

FINANCIAL STATEMENTS

TRANS-HIMALAYAN AID SOCIETY

March 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of
Trans-Himalayan Aid Society

Report on the Financial Statements

We have audited the accompanying financial statements of Trans-Himalayan Aid Society, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 Society'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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, net revenues (expenditures), and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31 for both 2017 and 2018.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Trans-Himalayan Aid Society as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
September 7, 2018

Chartered Professional Accountants



Tompkins Wozny
Chartered Professional Accountants

Trans-Himalayan Aid Society

Incorporated 1962 under the Society Act of B.C.

STATEMENT OF FINANCIAL POSITION

As at March 31

	2018	2017
	\$	\$
ASSETS		
Cash	124,409	116,146
Marketable securities <i>[note 3]</i>	297,186	309,579
Prepays and deposits	400	400
GST recoverable	65	75
	422,060	426,200
LIABILITIES AND FUND BALANCES		
Accounts payable	—	—
Total liabilities	—	—
Restricted funds		
Sponsorships	18,341	10,497
Projects	102,090	21,931
Designated	124,349	126,976
Total restricted funds <i>[Schedule 1 and 2]</i>	244,780	159,404
Operating funds	177,280	266,796
Total fund balances	422,060	426,200
	422,060	426,200

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

Trans-Himalayan Aid Society

STATEMENT OF OPERATIONS AND FUND BALANCES

Year ended March 31

	2018				2017	
	Sponsorships	Projects	Designated	Operating	Total	Total
	\$	\$	\$	\$	\$	\$
REVENUES						
Project receipts and transfers <i>[Schedule 1 & 2]</i>						
Project donations	—	35,204	—	—	35,204	12,204
Donations reducing Society commitments	—	(35,204)	—	35,204	—	—
Society commitments (net of admin. fees)	—	152,935	—	(152,935)	—	—
Sponsorship funds received <i>[Schedule 1 & 2]</i>	52,620	—	—	—	52,620	43,284
General donations	—	—	—	50,035	50,035	88,770
Scholarship donations	—	—	12,330	—	12,330	12,650
Memberships and administration fees	—	—	—	9,152	9,152	9,308
Investment income	—	—	3,043	4,779	7,822	7,856
Crafts and fundraising	—	—	—	2,487	2,487	1,857
	52,620	152,935	15,373	(51,278)	169,650	175,929
EXPENDITURES						
Project and sponsorship disbursements <i>[Schedule 1 & 2]</i>						
Project disbursements	—	72,776	4,000	—	76,776	82,886
Sponsorships funded	44,776	—	—	—	44,776	46,310
Scholarships paid	—	—	14,000	—	14,000	10,000
Salaries and contract fees	—	—	—	19,046	19,046	22,301
Office, insurance and other	—	—	—	5,486	5,486	5,695
Rent	—	—	—	4,800	4,800	4,800
Professional fees	—	—	—	4,140	4,140	4,100
Newsletter and publicity	—	—	—	2,432	2,432	1,331
Crafts and fundraising	—	—	—	2,334	2,334	1,236
	44,776	72,776	18,000	38,238	173,790	178,659
Net revenues (expenditures) for the year	7,844	80,159	(2,627)	(89,516)	(4,140)	(2,730)
Fund balances, beginning of year	10,497	21,931	126,976	266,796	426,200	428,930
Fund balances, end of year	18,341	102,090	124,349	177,280	422,060	426,200

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2018					2017
	Sponsorships	Projects	Designated	Operating	Total	Total
	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES						
Net revenues (expenditures) for the year	7,844	80,159	(2,627)	(89,516)	(4,140)	(2,730)
Changes in non cash items						
Prepays and deposits	—	—	—	—	—	263
GST recoverable	—	—	—	10	10	—
Cash provided by (used in) operating activities	7,844	80,159	(2,627)	(89,506)	(4,130)	(2,467)
FINANCING ACTIVITIES						
Change in marketable securities	—	—	—	12,393	12,393	8,861
Cash provided by financing activities	—	—	—	12,393	12,393	8,861
Increase (decrease) in cash for the year	7,844	80,159	(2,627)	(77,113)	8,263	6,394
Cash grouped with operating account	(7,844)	(80,159)	2,627	85,376	—	—
Cash, beginning of year	—	—	—	116,146	116,146	109,752
Cash, end of year	—	—	—	124,409	124,409	116,146

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF ACTIVITIES

The Trans-Himalayan Aid Society is a not-for-profit, non-governmental organization established in 1962 for the purpose of providing financial aid to support education, vocational training, community health and facilities improvement projects in the Trans-Himalayan region. The Society is administered by a Board of Directors who are responsible for distributing its net income, if any, and specified project receipts and sponsorships received from third parties, in accordance with these objectives.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Restricted Fund Method of Accounting for Projects and Sponsorships

The Society follows the restricted fund method of accounting for sponsorship and project funds. Donations received for projects and sponsorships are reported as income as they are received.

The Society reflects commitments to projects as an expense of the operating fund and as revenue to restricted project funds as grants are approved by the board of directors. When subsequent third party donations are received for projects already reflected as a project commitment they are reflected as a reduction in the Society's own commitment to those projects. Project and sponsorship funds are reflected as an expense of the restricted fund balances as they are disbursed.

Deferral Method of Accounting for Operating Revenues and Expenses

The Society's revenues and expenses are reported on the statement of operations and fund balances under the "operating" heading. These revenues are reported using the deferral method of accounting whereby revenues and expenses are reported as income as they are earned, using the accrual basis of accounting.

Financial Instruments

All financial instruments are recorded at fair value on their initial recognition. The Society subsequently records its financial instruments at amortized cost, except for the marketable securities which are measured at fair value.

Financial instruments measured at cost or amortized cost include cash, GST receivable, and accounts payable. Marketable securities are measured at fair value, and any change in fair value is brought into income or loss as it occurs.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Administrative Revenues

Administrative revenues are taken income as donations and sponsorships are received.

Investment Income

Investment income earned on the Society's marketable securities, consisting of bonds issued by Canadian banking institutions, represents the net interest earned, realized gains or losses on disposals and unrealized changes in quoted market values.

Property and Equipment

The Society's property and equipment, consisting of furniture and computer equipment, has been expensed as acquired, as permitted by Section 4433 of the CPA Canada Handbook when a not-for-profit organization has revenue that falls below \$500,000 per year.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 reported period. Actual results could differ from the estimates.

Contributed Services

Volunteers have donated their time to the Society's board and in its events and fundraising campaigns. However, since no objective basis exists for recording and assigning values to donated services, their value has not been reflected in the accompanying financial statements.

3. MARKETABLE SECURITIES

The Society's marketable securities are as follows:

	2018	2017
	\$	\$
Bonds issued by Canadian banks, at book value	284,357	291,285
Accrued interest and discounts earned	12,829	18,294
	297,186	309,579

The bonds have maturity dates in calendar years from 2018 to 2023 and bear interest at rates varying from 2.05% to 2.91% (2017: 2.10% to 2.91%)

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

4. FINANCIAL INSTRUMENTS

The Society is exposed to various risks relating to its financial instruments. The following analysis presents the Society's exposures to risk as at March 31, 2018.

Credit Risk

The Society is exposed to credit risk with respect to its bank and credit union deposits, marketable securities (bonds) and accounts receivable. The Society reduces this risk by placing its cash with Canadian chartered banks or credit unions and by investing in bonds issued by Canadian banking institutions, in amounts that generally fall within federal and provincial guarantee limits.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due as a result of possible delays in realizing the fair value of financial instruments.

The Society manages its liquidity risk by monitoring forecasted and actual cash flows and the timing of its obligations to fund operating costs and project and sponsorship commitments, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Society is exposed to interest rate risk on its marketable securities which carry fixed rates that impact their value if they are not held to maturity, and which impact yields if renewed on their maturity dates.

5. REMUNERATION TO DIRECTORS AND EMPLOYEES

For the fiscal year ended March 31, 2018, the Society did not remunerate the directors as these are volunteer positions. There were no employees who received total annual remuneration of \$75,000 or greater.

CHANGES IN RESTRICTED FUNDS

Year ended March 31, 2018

RESTRICTED FUNDS	Opening Balance	Specified Donations Received	Donations Reducing Society Commitment	Society Transfers/ Allocations	Funds Disbursed	Closing Balance
PROJECTS						
293 CTA Nurses	—	—	—	19,970	(6,072)	13,898
297 Voice of Children	13,026	1,927	(1,927)	83,000	(26,276)	69,750
300 READI Nepal	—	19,598	(19,598)	27,523	(27,523)	—
324 Munsel-ling Library	8,905	9,468	(9,468)	—	(8,905)	—
325 VOC Health Awareness	—	4,211	(4,211)	4,702	(4,000)	702
326 Munsel-ling Laundry	—	—	—	17,740	—	17,740
	21,931	35,204	(35,204)	152,935	(72,776)	102,090
DESIGNATED						
Scholarship Fund	75,360	11,930	—	400	—	87,690
510 Spiti Scholarship	12,000	—	—	—	(6,000)	6,000
511 VOC Scholarship	16,000	—	—	—	(4,000)	12,000
512 Dekyiling Scholarship	16,000	400	—	(400)	(4,000)	12,000
Interest allocated	3,125	—	—	3,043	—	6,168
	122,485	12,330	—	3,043	(14,000)	123,858
M & J Fund	4,491	—	—	—	(4,000)	491
	126,976	12,330	—	3,043	(18,000)	124,349
Total Projects and Fund Obligations	148,907	47,534	(35,204)	155,978	(90,776)	226,439
SPONSORSHIPS						
001 Doeguling Mundgod	(12)	—	—	—	—	(12)
002 TCV Dharamsala	(70)	360	—	—	(360)	(70)
003 THF Mussoorie	410	1,430	—	—	(1,160)	680
006 Incarnation Convent	(280)	—	—	—	—	(280)
008 Munseling Spiti	3,480	21,477	—	—	(16,622)	8,335
012 TWC Rajpur	870	3,080	—	—	(3,240)	710
015 TCV Suja	1,914	13,830	—	—	(12,074)	3,670
016 TCV Chauntra	—	1,605	—	—	(1,190)	415
050 TWA Mundgod	60	—	—	—	—	60
077 Buddha Academy	2,216	—	—	—	—	2,216
092 Dekyiling Handicraft Centre	1,669	10,838	—	—	(10,130)	2,377
099 Other sponsorships	240	—	—	—	—	240
Total Sponsorships	10,497	52,620	—	—	(44,776)	18,341
TOTAL COMMITTED FUNDS	159,404	100,154	(35,204)	155,978	(135,552)	244,780

CHANGES IN RESTRICTED FUNDS

Year ended March 31, 2017

RESTRICTED FUNDS	Opening Balance	Specified Donations Received	Donations Reducing Society Commitment	Society Transfers/ Allocations	Funds Disbursed	Closing Balance
PROJECTS						
293 CTA Nurses	5,338	(2,055)	2,055	1,232	(6,570)	—
294 SHARE Vocation Training	—	—	—	—	—	—
297 Voice of Children	38,527	2,129	(2,129)	—	(25,501)	13,026
298	—	—	—	—	—	—
300 READI Nepal	—	3,320	(3,320)	21,000	(21,000)	—
320 READI Nepal Humla Cafe	—	—	—	—	—	—
321 Sangam Women's Computer Literacy	—	—	—	—	—	—
322 Sikkim Greenhouse	—	—	—	—	—	—
323 SFSS Toilet Project	20,892	—	—	18	(20,910)	—
324 Munsel-ling Library	—	8,810	(8,810)	17,810	(8,905)	8,905
	64,757	12,204	(12,204)	40,060	(82,886)	21,931
DESIGNATED						
Scholarship Fund	116,710	12,650	—	(54,000)	—	75,360
510 Spiti Scholarship	—	—	—	18,000	(6,000)	12,000
511 VOC Scholarship	—	—	—	18,000	(2,000)	16,000
512 Dekyiling Scholarship	—	—	—	18,000	(2,000)	16,000
Interest allocated	—	—	—	3,125	—	3,125
	116,710	12,650	—	3,125	(10,000)	122,485
M & J Fund	4,491	—	—	—	—	4,491
	121,201	12,650	—	3,125	(10,000)	126,976
Total Project and Fund obligations	185,958	24,854	(12,204)	43,185	(92,886)	148,907
SPONSORSHIPS						
001 Doeguling Mundgod	(12)	—	—	—	—	(12)
002 TCV Dharamsala	(100)	390	—	—	(360)	(70)
003 THF Mussoorie	930	800	—	—	(1,320)	410
006 Incarnation Convent	(370)	90	—	—	—	(280)
008 Munseling Spiti	3,598	21,052	—	—	(21,170)	3,480
012 TWC Rajpur	910	1,990	—	—	(2,030)	870
015 TCV Suja	2,499	11,400	—	—	(11,985)	1,914
050 TWA Mundgod	360	60	—	—	(360)	60
077 Buddha Academy	2,216	—	—	—	—	2,216
092 Dekyiling Handicraft Centre	3,252	7,502	—	—	(9,085)	1,669
099 Other sponsorships	240	—	—	—	—	240
Total Sponsorships	13,523	43,284	—	—	(46,310)	10,497
TOTAL COMMITTED FUNDS	199,481	68,138	(12,204)	43,185	(139,196)	159,404