

**SHELTERBOX USA, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors  
Shelterbox USA, Inc.  
Santa Barbara, California**

### **Opinion**

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Shelterbox USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shelterbox USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### **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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Shelterbox USA, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shelterbox USA, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 6, 2022

**SHELTERBOX USA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Cash	\$ 5,378,439	\$ 3,635,173
Promises to give, net	-	19,878
Other receivables	-	758
Prepaid expenses	43,550	72,637
Property and equipment, net	10,607	13,453
	\$ 5,432,596	\$ 3,741,899
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,456,837	\$ 389,016
	1,456,837	389,016
<b>NET ASSETS</b>		
Net assets without donor restrictions	1,745,947	1,199,992
Net assets without donor restrictions - Board designated reserve	2,100,000	1,282,363
Total net assets without donor restrictions	3,845,947	2,482,355
Net assets with donor restrictions - time and purpose	129,812	870,528
	3,975,759	3,352,883
	\$ 5,432,596	\$ 3,741,899

**See Notes to Financial Statements.**

**SHELTERBOX USA, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>Support and revenues without donor restrictions</b>		
Contributions	\$ 7,995,975	\$ 2,968,137
In-kind contributions	-	60,000
Interest income, net	320	1,219
Other income	-	200,495
Releases from restrictions	3,745,860	6,153,564
Total support and revenues without donor restrictions	11,742,155	9,383,415
<b>Expenses</b>		
Program services	8,461,859	7,682,896
Management and general	1,037,525	731,171
Fundraising	879,179	842,766
Total expenses	10,378,563	9,256,833
Change in net assets without donor restrictions	1,363,592	126,582
<b>Net assets with donor restrictions</b>		
Contributions	3,005,144	6,924,092
Releases from restrictions	(3,745,860)	(6,153,564)
Change in net assets with donor restrictions	(740,716)	770,528
<b>Change in net assets</b>	622,876	897,110
Net assets, beginning of year	3,352,883	2,455,773
Net assets, end of year	\$ 3,975,759	\$ 3,352,883

**See Notes to Financial Statements.**

**SHELTERBOX USA, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 622,876	\$ 897,110
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	8,280	6,171
Changes in operating assets and liabilities		
Decrease in promises to give	19,878	13,991
Decrease in other receivables	758	436
Decrease in prepaid expenses	29,087	4,369
Increase (decrease) in accounts payable and accrued expenses	1,067,821	(1,140,476)
(Decrease) in deferred revenue	-	(25,000)
Net cash provided by (used in) operating activities	1,748,700	(243,399)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(5,434)	(11,279)
Net cash (used in) investing activities	(5,434)	(11,279)
Change in cash	1,743,266	(254,678)
Cash, beginning of year	3,635,173	3,889,851
Cash, end of year	\$ 5,378,439	\$ 3,635,173

**See Notes to Financial Statements.**

**SHELTERBOX USA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 249,824	\$ 787,489	\$ 541,712	\$ 1,579,025
Program funds granted	8,200,503	-	-	8,200,503
Bank and PayPal fees	-	1,423	47,363	48,786
Travel	-	4,885	15,179	20,064
Office expense	9,467	7,488	90,776	107,731
Computer software and hardware	472	17,000	52,743	70,215
Professional services	-	64,848	34,280	99,128
Rent	-	77,359	9,524	86,883
Marketing	-	14,467	29,862	44,329
Postage	-	2,654	15,412	18,066
Meetings and events	-	11,427	5,064	16,491
Utilities and telephone	1,593	14,131	3,308	19,032
Insurance	-	21,019	859	21,878
Training	-	1,923	5,132	7,055
Miscellaneous	-	3,132	27,965	31,097
Depreciation	-	8,280	-	8,280
Total expenses	<u>\$ 8,461,859</u>	<u>\$ 1,037,525</u>	<u>\$ 879,179</u>	<u>\$ 10,378,563</u>

**See Notes to Financial Statements.**



**SHELTERBOX USA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising	Total
Salaries, taxes and benefits	\$ 563,999	\$ 427,848	\$ 510,499	\$ 1,502,346
Program funds granted	6,924,092	-	-	6,924,092
Bank and PayPal fees	-	(5,932)	33,943	28,011
Travel	-	3,924	12,617	16,541
Office expense	42,273	8,399	97,552	148,224
Computer software and hardware	62,393	11,121	42,899	116,413
Professional services	-	195,727	76,343	272,070
Rent	64,201	29,544	13,400	107,145
Marketing	7,300	10,189	8,374	25,863
Postage	1,242	4,659	11,634	17,535
Meetings and events	14,539	94	20,793	35,426
Utilities and telephone	2,857	15,521	9,089	27,467
Insurance	-	14,426	775	15,201
Training	-	7,550	1,215	8,765
Miscellaneous	-	1,930	3,633	5,563
Depreciation	-	6,171	-	6,171
Total expenses	<u>\$ 7,682,896</u>	<u>\$ 731,171</u>	<u>\$ 842,766</u>	<u>\$ 9,256,833</u>

**See Notes to Financial Statements.**

# SHELTERBOX USA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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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 two classes:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met either by actions of the Organization and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### **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.

## 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, 2021, the Organization had \$4,717,983 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.

#### Revenue Recognition

The Organization recognizes revenue from exchange transactions as the services are provided to the customer.

Contributions are recorded as revenue when an unconditional promise to give has been made. All contributions are considered to be available for 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 support with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions 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>
Computers and equipment	3

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

## NOTES TO FINANCIAL STATEMENTS

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

#### 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 using a variety of cost allocation methodologies, including, but not limited to, the relative benefit provided and time and effort.

#### 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 \$- and \$60,000, respectively, for the years ended December 31, 2021 and 2020. Additionally, the Organization received donated rent, which is included in the accompanying statements of activities with contributions in the amount of \$75,000 and \$75,000, respectively, for the years ended December 31, 2021 and 2020.

Numerous volunteers have donated significant amount of time to the Organization's various programs. No amounts have been recognized in the accompanying statements 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Board Designated Net Assets

The Organization's Board of Directors has established an operating reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. The operating reserve balance totaled \$2,100,000 and \$1,282,363 at December 31, 2021 and 2020, respectively.

#### Subsequent Events

Management has evaluated subsequent events occurring through May 6, 2022, the date on which the financial statements were available to be issued.

### NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows have variations during the year attributable to the timing of disasters and conflicts throughout the world. The Organization manages liquidity during the year by utilizing the following strategies: operating with a balanced budget which assumes collection of sufficient revenue via contributions and grants to cover operating expenditures not covered by donor-restricted resources, regular analysis of actual operating results versus budget, and the holding of a Board established operating reserve fund funded by net prior year donations without donor restrictions.

The following table reflects the Organization's total financial assets as of December 31, 2021 and 2020, and the amounts of those financial assets which could be made available within 12 months to meet operating expenditures:

Financial assets available to meet operating expenditures over the next 12 months:	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 5,378,439	\$ 3,635,173
Contributions for operating expenditures due in one year or less	-	19,878
Other receivables	-	758
Less net assets with donor restrictions	(129,812)	(870,528)
Less Board designated reserve	(2,100,000)	(1,282,363)
Financial assets available to meet operating expenditures	<u>\$ 3,148,627</u>	<u>\$ 1,502,918</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2021	2020
<b>Amount due in</b>		
Less than one year	\$ -	\$ 27,438
One to five years	-	-
	-	27,438
Less allowance	-	(7,560)
Less discount	-	-
	\$ -	\$ 19,878

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

### NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021 and 2020:

	2021	2020
Computers and equipment	\$ 72,857	\$ 67,423
Less accumulated depreciation	62,250	53,970
	\$ 10,607	\$ 13,453

### NOTE 5. 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, 2021 and 2020, the employer match was \$30,874 and \$36,647, respectively.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. 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, 2021 and 2020, were \$8,200,503 and \$6,924,092, respectively, and are included in the accompanying statements of activities as program service expenses.

At December 31, 2021 and 2020, \$1,358,666 and \$287,009, respectively, in grant funds were due to the Trust for donations without donor restrictions received by the Organization as described in the preceding paragraph and are included with accounts payable and accrued expenses on the accompanying statement of financial position.

### NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Syria winterization	\$ 3,565	\$ 526,728
Haiti	55,495	-
Philippines	36,432	-
Honduras ETA	-	268,345
COVID-19	1,320	9,455
Other programs and grants	33,000	66,000
	<u>\$ 129,812</u>	<u>\$ 870,528</u>

Net assets released from purpose restrictions satisfied during the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Disaster relief	\$ 3,712,860	\$ 6,119,564
Other programs and grants	33,000	34,000
	<u>\$ 3,745,860</u>	<u>\$ 6,153,564</u>

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 8. PPP LOAN**

In April 2020, the Organization obtained a loan through the Paycheck Protection Program – Small Business Administration for \$200,000 due to COVID-19. As of December 31, 2020, the Organization had spent the full amount of the loan on allowable expenses in the covered period and therefore the loan was treated as a conditional contribution and recognized as other income in the statement of activities. In January 2021, the loan was fully forgiven by the SBA.

### **NOTE 9. RISKS AND UNCERTAINTIES**

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization has not seen a significant change in revenue. As the economy continues to open throughout its geographic region, management anticipates revenue will remain at or above current levels.