,000)	-
Purchase of equipment	(4,174)	(5,859)
Cash flows from investing activities	<hr/> (9,174)	<hr/> (5,859)
Net change in cash during the year	271,506	53,382
Cash, beginning of period	53,382	-
Cash, end of period	<hr/> <hr/> \$ 324,888	<hr/> <hr/> \$ 53,382

See accompanying notes

# SHELTERBOX CANADA

## Notes to Financial Statements

Year ended June 30, 2012

### 1. Nature of operations

ShelterBox Canada (the "organization") was incorporated as a non-profit corporation under the laws of the province of Ontario on September 17, 2010. The organization is a registered as a Canadian charitable organization with the Canada Revenue Agency and is exempt from paying income tax. The organization's purpose is to provide the necessities of life to victims of disasters.

Until May 28, 2010, an unrelated non-profit organization (the former ShelterBox Canada) managed ShelterBox activities in Canada. The new ShelterBox Canada received notification of its charitable registration status from the Canada Revenue Agency in May 2011. For the period from July 1, 2010 to June 30, 2011, ShelterBox in Canada operated as a project of the District 5550 World Community Services Foundation, a registered charity that received donations for the purpose of purchasing ShelterBoxes and distributing them to victims of disaster.

The twelve months ended June 30, 2012 represents the first full year of operations and fundraising for ShelterBox Canada, accordingly, donations for the period ended June 30, 2012 were significantly higher than the previous fiscal year.

### 2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, applied within the framework of the significant accounting policies summarized below:

#### 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 statement of financial position date and the reported amounts of revenue and expenditures during the period. The most significant estimates include amortization of equipment and the accrual of liabilities. Actual results could differ from those estimates.

#### Net assets

The net assets of the organization consist of the following:

##### *Invested in equipment*

Invested in equipment accounts for the purchase equipment of the organization.

##### *Restricted for mission - purchase and distribution of ShelterBoxes*

Net assets restricted for mission is made up of donations received which are restricted by donors for the purchase of ShelterBoxes less the distributions made to victims of disaster.

##### *Unrestricted*

Unrestricted net assets accounts for the funds received that may be applied to the organization's fundraising, marketing, administrative, or mission activities.

#### Equipment

Purchased equipment with an original cost over \$1,000 is capitalized and amortized on a straight-line basis over its estimated useful life at the following rates:

Computer equipment	3 years
Office furniture and equipment	5 years



# SHELTERBOX CANADA

## Notes to Financial Statements

Year ended June 30, 2012

### 2. Summary of significant accounting policies — continued

#### Donated services

The organization receives assistance in the form of donated services. No value of donated services is recorded in these financial statements due to the difficulty in determining the fair value of these services.

#### Revenue recognition

The organization follows the restricted fund method for accounting for revenue. Grants and donations are recorded as received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted donations are recorded in the appropriate restricted fund when received.

#### Financial instruments

The organization's financial instruments are comprised of cash, accounts receivable, investments and accounts payable. The carrying value of cash, accounts receivable, and accounts payable approximate fair value due to their short-term maturities. Investments are recorded at fair market value.

#### Objectives, policies and processes for managing capital

The organization's capital is comprised of the net assets invested in equipment, net amounts restricted for the purchase of ShelterBoxes and the unrestricted net asset balance. The organization invests in equipment in order to meet its program objectives. The organization maintains the restricted net assets according to the terms described above. The organization's goal is to maintain unrestricted net assets at a level sufficient to meet the annual working capital requirements, along with the funds required to finance the annual general maintenance of equipment.

### 3. Investments

Investments consist of a \$5,000 Guaranteed Investment Certificate, bearing interest at 1.3% and maturing on April 3, 2014, which is required to secure a corporate credit card. The organization also holds \$793 of mutual funds, which were donated in the year.

### 4. Equipment

	<b>Cost</b>	<b>2012 Accumulated amortization</b>	<b>Net</b>	<b>2011 Net</b>
Computer equipment	\$ 6,410	\$ 2,417	\$ 3,993	\$ 3,373
Office furniture and equipment	3,622	362	3,260	1,811
	<u>\$ 10,032</u>	<u>\$ 2,779</u>	<u>\$ 7,253</u>	<u>\$ 5,184</u>

During the year, \$2,363 in computer equipment and \$1,811 in office equipment was purchased.

# SHELTERBOX CANADA

## Notes to Financial Statements

Year ended June 30, 2012

### 5. Revenue - donations

ShelterBox Canada received \$686,227 in donations for aid (ShelterBox sponsorship) in the year ended June 30, 2012. Of these donations, 85% or \$583,293 were restricted for the purchase and distribution of ShelterBoxes.

For the year ended June 30, 2012, ShelterBox Canada paid \$303,578 to ShelterBox Trust (UK) for the purchase and distribution of ShelterBoxes upon confirmation of delivery to disaster survivors. At the end of the period, ShelterBox Canada held \$287,530 in funds restricted for the purchase and distribution of ShelterBoxes that will be paid to ShelterBox Trust (UK) once distribution of aid has been confirmed.

### 6. Revenue - operating grant

In the fiscal period ended June 30, 2011, ShelterBox Canada received operating grants totalling \$271,253 from ShelterBox Trust (UK) to fund essential administration, legal and fundraising costs in ShelterBox Canada's start-up period after incorporation on September 17, 2010. Actual expenses for the fiscal 2011 period, were \$230,295.

### 7. Travel and meetings - staff and volunteers

Travel expenditures in fiscal 2011 included \$37,231 to fund a national meeting of ShelterBox Canada Ambassador volunteers, as an investment into the future growth of the organization.

### 8. Commitments

The organization is committed under an operating lease for the rental of its office which ends in fiscal 2013, and a contract for database services with a term ending in fiscal 2014. Future minimum annual payments committed over the next two fiscal years are as follows:

2013	\$	6,577
2014		2,077

### 9. Financial instruments

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party by failing to discharge an obligation. The organization is exposed to credit risk in accounts receivable from a charitable organization. Given the source of the receivable, it is management's opinion that it is not exposed to significant credit risk related to accounts receivable.

#### Liquidity risk

Liquidity risk is the risk that the organization may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. It is management's opinion that the organization is not exposed to significant liquidity risk related to accounts payable.

#### Market risk

Market risk is the risk that changes in the market interest rate, foreign currency values or other changes in market prices will affect the value of the financial instruments or their related cash flows. It is management's opinion that the organization is not exposed to significant market risk.

**SHELTERBOX CANADA**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

**9. Financial instruments — continued**

Fair value

The organization's financial instruments include cash, accounts receivable and accounts payable. These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

Interest rate risk

The organization is exposed to interest rate risk on its short-term investments when the value of these financial instruments fluctuate due to changes in market interest rates.