



**SHELTERBOX USA, INC.**

Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

# SHELTERBOX USA, INC.

## Table of Contents

	<b>Page</b>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7



KPMG LLP  
Suite 1700  
100 North Tampa Street  
Tampa, FL 33602

## **Independent Auditors' Report**

The Board of Directors  
ShelterBox USA, Inc.:

We have audited the accompanying financial statements of ShelterBox USA, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows, and functional expenses for the year ended December 31, 2013 and the eighteen-month period ended December 31, 2012, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly in all material respects, the financial position of ShelterBox USA, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the year ended December 31, 2013 and the eighteen-month period ended December 31, 2012 in accordance with U.S. generally accepted accounting principles.

*KPMG LLP*

Tampa, Florida  
April 30, 2014  
Certified Public Accountants

**SHELTERBOX USA, INC.**  
**Statements of Financial Position**  
December 31, 2013 and 2012

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 1,759,014	687,014
Accounts receivable	—	39,531
Due from ShelterBox Trust	16,758	—
Prepaid expense	2,095	—
Security deposit	—	227
Computer and equipment, net	1,306	4,398
Total assets	\$ 1,779,173	731,170
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 13,624	19,561
Due to ShelterBox Trust	—	3,864
Total liabilities	13,624	23,425
Net assets:		
Unrestricted	958,633	476,345
Unrestricted – designated for future aid grants	806,916	231,400
Total net assets	1,765,549	707,745
Total liabilities and net assets	\$ 1,779,173	731,170

See accompanying notes to financial statements.

**SHELTERBOX USA, INC.**

Statements of Activities

Year ended December 31, 2013 and eighteen month period ended December 31, 2012

	<u>2013</u>	<u>2012</u>
Support and revenue:		
Contributions	\$ 4,330,017	2,921,655
In-kind contributions	11,970	51,321
Grants	—	129,471
Interest income (net)	30	662
Total support and revenue	<u>4,342,017</u>	<u>3,103,109</u>
Expenses:		
Program services	2,593,616	2,860,979
Support services:		
General and administrative	532,288	894,590
Fund-raising	158,309	297,347
Total expenses	<u>3,284,213</u>	<u>4,052,916</u>
Change in net assets	1,057,804	(949,807)
Net assets, beginning of year	<u>707,745</u>	<u>1,657,552</u>
Net assets, end of year	<u>\$ 1,765,549</u>	<u>707,745</u>

See accompanying notes to financial statements.

**SHELTERBOX USA, INC.**

## Statements of Cash Flows

Year ended December 31, 2013 and eighteen month period ended December 31, 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,057,804	(949,807)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,976	5,964
Changes in assets and liabilities:		
Accounts receivable	39,531	(39,531)
Due from ShelterBox Trust	(16,758)	—
Prepaid expense	(2,095)	—
Security deposit	227	150
Accounts payable and accrued expenses	(5,937)	886
Deferred revenue	—	(4,471)
Due to ShelterBox Trust	(3,864)	3,864
Net cash provided by (used in) operating activities	<u>1,072,884</u>	<u>(982,945)</u>
Cash flows from investing activity:		
Purchases of equipment	(884)	(3,253)
Net cash used in investing activity	<u>(884)</u>	<u>(3,253)</u>
Net increase (decrease) in cash and cash equivalents	1,072,000	(986,198)
Cash and cash equivalents, beginning of year	<u>687,014</u>	<u>1,673,212</u>
Cash and cash equivalents, end of year	<u>\$ 1,759,014</u>	<u>687,014</u>
Supplemental cash flow information:		
In-kind gifts	\$ 11,970	51,321

See accompanying notes to financial statements.

**SHELTERBOX USA, INC.**

Statements of Functional Expenses

Year ended December 31, 2013 and eighteen month period ended December 31, 2012

	December 31, 2013				December 31, 2012			
	Support services			Total	Support services			Total
	Program services	General and administrative	Fund-raising		Program services	General and administrative	Fund-raising	
Salaries, taxes, and benefits	\$ 41,502	222,403	90,554	354,459	103,360	364,994	205,790	674,144
ShelterBox Trust	2,538,737	—	—	2,538,737	2,732,610	—	—	2,732,610
Bank and payroll fees	—	48,199	—	48,199	—	21,392	—	21,392
Licenses and fees	—	6,234	—	6,234	—	6,862	—	6,862
Travel	—	23,814	16,819	40,633	9,284	56,051	36,772	102,107
Office expense	—	13,651	—	13,651	—	14,783	—	14,783
Professional services	—	39,486	20,000	59,486	—	94,994	—	94,994
Rent	—	21,430	—	21,430	—	36,325	—	36,325
Marketing	—	56,590	9,467	66,057	—	146,375	19,351	165,726
Postage	—	8,211	21,193	29,404	38	37,563	31,334	68,935
Meetings and events	—	21,372	276	21,648	14,812	27,609	589	43,010
Utilities and telephone	—	15,477	—	15,477	—	32,745	—	32,745
Repairs and maintenance	—	2,407	—	2,407	—	3,253	—	3,253
Insurance – general	—	8,402	—	8,402	875	19,392	—	20,267
Training	13,377	9,032	—	22,409	—	13,441	—	13,441
Miscellaneous	—	31,604	—	31,604	—	12,847	3,511	16,358
Depreciation	—	3,976	—	3,976	—	5,964	—	5,964
	<u>\$ 2,593,616</u>	<u>532,288</u>	<u>158,309</u>	<u>3,284,213</u>	<u>2,860,979</u>	<u>894,590</u>	<u>297,347</u>	<u>4,052,916</u>

See accompanying notes to financial statements.



## **SHELTERBOX USA, INC.**

Notes to Financial Statements

December 31, 2013 and 2012

### **(1) Organization**

ShelterBox USA, Inc. (ShelterBox USA) is a Florida not-for-profit corporation, organized for the purpose of providing humanitarian relief and aid in the form of equipment and materials that provide shelter, warmth, and comfort to people displaced by natural or other disasters.

### **(2) Summary of Significant Accounting Policies**

#### **(a) Basis of Accounting**

The financial statements of ShelterBox USA are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

ShelterBox USA previously had a June 30 year-end. In 2012, ShelterBox USA changed its fiscal year-end to December 31. Accordingly, amounts reported in the statements of activities, cash flows and functional expenses are for the eighteen-month period ended December 31, 2012.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. ShelterBox USA only had unrestricted activity for the twelve-months ended December 31, 2013 and the eighteen-months ended December 31, 2012. The three net asset categories are reflected in the accompanying financial statements as follows:

- Unrestricted – Net assets that are free of donor-imposed stipulations.
- Temporarily restricted – Net assets whose use by ShelterBox USA is limited by donor-imposed stipulations that may be met either by action of ShelterBox USA or by the passage of time. Temporarily restricted gifts that are received and expended in the same fiscal year are classified as unrestricted revenue. ShelterBox USA had no temporarily restricted net assets at December 31, 2013 and 2012.
- Permanently restricted net assets – Net assets whose use by ShelterBox USA is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by ShelterBox USA. ShelterBox USA had no permanently restricted net assets at December 31, 2013 and 2012.

#### **(b) Liquidity**

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

#### **(c) Fair Value of Financial Instruments**

##### **Fair Value Determination**

The fair value of ShelterBox USA's financial instruments as of December 31, 2013 and 2012 represents management's best estimates of the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there are little, if any

**SHELTERBOX USA, INC.**

Notes to Financial Statements

December 31, 2013 and 2012

observable inputs, management's own judgments about the assumptions of market participants were used in pricing the asset.

The carrying amounts reported in the statements of financial position for cash and cash equivalents, accounts receivable, due to or from ShelterBox Trust, and accounts payable and accrued expenses approximate fair value because of their short-term maturities.

**Fair Value Hierarchy**

Financial Accounting Standards Board (FASB) ASC Topic 820 (Topic 820), *Fair Value Measurements*, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices in active markets for identical investments
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs (including management's own assumptions in determining the fair value of investments)

At December 31, 2013 and 2012, cash and cash equivalents of \$1,759,014 and \$687,014, respectively, were considered Level 1.

**(d) Cash and Cash Equivalents**

ShelterBox USA considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. At December 31, 2013 and 2012, cash and cash equivalents included \$265,681 and \$260,259, respectively, in a money market account.

**(e) Computer and Equipment**

Computer and equipment are stated at cost, when purchased, or at fair value at date of gift, when donated. Depreciation is recognized over the estimated useful lives of the assets of three years using the straight-line method. Depreciation expense for the year ended December 31, 2013 and eighteen-month period ended December 31, 2012 totaled \$3,976 and \$5,964, respectively.

**(f) Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are classified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

**SHELTERBOX USA, INC.**

Notes to Financial Statements

December 31, 2013 and 2012

**(g) Donated Goods and Services**

ShelterBox USA records various types of in-kind support. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of assets other than cash are recorded at their estimated fair value when received. ShelterBox USA received service and material donations, which are included in the accompanying statements of activities as in-kind contributions in the amount of \$11,970 and \$51,321 for the year ended December 31, 2013 and eighteen-month period ended December 31, 2012, respectively.

The fair value of the in-kind contributions as of December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Donated facilities	\$ 10,950	32,850
Travel	100	11,606
Other	920	6,865
Total	<u>\$ 11,970</u>	<u>51,321</u>

A substantial number of unpaid volunteers have made significant contributions of their time that do not meet the two recognition criteria described above. Accordingly, the value of this donated time is not reflected in the financial statements.

**(h) Functional Allocation of Expenses**

The costs of providing the various programs and other activities of ShelterBox USA have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**(i) Income Taxes**

ShelterBox USA is a not-for-profit organization exempt from federal income tax under the provisions of Internal Revenue Code Section 501(c)(3). However, ShelterBox USA remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

ASC Topic 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management asserts that no such uncertain tax positions exist for ShelterBox USA at December 31, 2013 and 2012.

## **SHELTERBOX USA, INC.**

### Notes to Financial Statements

December 31, 2013 and 2012

(j) *Use of Estimates*

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management of ShelterBox USA to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses recognized during the period. Actual results could differ from those estimates.

(3) **Related Parties**

ShelterBox USA has a relationship and affiliation with ShelterBox Trust, a registered United Kingdom charity. ShelterBox Trust submits funding requests to ShelterBox USA. Upon review and approval by ShelterBox USA's Finance and Audit Committee (with notice given to the board of directors), ShelterBox USA then funds ShelterBox Trust requests. In turn, ShelterBox Trust provides financial and operational information on a periodic basis during the fiscal year to confirm that funds have been faithfully and fully utilized in accordance with ShelterBox USA's charitable purpose. Funds remitted to ShelterBox Trust totaling \$2,538,737 and \$2,732,610 for the year ended December 31, 2013 and eighteen-month period ended December 31, 2012, respectively, are included in the accompanying statements of activities as program services expense.

At December 31, 2013 and 2012, no funds were due to ShelterBox Trust for unrestricted funds solicited by ShelterBox USA and granted to ShelterBox Trust as described in the prior paragraph, which were not yet remitted to ShelterBox Trust.

ShelterBox Trust also provides operating funds to ShelterBox USA for North American ShelterBox Response Team (SRT) coordination, selection, training, and travel. The SRT costs (SRT coordinator's salary, training, and travel) are an obligation of ShelterBox Trust. ShelterBox USA records an asset when SRT costs are incurred and funds not yet received and a liability when SRT funds are received in advance. Amounts due from (to) Shelterbox Trust for SRT funds were \$16,758 and \$(3,864) at December 31, 2013 and 2012, respectively.

During the eighteen-month period ended December 31, 2012, ShelterBox Trust provided a grant to ShelterBox USA for \$129,471 related to a project for youth scouting programs, all of which had been earned at December 31, 2012.

(4) **Concentrations of Credit Risk**

ShelterBox USA maintains its cash and cash equivalents accounts with large financial institutions. Individual accounts at each financial institution are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. Each individual account exceeds the federally insured deposited amount. Management does not anticipate nonperformance by financial institutions.

(5) **Subsequent Events**

Subsequent events have been evaluated through April 30, 2014, which is the date the financial statements were available to be issued. No subsequent events occurred that required disclosure in the notes to the financial statements.