



Financial Statements

ShelterBox Canada

June 30, 2018

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# Independent Auditor's Report

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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, 2018, 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, 2018, 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.

*Grant Thornton LLP*

Toronto, Canada  
October 17, 2018

Chartered Professional Accountants  
Licensed Public Accountants



# ShelterBox Canada

## Statement of Operations

Year ended June 30

|   | Unrestricted     | Restricted          | Total<br>2018       | Total<br>2017       |
|---|------------------|---------------------|---------------------|---------------------|
| Revenue   |                  |                     |                     |                     |
| Donations (Note 5)                              | \$ 285,114       | \$ 716,109          | \$ 1,001,223        | \$ 968,376          |
| Operating grant                                 | 115,015          | -                   | 115,015             | -                   |
| Interest  | <u>7,412</u>     | <u>-</u>            | <u>7,412</u>        | <u>8,398</u>        |
| Total revenue                                   | <u>407,541</u>   | <u>716,109</u>      | <u>1,123,650</u>    | <u>976,774</u>      |
| Expenses  |                  |                     |                     |                     |
| Purchase of ShelterBox aid (Note 5)             | -                | 1,001,276           | 1,001,276           | 1,068,137           |
| Salaries and benefits                           | 259,930          | -                   | 259,930             | 177,225             |
| Fundraising and marketing                       | 67,993           | -                   | 67,993              | 47,041              |
| Occupancy                                       | 16,655           | -                   | 16,655              | 14,809              |
| Major disasters                                 | 9,335            | -                   | 9,335               | -                   |
| Travel and meetings – staff and<br>volunteers   | 9,162            | -                   | 9,162               | 12,639              |
| Legal and audit                                 | 8,033            | -                   | 8,033               | 11,578              |
| Office and administration                       | 7,021            | -                   | 7,021               | 8,138               |
| Amortization                                    | <u>1,227</u>     | <u>-</u>            | <u>1,227</u>        | <u>1,332</u>        |
| Total expenses                                  | <u>379,356</u>   | <u>1,001,276</u>    | <u>1,380,632</u>    | <u>1,340,899</u>    |
| Excess (deficiency) of revenue<br>over expenses | <u>\$ 28,185</u> | <u>\$ (285,167)</u> | <u>\$ (256,982)</u> | <u>\$ (364,125)</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        | Internally<br>restricted | Total<br>2018     | Total<br>2017     |
|--|-------------------------------|------------------|-------------------|--------------------------|-------------------|-------------------|
| Balance, beginning of year                   | \$ 1,373                      | \$ 60,000        | \$ 689,142        | \$ 200,825               | \$ 951,340        | \$ 1,315,465      |
| (Deficiency) excess of revenue over expenses | (1,227)                       | 29,412           | (285,167)         | -                        | (256,982)         | (364,125)         |
| Invested in capital assets                   | <u>770</u>                    | <u>(770)</u>     | <u>-</u>          | <u>-</u>                 | <u>-</u>          | <u>-</u>          |
| Balance, end of year                         | <u>\$ 916</u>                 | <u>\$ 88,642</u> | <u>\$ 403,975</u> | <u>\$ 200,825</u>        | <u>\$ 694,358</u> | <u>\$ 951,340</u> |

See accompanying notes to the financial statements.

# ShelterBox Canada

## Statement of Cash Flows

| Year ended June 30                       | 2018              | 2017              |
|--|-------------------|-------------------|
| Increase (decrease) in cash              |                   |                   |
| <b>Operating</b>                         |                   |                   |
| Deficiency of revenue over expenses      | \$ (256,982)      | \$ (364,125)      |
| Item not affecting cash                  |                   |                   |
| Amortization                             | <u>1,227</u>      | <u>1,332</u>      |
|  | (255,755)         | (362,793)         |
| Change in non-cash working capital items |                   |                   |
| Accounts receivable                      | 2,158             | (893)             |
| Prepaid expenses                         | (992)             | (764)             |
| Accounts payable and accrued liabilities | (3,417)           | 2,886             |
| Deferred revenue                         | <u>(28,750)</u>   | <u>28,750</u>     |
|  | (286,756)         | (332,814)         |
| <b>Investing</b>                         |                   |                   |
| Purchase of capital assets               | <u>(770)</u>      | <u>(1,209)</u>    |
| Decrease in cash                         | (287,526)         | (334,023)         |
| Cash                                     |                   |                   |
| Beginning of year                        | <u>986,512</u>    | <u>1,320,535</u>  |
| End of year                              | <u>\$ 698,986</u> | <u>\$ 986,512</u> |
| <b>Cash consists of:</b>                 |                   |                   |
| Cash - unrestricted                      | \$ 295,011        | \$ 297,370        |
| Cash - restricted (Note 5)               | <u>403,975</u>    | <u>689,142</u>    |
|  | <u>\$ 698,986</u> | <u>\$ 986,512</u> |



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# ShelterBox Canada

## Notes to the Financial Statements

June 30, 2018

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### 1. Nature of operations

ShelterBox Canada (the "Organization" or "ShelterBox") was incorporated as a not-for-profit corporation under the laws of the Province of Ontario on September 17, 2010 and subsequently incorporated under the Canada Not-for-profit Corporations Act on February 4, 2016. ShelterBox registered as a Canadian charitable organization with the Canada Revenue Agency effective October 28, 2010, and as such is exempt from paying income tax.

ShelterBox Canada'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.

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### 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 grants and donations are recorded in the appropriate restricted fund when received. Donations and grants which are externally restricted for which there is no related restricted fund are deferred and recognized as revenue in the unrestricted fund in the fiscal year in which the related expenses are incurred.

Interest revenue is recognized as earned.

#### 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.

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# ShelterBox Canada

## Notes to the Financial Statements

June 30, 2018

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

#### Fund balances (continued)

##### *Restricted*

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

##### *Internally restricted*

The internally restricted funds consist of an operating reserve 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. The reserve is to be maintained at a minimum of three months of operating expenses and within an accepted range that is considered reasonable in the charity sector. The reserve cannot be used without Executive Committee and Board of Directors 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 their 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.

#### Financial instruments

The Organization's financial instruments are composed of cash, 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).

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.

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# ShelterBox Canada

## Notes to the Financial Statements

June 30, 2018

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### 3. Capital assets

|                                |                  |                                     | <u>2018</u>               | <u>2017</u>               |
|--------------------------------|------------------|-------------------------------------|---------------------------|---------------------------|
|                                | <u>Cost</u>      | <u>Accumulated<br/>Amortization</u> | <u>Net Book<br/>Value</u> | <u>Net Book<br/>Value</u> |
| Computer equipment             | \$ 10,090        | \$ 9,174                            | \$ 916                    | \$ 1,373                  |
| Office furniture and equipment | <u>3,622</u>     | <u>3,622</u>                        | <u>-</u>                  | <u>-</u>                  |
|                                | <u>\$ 13,712</u> | <u>\$ 12,796</u>                    | <u>\$ 916</u>             | <u>\$ 1,373</u>           |

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### 4. Government remittances

Accounts payable and accrued liabilities includes government remittances of \$6,298 (2017 - \$5,707) owing in respect of payroll source deductions.

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### 5. Revenue - donations

ShelterBox Canada received \$1,001,223 (2017 - \$968,376) in donations for ShelterBox aid in the fiscal year ended June 30, 2018. Of these donations, \$716,109 (2017 - \$703,952) were restricted for the purchase and distribution of ShelterBox aid and are reflected as restricted revenue for the purchase and distribution of ShelterBox aid.

For the fiscal year ended June 30, 2018, ShelterBox Canada paid \$1,001,276 (2017 - \$1,068,137) to ShelterBox Trust (UK) for the purchase and distribution of ShelterBox aid upon confirmation of delivery to disaster survivors. At June 30, 2018, the Organization held \$403,975 (2017 - \$689,142) in funds restricted for the purchase and distribution of ShelterBox aid that will be paid to ShelterBox Trust (UK) once distribution of aid has been confirmed.

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### 6. 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, 2018 is \$Nil (2017 - \$Nil).

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