



Financial Statements

ShelterBox Canada

June 30, 2015

# Contents

|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Independent Auditor's Report          | 1 - 2       |
| Statement of Financial Position       | 3           |
| Statement of Operations               | 4           |
| Statement of Changes in Fund Balances | 5           |
| Statement of Cash Flows               | 6           |
| Notes to the Financial Statements     | 7 - 10      |

# Independent Auditor's Report

Grant Thornton LLP  
11th Floor,  
200 King Street West, Box 11  
Toronto, ON  
M5H 3T4

T +1 416 366 0100  
F +1 416 360 4949  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Members of  
ShelterBox Canada

We have audited the accompanying financial statements of ShelterBox Canada, which comprise the statement of financial position as at June 30, 2015, 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.

## Independent Auditor's Report (continued)

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, 2015, 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.

### **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 fiscal year.

*Grant Thornton LLP*

Toronto, Canada  
October 13, 2015

Chartered Accountants  
Licensed Public Accountants

---

# ShelterBox Canada

## Statement of Financial Position

| June 30  | 2015                | 2014              |
|--|---------------------|-------------------|
| <b>Assets</b>  |                     |                   |
| Current  |                     |                   |
| Cash - unrestricted  | \$ 327,086          | \$ 180,483        |
| Cash - restricted  | 1,023,936           | 542,812           |
| Short-term investments (Note 3)                                    | 5,210               | 6,443             |
| Accounts receivable  | 2,251               | 2,022             |
| Prepaid expenses   | <u>2,448</u>        | <u>2,391</u>      |
|  | 1,360,931           | 734,151           |
| Long-term  |                     |                   |
| Capital assets (Note 4)  | <u>1,087</u>        | <u>1,811</u>      |
|  | <u>\$ 1,362,018</u> | <u>\$ 735,962</u> |
| <b>Liabilities</b>   |                     |                   |
| Current  |                     |                   |
| Accounts payable and accrued liabilities (Note 5)                  | <u>\$ 16,638</u>    | <u>\$ 12,350</u>  |
| <b>Fund balances</b>   |                     |                   |
| Invested in capital assets   | 1,087               | 1,811             |
| Unrestricted   | 220,357             | 178,989           |
| Restricted for mission - purchase and distribution of ShelterBoxes | 1,023,936           | 542,812           |
| Operating reserve fund   | <u>100,000</u>      | <u>-</u>          |
|  | <u>1,345,380</u>    | <u>723,612</u>    |
|  | <u>\$ 1,362,018</u> | <u>\$ 735,962</u> |

On behalf of the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

# ShelterBox Canada

## Statement of Operations

Year ended June 30

|   | Unrestricted      | Restricted for mission - purchase and distribution of ShelterBoxes | Total 2015        | Total 2014        |
|---|-------------------|--|-------------------|-------------------|
| Revenue   |                   |  |                   |                   |
| Donations (Note 6)                                  | \$ 324,154        | \$ 1,089,724   | \$ 1,413,878      | \$ 1,809,759      |
| Operating grants (Note 7)                           | -                 | -  | -                 | 37,000            |
| Interest  | 7,479             | -  | 7,479             | 5,908             |
| Total revenue                                       | <u>331,633</u>    | <u>1,089,724</u>   | <u>1,421,357</u>  | <u>1,852,667</u>  |
| Expenses  |                   |  |                   |                   |
| Purchase of ShelterBoxes (Note 6)                   | -                 | 608,600  | 608,600           | 1,144,950         |
| Salaries and benefits                               | 106,471           | -  | 106,471           | 101,029           |
| Fundraising and marketing                           | 35,293            | -  | 35,293            | 49,388            |
| Occupancy   | 14,086            | -  | 14,086            | 12,922            |
| Legal and audit                                     | 13,833            | -  | 13,833            | 19,083            |
| Office and administration                           | 8,587             | -  | 8,587             | 9,881             |
| Travel and meetings – staff and volunteers          | 11,960            | -  | 11,960            | 4,696             |
| Amortization  | 724               | -  | 724               | 2,581             |
| Loss (gain) on redemption of short-term investments | 35                | -  | 35                | (289)             |
| Total expenses                                      | <u>190,989</u>    | <u>608,600</u>   | <u>799,589</u>    | <u>1,344,241</u>  |
| Excess of revenue over expenses                     | <u>\$ 140,644</u> | <u>\$ 481,124</u>  | <u>\$ 621,768</u> | <u>\$ 508,426</u> |

See accompanying notes to the financial statements.

## ShelterBox Canada Statement of Changes in Fund Balances

Year ended June 30

|   | Invested in<br>capital assets | Unrestricted      | Restricted for<br>mission -<br>purchase and<br>distribution of<br>ShelterBoxes | Operating<br>reserve fund | Total<br>2015       | Total<br>2014     |
|---|-------------------------------|-------------------|--|---------------------------|---------------------|-------------------|
| Balance, beginning of year                          | \$ 1,811                      | \$ 178,989        | \$ 542,812   | \$ -                      | \$ 723,612          | \$ 215,186        |
| Excess (deficiency) of revenue over expenses        | (724)                         | 141,368           | 481,124  | -                         | 621,768             | 508,426           |
| Board approved transfer for an operating<br>reserve | <u>-</u>                      | <u>(100,000)</u>  | <u>-</u>   | <u>100,000</u>            | <u>-</u>            | <u>-</u>          |
| Balance, end of year                                | <u>\$ 1,087</u>               | <u>\$ 220,357</u> | <u>\$ 1,023,936</u>  | <u>\$ 100,000</u>         | <u>\$ 1,345,380</u> | <u>\$ 723,612</u> |

See accompanying notes to the financial statements.

# ShelterBox Canada

## Statement of Cash Flows

| Year ended June 30  | 2015                | 2014              |
|---|---------------------|-------------------|
| Increase (decrease) in cash                                 |                     |                   |
| <b>Operating</b>  |                     |                   |
| Excess of revenue over expenses                             | \$ 621,768          | \$ 508,426        |
| Items not affecting cash                                    |                     |                   |
| Amortization  | 724                 | 2,581             |
| Unrealized loss (gain) on short-term investments            | 35                  | (289)             |
| Reinvested interest on redemption of short-term investments | (81)                | (131)             |
|   | <u>622,446</u>      | <u>510,587</u>    |
| Change in non-cash working capital items                    |                     |                   |
| Accounts receivable   | (229)               | 18,205            |
| Prepaid expenses  | (57)                | 664               |
| Accounts payable and accrued liabilities                    | <u>4,288</u>        | <u>(81,364)</u>   |
|   | <u>626,448</u>      | <u>448,092</u>    |
| <b>Investing</b>  |                     |                   |
| Redemption of short term investments                        | <u>1,279</u>        | <u>-</u>          |
| Increase in cash  | <u>627,727</u>      | <u>448,092</u>    |
| Cash  |                     |                   |
| Beginning of year   | <u>723,295</u>      | <u>275,203</u>    |
| End of year   | <u>\$ 1,351,022</u> | <u>\$ 723,295</u> |
| <b>Cash consists of:</b>                                    |                     |                   |
| Cash - unrestricted   | \$ 327,086          | \$ 180,483        |
| Cash - restricted   | <u>1,023,936</u>    | <u>542,812</u>    |
|   | <u>\$ 1,351,022</u> | <u>\$ 723,295</u> |



---

# ShelterBox Canada

## Notes to the Financial Statements

June 30, 2015

---

### 1. Nature of operations

ShelterBox Canada (the "Organization") was incorporated as a not-for-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.

ShelterBox's purpose is to provide humanitarian aid in the form of shelter and other vital supplies to people displaced by natural and man-made disasters worldwide. A typical ShelterBox contains a family tent, blankets, a water purification kit, ground sheets, cooking utensils, a cook stove, a tool kit, a children's activity pack and other vital aid. ShelterBox also deploys ShelterKits for building repair and SchoolBoxes, which provide a classroom in a box for 50 students.

---

### 2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). 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 fiscal year. The most significant estimate is the accrual of liabilities. Actual results could differ from those estimates.

#### Revenue recognition

The Organization follows the restricted fund method for accounting for revenue. Grants and donations are recorded as received or receivable. Restricted donations are recorded in the appropriate restricted fund when received. Interest revenue is recognized as earned.

---

# ShelterBox Canada

## Notes to the Financial Statements

June 30, 2015

---

### 2. Summary of significant accounting policies (continued)

#### Fund balances

The fund balances of the Organization consist of the following:

##### *Invested in capital assets*

Invested in capital assets accounts for the purchase of capital assets of the Organization.

##### *Unrestricted*

The unrestricted fund balance accounts for the funds received that may be applied to the Organization's fundraising, marketing, administrative, or mission activities.

##### *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.

##### *Internally restricted - Operating reserve fund*

The Operating Reserve is intended to provide an internal source of funds to sustain essential operations during protracted periods between major disaster activity that result in an unanticipated loss of funding. The Reserve may also be used for one-time, non-recurring expenses that will build long-term capacity. The Reserve is not intended to replace a permanent loss in funding or eliminate an ongoing budget gap. It is equal to approximately six month's operating expenses, within an accepted range that is considered reasonable in the charity sector. The reserve cannot be used without Executive Committee and Board approval. It is the intention of ShelterBox Canada for Operating Reserves to be used and replenished within a reasonably short period of time.

#### Capital assets

Purchased capital assets are 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.

---

# ShelterBox Canada

## Notes to the Financial Statements

June 30, 2015

---

### 2. Summary of significant accounting policies (continued)

#### Financial instruments

The Organization's financial instruments are composed of cash, short-term investments, accounts receivable and accounts payable. Financial instruments are initially recorded at fair value and subsequently measured at amortized cost (less impairment in the case of financial assets), except for short-term investments which are recorded at fair value.

For financial assets measured at amortized cost, the Organization regularly assesses whether there are any indications of impairment. Any impairment loss is recognized in the statement of operations.

---

### 3. Short-term investments

Short-term investments consist of a \$5,210 (2014 - \$5,130) Guaranteed Investment Certificate (GIC), bearing interest at 1.55% and maturing on April 3, 2016, which is required to secure a corporate credit card. The GIC is cashable on demand without penalty. At June 30, 2015, the Organization held no mutual funds (2014 - \$1,313).

---

### 4. Capital assets

|                                |                  |                                     | <u>2015</u>               | <u>2014</u>               |
|--------------------------------|------------------|-------------------------------------|---------------------------|---------------------------|
|                                | <u>Cost</u>      | <u>Accumulated<br/>Amortization</u> | <u>Net Book<br/>Value</u> | <u>Net Book<br/>Value</u> |
| Computer equipment             | \$ 6,410         | \$ 6,410                            | \$ -                      | \$ -                      |
| Office furniture and equipment | <u>3,622</u>     | <u>2,535</u>                        | <u>1,087</u>              | <u>1,811</u>              |
|                                | <u>\$ 10,032</u> | <u>\$ 8,945</u>                     | <u>\$ 1,087</u>           | <u>\$ 1,811</u>           |

---

---

# ShelterBox Canada

## Notes to the Financial Statements

June 30, 2015

---

### 5. Government remittances

Accounts payable and accrued liabilities includes government remittances of \$2,084 (2014 - \$2,022) owing in respect of payroll source deductions.

---

### 6. Revenue - donations

ShelterBox Canada received \$1,315,026 (2014 - \$1,735,617) in donations for aid (ShelterBox sponsorship) in the fiscal year ended June 30, 2015. Of these donations, \$1,089,724 (2014 - \$1,475,275) were restricted for the purchase and distribution of ShelterBoxes.

For the fiscal year ended June 30, 2015, ShelterBox Canada paid \$608,600 (2014 - \$1,144,950) to ShelterBox Trust (UK) for the purchase and distribution of ShelterBoxes upon confirmation of delivery to disaster survivors. At end of June 30, 2015, ShelterBox Canada held \$1,023,936 (2014 - \$542,812) 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 fiscal year ended June 30, 2015, ShelterBox Canada received operating grants totaling \$Nil (2014 - \$37,000) from ShelterBox Trust (UK) to fund essential administration, legal and fundraising costs in ShelterBox Canada.

---

### 8. 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 the Organization is not exposed to significant credit risk related to accounts receivable. The allowance for doubtful accounts at June 30, 2015 is \$Nil (2014 - \$Nil).

#### 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.

---