



Financial Statements

ShelterBox Canada

June 30, 2013

SHELTERBOX CANADA
2013 Financial Statements

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Independent Auditor's Report

To the Members of
ShelterBox Canada

Grant Thornton LLP
Suite 200
15 Allstate Parkway
Markham, ON
L3R 5B4
T +1 416 366 0100
F +1 905 475 8906
E Markham@ca.gt.com
www.GrantThornton.ca

We have audited the accompanying financial statements of ShelterBox Canada, which comprise the statement of financial position as at June 30, 2013, 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, 2013, 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.

Emphasis of matter

The accompanying financial statements have been prepared assuming that ShelterBox Canada will continue as a going concern. Without modifying our opinion, we draw attention to note 2 to the financial statements, which indicates that during the year ended June 30, 2013, the organization experienced a significant deficiency of revenue over expenses and negative cash flows. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the organization's ability to continue as a going concern. Management's plans in regard to these matters are also described in note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Report on other legal and regulatory requirements

As required by the Corporations Act (Ontario), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Grant Thornton LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
October 8, 2013

SHELTERBOX CANADA
Statement of Financial Position
As at June 30

	2013	2012
ASSETS		
Current assets		
Cash - unrestricted	\$ 62,716	\$ 37,357
Cash - restricted	212,487	287,530
Short-term investments (note 4)	6,023	5,793
Accounts receivable	20,227	69,060
Prepaid expenses	3,055	6,283
	<hr/> 304,508	<hr/> 406,023
Equipment (note 5)	4,392	7,253
	<hr/> 4,392	<hr/> 7,253
Total assets	\$ 308,900	\$ 413,276
	<hr/> <hr/>	<hr/> <hr/>
LIABILITY AND FUND BALANCES		
Current liability		
Accounts payable and accrued liabilities	\$ 93,714	\$ 21,448
	<hr/>	<hr/>
Fund balances		
Invested in equipment	4,392	7,253
Unrestricted	(1,693)	97,045
Restricted for mission - purchase and distribution of ShelterBoxes	212,487	287,530
	<hr/> 215,186	<hr/> 391,828
Total liabilities and fund balances	\$ 308,900	\$ 413,276
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes

On behalf of the Board

Director

Director

SHELTERBOX CANADA

Statement of Operations
Year ended June 30, 2013

	Unrestricted Operations	Restricted for mission - purchase and distribution of ShelterBoxes	Total 2013	Total 2012
Revenue				
Donations (note 6)	\$ 95,405	\$ 443,457	\$ 538,862	\$ 686,227
Operating grants (note 7)	52,401	-	52,401	-
Bequest	-	-	-	250,000
Total revenue	147,806	443,457	591,263	936,227
Expenses				
Purchase of ShelterBoxes (note 6)	-	518,500	518,500	303,578
Salaries and benefits	168,399	-	168,399	149,085
Fundraising and marketing	26,812	-	26,812	58,981
Office and administration	12,818	-	12,818	12,718
Occupancy	12,733	-	12,733	14,270
Legal and audit	12,582	-	12,582	28,017
Travel and meetings – staff and volunteers	11,510	-	11,510	23,815
Amortization	2,861	-	2,861	2,105
Office furniture and equipment (non-capital)	950	-	950	1,896
Loss on sale of investments	740	-	740	-
Total expenses	249,405	518,500	767,905	594,465
Excess (deficiency) of revenue over expenses	\$ (101,599)	\$ (75,043)	\$ (176,642)	\$ 341,762

See accompanying notes

SHELTERBOX CANADA
Statement of Changes in Fund Balances
Year ended June 30, 2013

	Invested in equipment	Unrestricted	Restricted for mission - purchase and distribution of ShelterBoxes	Total 2013	Total 2012
Balance, beginning of year	\$ 7,253	\$ 97,045	\$ 287,530	\$ 391,828	\$ 50,066
Excess (deficiency) of revenue over expenses	(2,861)	(98,738)	(75,043)	(176,642)	341,762
Balance, end of year	\$ 4,392	\$ (1,693)	\$ 212,487	\$ 215,186	\$ 391,828

See accompanying notes

SHELTERBOX CANADA

Statement of Cash Flows

Year ended June 30, 2013

	2013	2012
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (176,642)	\$ 341,762
Items not involving cash		
Amortization	2,861	2,105
Loss on disposal of short-term investments	740	-
Donation of short-term investments	-	(793)
	<u>(173,041)</u>	<u>343,074</u>
Net change in non-cash working capital items		
Accounts receivable	48,833	(61,519)
Prepaid expenses	3,228	(4,890)
Accounts payable and accrued liabilities	72,266	4,014
	<u>124,327</u>	<u>(62,395)</u>
Cash flows from operating activities	<u>(48,714)</u>	<u>280,679</u>
Investing activities		
Purchase of short-term investments	(970)	(5,000)
Purchase of equipment	-	(4,174)
Cash flows from investing activities	<u>(970)</u>	<u>(9,174)</u>
Net change in cash during the year	(49,684)	271,505
Cash, beginning of year	324,887	53,382
Cash, end of year	<u>\$ 275,203</u>	<u>\$ 324,887</u>
Cash consists of:		
Cash - unrestricted	\$ 62,716	\$ 37,357
Cash - restricted	212,487	287,530
	<u>\$ 275,203</u>	<u>\$ 324,887</u>

See accompanying notes

SHELTERBOX CANADA
Notes to Financial Statements
Year ended June 30, 2013

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 and registered as a Canadian charitable organization with the Canadian Revenue Agency effective October 28, 2010, and as such is exempt from paying income tax. The organization's purpose is to provide the necessities of life to victims of disasters.

2. Going concern

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations that are applicable to a going concern, which assumes that the organization will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. It is management's responsibility to assess and disclose the organization's ability to continue as a going concern.

During the year ended June 30, 2013, the organization experienced a significant deficiency of revenue over expenses and negative cash flows. These conditions raise doubt about the organization's ability to continue as a going concern. The organization is in the start-up phase and is dependent on ShelterBox Trust (UK) to provide funding during this phase. ShelterBox Trust (UK) provided funding of \$50,000 during fiscal 2013 and has confirmed funding of \$37,000 for fiscal 2014 subject to approval of an updated fundraising plan. This funding together with the ongoing efforts by management to increase unrestricted donations and the ability to scale operations to align with realized revenue, management believes that the organization will continue to operate in an orderly manner and discharge all obligations as they become due. Accordingly, management believes that the use of accounting principles applicable to a going concern is appropriate.

3. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Effective September 17, 2010 (date of commencement of operations), the organization elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO), (Part III of the Canadian Institute of Chartered Accountants Handbook), as issued by the Canadian Accounting Standards Board. ASNPO was required to be adopted no later than July 1, 2012 with a transition date of July 1, 2011, however, early adoption was allowed.

The significant accounting policies in effect are summarized below:

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 expenses during the period. The most significant estimates include amortization of equipment and the accrual of liabilities. Actual results could differ from those estimates.

SHELTERBOX CANADA

Notes to Financial Statements

Year ended June 30, 2013

3. Summary of significant accounting policies — continued

Fund balances

The fund balances 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

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

Unrestricted

The unrestricted fund balance 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

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, short-term investments, accounts receivable and accounts payable. Financial instruments are initially recorded at fair value and subsequently measured at amortized cost, except for short-term investments which are recorded at market value.

4. Short-term investments

Short-term 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 mutual funds with a value of \$1,023 (2012 - \$793).

SHELTERBOX CANADA

Notes to Financial Statements

Year ended June 30, 2013

5. Equipment

	2013		2012	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 6,410	\$ 4,554	\$ 1,856	\$ 3,993
Office furniture and equipment	3,622	1,086	2,536	3,260
	<u>\$ 10,032</u>	<u>\$ 5,640</u>	<u>\$ 4,392</u>	<u>\$ 7,253</u>

6. Revenue - donations

ShelterBox Canada received \$521,715 (2012 - \$686,227) in donations for aid (ShelterBox sponsorship) in the year ended June 30, 2013. Of these donations, 85% or \$443,457 (2012 - \$583,293) were restricted for the purchase and distribution of ShelterBoxes.

For the year ended June 30, 2013, ShelterBox Canada paid \$518,500 (2012 - \$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 fiscal year, ShelterBox Canada held \$212,487 (2012 - \$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.

7. Revenue - operating grants

During the year ended June 30, 2013, ShelterBox Canada received operating grants totaling \$50,000 from ShelterBox Trust (UK) to fund essential administration, legal and fundraising costs in ShelterBox Canada.

8. Government remittances

Accounts payable and accrued liabilities includes government remittances of \$2,591 (2012 - \$5,872) owing in respect of payroll source deductions.

9. Commitments

The organization is committed under an operating lease for the rental of its office and a contract for database services with a term ending in fiscal 2014. The future minimum annual payment committed over the next fiscal year is as follows:

2014	\$ 6,776
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10. 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. It is management's opinion that it is not exposed to significant credit risk related to accounts receivable. The allowance for doubtful accounts at year end is \$Nil (2012 - \$Nil).

SHELTERBOX CANADA
Notes to Financial Statements
Year ended June 30, 2013

10. Financial instruments — continued

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. The organization is exposed to liquidity risk in respect of its accounts payable. The organization reduces its risk exposure by ensuring that it documents when authorized payments are due.

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. The organization is exposed to market risk through its short-term investments. It is management's opinion that the organization is not exposed to significant market risk.

Fair value

The organization's financial instruments include cash, short-term investments, accounts receivable and accounts payable which are financial instruments that are non-interest bearing and are due or payable within the next fiscal 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 investments when the value of these financial instruments fluctuate due to changes in market interest rates.