

**SHELTERBOX USA, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2017**

# SHELTERBOX USA, INC.

## FINANCIAL REPORT DECEMBER 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors  
ShelterBox USA, Inc.  
Lakewood Ranch, Florida**

We have audited the accompanying financial statements of ShelterBox USA, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows and functional expenses for the years then ended, 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 accounting principles generally accepted in the United States of America; 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.

### **Auditor's 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 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. 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.

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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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
April 23, 2018

# SHELTERBOX USA, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
Cash	\$ 1,824,033	\$ 2,135,154
Due from ShelterBox Trust	-	4,429
Pledges receivable	216,282	104,392
Prepaid expenses	17,209	16,443
Property and equipment, net	13,738	12,451
	<u>\$ 2,071,262</u>	<u>\$ 2,272,869</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 75,697	\$ 79,275
Deferred revenue	50,424	278,430
	<u>126,121</u>	<u>357,705</u>
<b>NET ASSETS</b>		
Unrestricted	816,235	815,333
Unrestricted - board designated	750,000	750,000
Unrestricted - board designated for future grants	-	95,437
Temporarily restricted	378,906	254,394
	<u>1,945,141</u>	<u>1,915,164</u>
	<u>\$ 2,071,262</u>	<u>\$ 2,272,869</u>

**See Notes to Financial Statements.**

**SHELTERBOX USA, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>Unrestricted Support and Revenues</b>		
Contributions	\$ 3,405,445	\$ 2,494,302
In-kind contributions	46,892	161,823
Interest income, net	7,094	265
Other income	1,976	3,309
Releases from restrictions	1,941,800	984,739
Total unrestricted support and revenue	5,403,207	3,644,438
<b>Expenses</b>		
Program services	4,591,971	3,432,303
Management and general	499,723	498,771
Fundraising	406,048	270,853
Total expenses	5,497,742	4,201,927
Change in unrestricted net assets	(94,535)	(557,489)
<b>Temporarily Restricted Net Assets</b>		
Contributions	2,066,312	1,239,133
Releases from restrictions	(1,941,800)	(984,739)
Change in temporarily restricted net assets	124,512	254,394
<b>Change in net assets</b>	29,977	(303,095)
Net assets, beginning of year	1,915,164	2,218,259
Net assets, end of year	\$ 1,945,141	\$ 1,915,164

**See Notes to Financial Statements.**

# SHELTERBOX USA, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 29,977	\$ (303,095)
Adjustments to reconcile change in net assets to net cash (used in) operating activities		
Depreciation	6,889	2,506
Changes in operating assets and liabilities		
(Increase) decrease in due from ShelterBox Trust	4,429	(2,787)
(Increase) in pledges receivable	(111,890)	(104,392)
(Increase) in prepaid expenses	(766)	(10,179)
Increase (decrease) in accounts payable and accrued expenses	(3,578)	55,406
Increase (decrease) in deferred revenue	(228,006)	278,430
Net cash (used in) operating activities	(302,945)	(84,111)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(8,176)	(9,331)
Net cash (used in) investing activities	(8,176)	(9,331)
Change in cash	(311,121)	(93,442)
Cash, beginning of year	2,135,154	2,228,596
Cash, end of year	\$ 1,824,033	\$ 2,135,154

**See Notes to Financial Statements.**

# SHELTERBOX USA, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries, taxes and benefits	\$ 390,332	\$ 281,414	\$ 259,992	\$ 931,738
Program funds granted	3,958,159	-	-	3,958,159
Bank and payroll fees	-	46,889	-	46,889
Travel	45,781	1,571	28,963	76,315
Office expense	1,533	8,235	2,548	12,316
Computer software and hardware	9,735	18,983	19,702	48,420
Professional services	8,593	40,911	-	49,504
Rent	26,006	27,267	-	53,273
Marketing	63,173	1,036	41,239	105,448
Postage	12,813	7,880	8,158	28,851
Meetings and events	57,640	18,586	-	76,226
Donor cultivation	7,455	-	44,823	52,278
Utilities and telephone	-	22,250	-	22,250
Insurance	-	10,185	-	10,185
Training	2,635	1,273	623	4,531
Miscellaneous	8,116	6,354	-	14,470
Depreciation	-	6,889	-	6,889
Total expenses	<u>\$ 4,591,971</u>	<u>\$ 499,723</u>	<u>\$ 406,048</u>	<u>\$ 5,497,742</u>

See Notes to Financial Statements.



# SHELTERBOX USA, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2016

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	Program Services	Management and General	Fundraising	Total
Salaries, taxes and benefits	\$ 74,649	\$ 299,170	\$ 164,886	\$ 538,705
Program funds granted	3,096,235	-	-	3,096,235
Bank and payroll fees	-	30,607	514	31,121
Licenses and fees	-	-	9,380	9,380
Travel	16,991	39,357	4,861	61,209
Office expense	-	9,966	130	10,096
Computer software and hardware	22,843	3,346	17,778	43,967
Professional services	594	33,831	10,934	45,359
Rent	3,719	14,400	-	18,119
Marketing	175,123	5,685	35,169	215,977
Postage	5,868	7,870	20,383	34,121
Meetings and events	27,961	2,736	6,288	36,985
Utilities and telephone	-	18,334	-	18,334
Repairs and maintenance	-	2,234	-	2,234
Insurance	-	16,638	-	16,638
Training	3,800	9,803	496	14,099
Miscellaneous	4,520	2,288	34	6,842
Depreciation	-	2,506	-	2,506
Total expenses	<u>\$ 3,432,303</u>	<u>\$ 498,771</u>	<u>\$ 270,853</u>	<u>\$ 4,201,927</u>

See Notes to Financial Statements.

# SHELTERBOX USA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ShelterBox USA, Inc. (the "Organization") 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.

#### **Basis of Presentation**

The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following three classes:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that require they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

#### **Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Deferred Revenue**

The Organization records amounts received as part of grants and other contracts before expended for services as deferred revenue on the statement of financial position. Once the services are provided under the grant or contract, the revenue is recognized on the statement of activities and changes in net assets. At December 31, 2017 and 2016, there were \$50,424 and \$278,430, respectively, which had not been expended.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity date of three months or less at the date of acquisition to be cash equivalents.

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. As of December 31, 2017, the Organization had \$1,108,181 in uninsured cash. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents and has not experienced any losses on such accounts.

#### 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.

#### Property and Equipment

Property and equipment acquisitions in excess of \$500 are recorded at cost, estimated cost, or if donated, at fair value on the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

	<u>Years</u>
Computer and equipment	3

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized.

#### Functional Allocation of Expenses

The costs of providing various programs and other activities and the administration of the Organization have been summarized on a functional basis in the statements of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Management and general expenses and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Donated Goods and Services**

The Organization 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. The Organization received service and material donations, which are included in the accompanying statements of activities as in-kind contributions in the amount of \$46,892 and \$161,823, respectively, for the years ended December 31, 2017 and 2016.

Numerous volunteers have donated significant amount of time to the Organization's various programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

#### **Income Taxes**

The Organization is a not-for-profit organization exempt from federal income tax under provisions of Internal Revenue Code Section 501(c)(3). However, the Organization 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.

It is the Organization's policy to account for any uncertainties in income tax law in accordance with FASB ASC 740-10 *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Organization recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more likely than not to be sustained. Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. As a result, no provision or liability for income taxes has been included in the financial statements.

#### **Subsequent Events**

Management has evaluated subsequent events occurring through April 23, 2018, the date on which the financial statements were available to be issued.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2017	2016
<b>Amount due in</b>		
Less than one year	\$ 112,665	\$ 51,000
One to five years	115,000	55,000
	227,665	106,000
Less allowance	(9,078)	-
Less discount	(2,305)	(1,608)
	\$ 216,282	\$ 104,392

Unconditional promises to give due in one to five years are discounted at 1.0%.

### NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017:

	2017	2016
Computers and equipment	\$ 45,452	\$ 37,276
Less accumulated depreciation	31,714	24,825
	\$ 13,738	\$ 12,451

### NOTE 4. EMPLOYEE BENEFIT PLAN

Effective January 1, 2010, the Organization adopted a 401(k) Profit Sharing Plan that covers all employees once they have attained three months of service. The plan provides for a company match of varying amounts of employee contributions. For the years ended December 31, 2017 and 2016, the employer match was \$25,014 and \$6,785, respectively.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. RELATED PARTY TRANSACTIONS

The Organization has a relationship and affiliation with ShelterBox Trust (the "Trust"), a registered United Kingdom charity. Periodically, the Trust submits grant applications to the Organization. All grant applications are reviewed by the Finance and Audit Committee and in turn, the Board of Directors votes on the recommended grant requests. As required, the Trust provides financial and operational reports to confirm grant funds have been faithfully and fully utilized in accordance with the Organization's charitable purpose. Grant funds remitted to the Trust for the years ended December 31, 2017 and 2016, were \$3,708,159 and \$3,096,235, respectively, and are included in the accompanying statements of activities as program service expenses.

At December 31, 2017 and 2016, no grant funds were due to the Trust for unrestricted donations received by the Organization as described in the preceding paragraph.

From time to time, the Trust will reimburse the Organization and other affiliates for expenses incurred in relation to the global organization, usually travel costs. At December 31, 2017 and 2016, amounts due from the Trust were \$- and \$4,429, respectively.

### NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017, consist of the following:

	<u>2017</u>	<u>2016</u>
Syrian refugee crisis	\$ 41,814	\$ 112,502
Other programs and grants	337,092	141,892
	<u>\$ 378,906</u>	<u>\$ 254,394</u>

Net assets released from purpose restrictions satisfied during the year ended December 31, 2017, were as follows:

	<u>2017</u>	<u>2016</u>
Syrian refugee crisis	\$ 554,147	\$ 984,739
2017 Natural disasters	1,352,878	-
Other programs and grants	34,775	-
	<u>\$ 1,941,800</u>	<u>\$ 984,739</u>

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 7. RECENTLY ISSUED ACCOUNTING STANDARDS**

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-14 (ASU 2016-14), Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update require changes to the way not-for-profit entities present their financial statements.

ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Earlier application is permitted. Management is currently evaluating the effects of ASU 2016-14.