



Financial Statements

ShelterBox Canada

June 30, 2019

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Independent Auditor's Report

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To the Members of
[ShelterBox Canada](#)

Opinion

We have audited the financial statements of ShelterBox Canada, which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Toronto, Canada
October 10, 2019

Chartered Professional Accountants
Licensed Public Accountants

ShelterBox Canada

Statement of Financial Position

June 30

2019

2018

Assets

Current

Cash - unrestricted	\$ 253,440	\$ 295,011
Cash - restricted (Note 5)	333,786	403,975
Accounts receivable	1,666	2,855
Prepaid expenses	<u>8,260</u>	<u>8,401</u>
	597,152	710,242

Long-term

Capital assets (Note 3)	<u>756</u>	<u>916</u>
	<u>\$ 597,908</u>	<u>\$ 711,158</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 4)	\$ <u>99,639</u>	\$ <u>16,800</u>
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Fund balances

Invested in capital assets	756	916
Unrestricted	32,902	88,642
Restricted	333,786	403,975
Internally restricted	<u>130,825</u>	<u>200,825</u>
	498,269	694,358
	<u>\$ 597,908</u>	<u>\$ 711,158</u>

On behalf of the Board of Directors



Director



Director

ShelterBox Canada

Statement of Operations

Year ended June 30

	Unrestricted	Restricted	Total 2019	Total 2018
Revenue				
Donations (Note 5)	\$ 272,397	\$ 670,159	\$ 942,556	\$ 1,001,223
Operating grant	20,289	-	20,289	115,015
Interest	7,379	-	7,379	7,412
Total revenue	<u>300,065</u>	<u>670,159</u>	<u>970,224</u>	<u>1,123,650</u>
Expenses				
Purchase of ShelterBox aid (Note 5)	-	810,348	810,348	1,001,276
Salaries and benefits	284,374	-	284,374	259,930
Fundraising and marketing	37,497	-	37,497	67,993
Occupancy	13,831	-	13,831	16,655
Office and administration	8,550	-	8,550	7,021
Legal and audit	6,917	-	6,917	8,033
Travel and meetings – staff and volunteers	3,887	-	3,887	9,162
Amortization	909	-	909	1,227
Major disasters	-	-	-	9,335
Total expenses	<u>355,965</u>	<u>810,348</u>	<u>1,166,313</u>	<u>1,380,632</u>
Deficiency of revenue over expenses	<u>\$ (55,900)</u>	<u>\$ (140,189)</u>	<u>\$ (196,089)</u>	<u>\$ (256,982)</u>

ShelterBox Canada

Statement of Changes in Fund Balances

Year ended June 30

	Invested in capital assets	Unrestricted	Restricted	Internally restricted	Total 2019	Total 2018
Balance, beginning of year	\$ 916	\$ 88,642	\$ 403,975	\$ 200,825	\$ 694,358	\$ 951,340
Deficiency of revenue over expenses	(909)	(54,991)	(140,189)	-	(196,089)	(256,982)
Invested in capital assets	749	(749)	-	-	-	-
Board approved transfer to the restricted fund	-	-	70,000	(70,000)	-	-
Balance, end of year	<u>\$ 756</u>	<u>\$ 32,902</u>	<u>\$ 333,786</u>	<u>\$ 130,825</u>	<u>\$ 498,269</u>	<u>\$ 694,358</u>

See accompanying notes to the financial statements.

ShelterBox Canada

Statement of Cash Flows

Year ended June 30

2019

2018

Increase (decrease) in cash

Operating

Deficiency of revenue over expenses	\$ (196,089)	\$ (256,982)
Item not affecting cash		
Amortization	<u>909</u>	<u>1,227</u>
	(195,180)	(255,755)
Change in non-cash working capital items		
Accounts receivable	1,189	2,158
Prepaid expenses	141	(992)
Accounts payable and accrued liabilities	82,839	(3,417)
Deferred revenue	<u>-</u>	<u>(28,750)</u>
	(111,011)	(286,756)

Investing

Purchase of capital assets	<u>(749)</u>	<u>(770)</u>
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Decrease in cash (111,760) (287,526)

Cash

Beginning of year	<u>698,986</u>	<u>986,512</u>
End of year	<u>\$ 587,226</u>	<u>\$ 698,986</u>

Cash consists of:

Cash - unrestricted	\$ 253,440	\$ 295,011
Cash - restricted (Note 5)	<u>333,786</u>	<u>403,975</u>
	<u>\$ 587,226</u>	<u>\$ 698,986</u>

ShelterBox Canada

Notes to the Financial Statements

June 30, 2019

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.

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.

ShelterBox Canada

Notes to the Financial Statements

June 30, 2019

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:

Office furniture and equipment	5 years
Computer equipment	3 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.

ShelterBox Canada

Notes to the Financial Statements

June 30, 2019

3. Capital assets

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office furniture and equipment	\$ 3,622	\$ 3,622	\$ -	\$ -
Computer equipment	<u>10,839</u>	<u>10,083</u>	<u>756</u>	<u>916</u>
	<u>\$ 14,461</u>	<u>\$ 13,705</u>	<u>\$ 756</u>	<u>\$ 916</u>

4. Government remittances

Accounts payable and accrued liabilities includes government remittances of \$6,393 (2018 - \$6,298) owing in respect of payroll source deductions.

5. Revenue - donations

ShelterBox Canada received \$942,556 (2018 - \$1,001,223) in donations for ShelterBox aid in the fiscal year ended June 30, 2019. Of these donations, \$670,159 (2018 - \$716,109) 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, 2019, ShelterBox Canada paid \$810,348 (2018 - \$1,001,276) to ShelterBox Trust (UK) for the purchase and distribution of ShelterBox aid upon confirmation of delivery to disaster survivors. At June 30, 2019, the Organization held \$333,786 (2018 - \$403,975) 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.

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, 2019 is \$Nil (2018 - \$Nil).

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable.
