

## FINANCIAL STATEMENTS

# TRANS-HIMALAYAN AID SOCIETY

March 31, 2020



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Trans-Himalayan Aid Society**

### ***Qualified Opinion***

We have audited the financial statements of Trans-Himalayan Aid Society (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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, except for the possible effects of the matter described in the Basis of Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, 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.

### ***Basis for Qualified Opinion***

In common with many not-for-profit organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 donations revenue, net revenues (expenditures), and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and fund balances as at April 1 and March 31 for both the 2020 and 2019 years.

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 Society 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 qualified audit 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.



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## INDEPENDENT AUDITOR'S REPORT

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- 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 Society'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 Society'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 Society 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.

### 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 8, 2020

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

	2020 \$	2019 \$
<b>ASSETS</b>		
Cash	211,873	78,088
Marketable securities <i>[note 3]</i>	272,011	345,312
Prepays and deposits	400	400
GST recoverable	134	228
	<b>484,418</b>	<b>424,028</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts payable	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>
<b>Restricted funds</b>		
Sponsorships	20,472	18,056
Projects	23,570	49,189
Designated	127,327	131,196
Total restricted funds <i>[Schedule 1 and 2]</i>	171,369	198,441
<b>Operating funds</b>	<b>313,049</b>	<b>225,587</b>
Total fund balances	<b>484,418</b>	<b>424,028</b>
	<b>484,418</b>	<b>424,028</b>

Other *[note 6]**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

	2020				2019	
	Sponsorships	Projects	Designated	Operating	Total	Total
	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>						
Project receipts and transfers <i>[Schedule 1 &amp; 2]</i>						
Project donations	—	31,493	—	—	31,493	26,770
Donations reducing Society commitments	—	(3,462)	—	3,462	—	—
Society commitments (net of admin. fees)	130	24,038	—	(24,168)	—	—
Sponsorship funds received <i>[Schedule 1 &amp; 2]</i>	54,148	—	—	—	54,148	46,101
General donations	—	—	—	133,569	133,569	74,651
Scholarship donations	—	—	11,196	—	11,196	15,718
Memberships and administration fees	—	—	—	9,906	9,906	9,331
Investment income	—	—	2,935	4,157	7,092	8,338
Crafts and fundraising	—	—	—	1,806	1,806	1,797
	54,278	52,069	14,131	128,732	249,210	182,706
<b>EXPENDITURES</b>						
Project and sponsorship disbursements <i>[Schedule 1 &amp; 2]</i>						
Project disbursements	—	77,688	—	—	77,688	75,568
Sponsorships funded	51,862	—	—	130	51,992	46,618
Scholarships paid	—	—	18,000	—	18,000	16,000
Salaries and contract fees	—	—	—	23,986	23,986	23,260
Office, insurance and other	—	—	—	5,684	5,684	7,067
Rent	—	—	—	4,800	4,800	4,800
Professional fees	—	—	—	4,100	4,100	4,100
Newsletter and publicity	—	—	—	1,167	1,167	1,703
Crafts and fundraising	—	—	—	1,403	1,403	1,622
	51,862	77,688	18,000	41,270	188,820	180,738
<b>Net revenues (expenditures) for the year</b>	<b>2,416</b>	<b>(25,619)</b>	<b>(3,869)</b>	<b>87,462</b>	<b>60,390</b>	<b>1,968</b>
Fund balances, beginning of year	18,056	49,189	131,196	225,587	424,028	422,060
<b>Fund balances, end of year</b>	<b>20,472</b>	<b>23,570</b>	<b>127,327</b>	<b>313,049</b>	<b>484,418</b>	<b>424,028</b>

See accompanying notes to the financial statements

## STATEMENT OF CASH FLOWS

Year ended March 31

	2020					2019
	Sponsorships	Projects	Designated	Operating	Total	Total
	\$	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>						
Net revenues (expenditures) for the year	2,416	(25,619)	(3,869)	87,462	60,390	1,968
Changes in non cash items						
Prepays and deposits	—	—	—	—	—	—
GST recoverable	—	—	—	94	94	(163)
<b>activities</b>	<b>2,416</b>	<b>(25,619)</b>	<b>(3,869)</b>	<b>87,556</b>	<b>60,484</b>	<b>1,805</b>
<b>FINANCING ACTIVITIES</b>						
Change in marketable securities	—	—	—	73,301	73,301	(48,126)
<b>activities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>73,301</b>	<b>73,301</b>	<b>(48,126)</b>
<b>Increase (decrease) in cash for the year</b>	<b>2,416</b>	<b>(25,619)</b>	<b>(3,869)</b>	<b>160,857</b>	<b>133,785</b>	<b>(46,321)</b>
Cash grouped with operating account	(2,416)	25,619	3,869	(27,072)	—	—
Cash, beginning of year	—	—	—	78,088	78,088	124,409
<b>Cash, end of year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>211,873</b>	<b>211,873</b>	<b>78,088</b>

See accompanying notes to the financial statements

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2020

### 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, 2020

### 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:

	2020 \$	2019 \$
GICs issued by Canadian banks, at book value	266,948	339,074
Accrued interest and discounts earned	5,063	6,238
	272,011	345,312

The GICs have maturity dates in calendar years from 2020 to 2024 and bear interest at rates varying from 2.05% to 3.05% (2018: 2.05% to 3.05%)

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2020

### 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, 2020.

#### 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, 2020, 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.

### 6. COVID-19

The outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity. To the audit report date, there has been no significant impacts on the Society's activities or financial budget. The board of directors continue to monitor and since the future magnitude of the virus is highly uncertain the Society cannot determine the ultimate financial impacts, if any, at this time.

## CHANGES IN RESTRICTED FUNDS

Year ended March 31, 2020

RESTRICTED FUNDS		Opening	Specified	Donations	Reducing	Society		
Proj.		Balance	Donations		Society	Transfers/	Funds	Closing
No.		\$	Received		Commitment	Allocations	Disbursed	Balance
		\$	\$		\$	\$	\$	\$
PROJECTS								
102	Mussoorie Elderly	—	2,970	—	—	—	(2,970)	—
293	CTA Nurses	6,949	2,208	(2,208)	(1,220)	(5,729)	—	—
297	Voice of Children	42,240	1,254	(1,254)	10	(28,250)	14,000	—
300	READI Nepal	—	4,236	—	18,058	(22,294)	—	—
326	Munsel-ling Laundry	—	5,400	—	(5,400)	—	—	—
327	Munsel-ling Roofing	—	8,498	—	4,947	(13,445)	—	—
328	IDEA Midwifery	—	6,927	—	(1,327)	(5,000)	600	—
329	Munsel-ling Flush Toilets	—	—	—	8,970	—	8,970	—
		49,189	31,493	(3,462)	24,038	(77,688)	23,570	—
DESIGNATED								
	Scholarship Fund	103,899	11,196	—	(55,000)	—	60,095	—
510	Spiti Scholarship	6,000	—	—	16,000	(6,000)	16,000	—
511	VOC Scholarship	6,000	—	—	24,000	(7,000)	23,000	—
512	Dekyiling Scholarship	6,000	—	—	15,000	(5,000)	16,000	—
	Interest allocated	9,297	—	—	2,935	—	12,232	—
		131,196	11,196	—	2,935	(18,000)	127,327	—
Total Projects and Fund Obligations		180,385	42,689	(3,462)	26,973	(95,688)	150,897	—
SPONSORSHIPS								
002	TCV Dharamsala	(60)	400	—	—	(360)	(20)	—
003	THF Mussoorie	300	400	—	—	(400)	300	—
008	Munseling Spiti	7,993	18,270	—	—	(17,739)	8,524	—
012	TWC Rajpur	730	4,710	—	—	(3,790)	1,650	—
015	TCV Suja	2,088	9,081	—	—	(9,259)	1,910	—
016	TCV Chauntra	1,800	10,793	—	—	(9,895)	2,698	—
017	Chauntra Settlement	—	1,394	—	—	(824)	570	—
077	Buddha Academy	2,216	—	—	—	—	2,216	—
092	Dekyiling Handicraft Centre	2,749	9,100	—	—	(9,465)	2,384	—
095	CTA Sponsorship	—	0	—	130	(130)	—	—
099	Other sponsorships	240	—	—	—	—	240	—
	Total Sponsorships	18,056	54,148	—	130	(51,862)	20,472	—
TOTAL COMMITTED FUNDS		198,441	96,837	(3,462)	27,103	(147,550)	171,369	—



## CHANGES IN RESTRICTED FUNDS

Year ended March 31, 2019

RESTRICTED FUNDS		Opening	Specified	Donations	Reducing	Society		
Proj.		Balance	Donations	Received	Society	Transfers/	Funds	Closing
No.		\$	\$	\$	Commitment	Allocations	Disbursed	Balance
PROJECTS								
293	CTA Nurses	13,898	4,599	(4,599)		(2,048)	(4,901)	6,949
297	Voice of Children	69,750	7,321	(7,321)		(10)	(27,500)	42,240
300	READI Nepal	—	2,815	(2,815)		24,771	(24,771)	—
324	Munsel-ling Library	—	—	—		—	—	—
325	VOC Health Awareness	702	—	—		—	(702)	—
326	Munsel-ling Laundry	17,740	12,035	(12,035)		(46)	(17,694)	—
		102,090	26,770	(26,770)		22,667	(75,568)	49,189
DESIGNATED								
Scholarship Fund		87,690	15,718	—		491	—	103,899
510	Spiti Scholarship	6,000	—	—		6,000	(6,000)	6,000
511	VOC Scholarship	12,000	—	—		—	(6,000)	6,000
512	Dekyiling Scholarship	12,000	—	—		(2,000)	(4,000)	6,000
Interest allocated		6,168	—	—		3,129	—	9,297
		123,858	15,718	—		7,620	(16,000)	131,196
M & J Fund		491	—	—		(491)	—	—
		124,349	15,718	—		7,129	(16,000)	131,196
Total Projects and Fund Obligations		226,439	42,488	(26,770)		29,796	(91,568)	180,385
SPONSORSHIPS								
001	Doeguling Mundgod	(12)	—	—		12	—	—
002	TCV Dharamsala	(70)	370	—		—	(360)	(60)
003	THF Mussoorie	680	740	—		—	(1,120)	300
006	Incarnation Convent	(280)	—	—		280	—	—
008	Munseling Spiti	8,335	15,912	—		—	(16,254)	7,993
012	TWC Rajpur	710	2,970	—		—	(2,950)	730
015	TCV Suja	3,670	10,152	—		—	(11,734)	2,088
016	TCV Chauntra	415	4,795	—		—	(3,410)	1,800
050	TWA Mundgod	60	—	—		(60)	—	—
077	Buddha Academy	2,216	—	—		—	—	2,216
092	Dekyiling Handicraft Centre	2,377	11,162	—		—	(10,790)	2,749
099	Other sponsorships	240	—	—		—	—	240
Total Sponsorships		18,341	46,101	—		232	(46,618)	18,056
TOTAL COMMITTED FUNDS		244,780	88,589	(26,770)		30,028	(138,186)	198,441

