



Financial Statements

ShelterBox Canada

June 30, 2020

Contents

	Page
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

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, 2020, 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, 2020, 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.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Toronto, Canada
October 21, 2020

Chartered Professional Accountants
Licensed Public Accountants

ShelterBox Canada

Statement of Financial Position

June 30

2020

2019

Assets

Current

Cash - unrestricted	\$ 417,006	\$ 253,440
Cash - restricted (Note 5)	270,027	333,786
Accounts receivable	13,564	1,666
Prepaid expenses	<u>9,912</u>	<u>8,260</u>
	710,509	597,152

Long-term

Capital assets (Note 3)	<u>-</u>	<u>756</u>
	<u>\$ 710,509</u>	<u>\$ 597,908</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 4)	<u>\$ 233,666</u>	<u>\$ 99,639</u>
---	-------------------	------------------

Fund balances

Invested in capital assets	-	756
Unrestricted	75,991	32,902
Restricted (Note 5)	270,027	333,786
Internally restricted	<u>130,825</u>	<u>130,825</u>
	<u>476,843</u>	<u>498,269</u>
	<u>\$ 710,509</u>	<u>\$ 597,908</u>

On behalf of the Board of Directors



Director



Director

ShelterBox Canada

Statement of Operations

Year ended June 30

	Unrestricted	Restricted	Total 2020	Total 2019
Revenue				
Donations (Note 5)	\$ 347,144	\$ 404,702	\$ 751,846	\$ 942,556
Wage subsidy	52,677	-	52,677	-
Interest	6,004	-	6,004	7,379
Operating grant	-	-	-	20,289
Total revenue	<u>405,825</u>	<u>404,702</u>	<u>810,527</u>	<u>970,224</u>
Expenses				
Purchase of ShelterBox aid (Note 5)	-	468,461	468,461	810,348
Salaries and benefits	290,395	-	290,395	284,374
Fundraising and marketing	28,995	-	28,995	37,497
Occupancy	15,623	-	15,623	13,831
Legal and audit	13,684	-	13,684	6,917
Office and administration	7,145	-	7,145	8,550
Travel and meetings – staff and volunteers	6,894	-	6,894	3,887
Amortization	756	-	756	909
Total expenses	<u>363,492</u>	<u>468,461</u>	<u>831,953</u>	<u>1,166,313</u>
Excess (deficiency) of revenue over expenses	<u>\$ 42,333</u>	<u>\$ (63,759)</u>	<u>\$ (21,426)</u>	<u>\$ (196,089)</u>

See accompanying notes to the financial statements.

ShelterBox Canada

Statement of Changes in Fund Balances

Year ended June 30

	Invested in capital assets	Unrestricted	Restricted	Internally restricted	Total 2020	Total 2019
Balance, beginning of year	\$ 756	\$ 32,902	\$ 333,786	\$ 130,825	\$ 498,269	\$ 694,358
(Deficiency) excess of revenue over expenses	<u>(756)</u>	<u>43,089</u>	<u>(63,759)</u>	<u>-</u>	<u>(21,426)</u>	<u>(196,089)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 75,991</u>	<u>\$ 270,027</u>	<u>\$ 130,825</u>	<u>\$ 476,843</u>	<u>\$ 498,269</u>

See accompanying notes to the financial statements.

ShelterBox Canada

Statement of Cash Flows

Year ended June 30

2020

2019

Increase (decrease) in cash

Operating

Deficiency of revenue over expenses	\$ (21,426)	\$ (196,089)
Item not affecting cash		
Amortization	<u>756</u>	<u>909</u>
	(20,670)	(195,180)
Change in non-cash working capital items		
Accounts receivable	(11,898)	1,189
Prepaid expenses	(1,652)	141
Accounts payable and accrued liabilities	<u>134,027</u>	<u>82,839</u>
	99,807	(111,011)

Investing

Purchase of capital assets	<u>-</u>	<u>(749)</u>
----------------------------	----------	--------------

Increase (decrease) in cash **99,807** (111,760)

Cash

Beginning of year	<u>587,226</u>	<u>698,986</u>
End of year	<u>\$ 687,033</u>	<u>\$ 587,226</u>

Cash consists of:

Cash - unrestricted	\$ 417,006	\$ 253,440
Cash - restricted	<u>270,027</u>	<u>333,786</u>
	<u>\$ 687,033</u>	<u>\$ 587,226</u>

ShelterBox Canada

Notes to the Financial Statements

June 30, 2020

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.

Wage subsidies and 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, 2020

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, 2020

2. Summary of significant accounting policies (continued)

Adoption of new accounting standards

On July 1, 2019, the Organization adopted new accounting standards *Section 4433 Tangible capital assets held by not-for-profit organizations and Section 4434 Intangible assets held by not-for-profit organizations* (the "standards"). The most significant requirements include:

- (i) tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- (ii) tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- (iii) additional disclosures when an impairment has occurred

The adoption of the new accounting standards was applied prospectively. The adoption of these standards did not have any impact on the statement of financial position as at July 1, 2019 and the changes in financial position for the current period.

3. Capital assets

			<u>2020</u>	<u>2019</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>10,839</u>	<u>-</u>	<u>756</u>
	<u>\$ 14,461</u>	<u>\$ 14,461</u>	<u>\$ -</u>	<u>\$ 756</u>

4. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
ShelterBox Aid	\$ 224,845	\$ 84,845
Accrued expenses	8,821	8,401
Government remittances	<u>-</u>	<u>6,393</u>
	<u>\$ 233,666</u>	<u>\$ 99,639</u>

ShelterBox Canada

Notes to the Financial Statements

June 30, 2020

5. Revenue - donations

ShelterBox Canada received \$751,846 (2019 - \$942,556) in donations for ShelterBox aid in the fiscal year ended June 30, 2020. Of these donations, \$404,702 (2019 - \$670,159) 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, 2020, ShelterBox Canada paid \$468,461 (2019 - \$810,348) to ShelterBox Trust (UK) for the purchase and distribution of ShelterBox aid upon confirmation of delivery to disaster survivors. At June 30, 2020, the Organization held \$270,027 (2019 - \$333,786) 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, 2020 is \$Nil (2019 - \$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.

7. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic (the "pandemic") as a result of the spread of COVID-19. Since that time, the pandemic has severely impacted local economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of COVID-19, including travel bans, quarantines, physical distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in a widespread economic slowdown. Governments and central banks have responded with monetary and fiscal interventions in an attempt to stabilize economic conditions.

The duration and impact of the pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Organization for future periods. In March 2020, the Organization curtailed its operations in order to limit the exposure of the virus. As at the audit report date, the Organization has experienced a decline in donations relative to historical trends. However, the Organization anticipates that available liquid assets and ongoing cost mitigation efforts will provide the necessary support to sustain the Organization at least the end of fiscal 2021. The Organization has applied for and recognized Federal wage subsidies.