

FINANCIAL STATEMENTS

TRANS-HIMALAYAN AID SOCIETY

March 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of
Trans-Himalayan Aid Society

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, 2019, 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, 2019, 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, 2019 and 2018, current assets as at March 31, 2019 and 2018, and fund balances as at April 1 and March 31 for both the 2019 and 2018 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.

INDEPENDENT AUDITOR'S REPORT

- 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 11, 2019

Chartered Professional Accountants

Trans-Himalayan Aid Society

Incorporated 1962 under the Society Act of B.C.

STATEMENT OF FINANCIAL POSITION

As at March 31

	2019	2018
	\$	\$
ASSETS		
Cash	78,088	124,409
Marketable securities <i>[note 3]</i>	345,312	297,186
Prepays and deposits	400	400
GST recoverable	228	65
	424,028	422,060
LIABILITIES		
Accounts payable	—	—
Total liabilities	—	—
FUND BALANCES		
Restricted funds		
Sponsorships	18,056	18,341
Projects	49,189	102,090
Designated	131,196	124,349
Total restricted funds <i>[Schedule 1 and 2]</i>	198,441	244,780
Operating funds	225,587	177,280
	424,028	422,060
	424,028	422,060

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director



STATEMENT OF OPERATIONS AND FUND BALANCES

Year ended March 31

	2019				2018	
	Sponsorships	Projects	Designated	Operating	Total	Total
	\$	\$	\$	\$	\$	\$
REVENUES						
Project receipts and transfers <i>[Schedule 1 & 2]</i>						
Project donations	—	26,770	—	—	26,770	35,204
Donations reducing Society commitments	—	(26,770)	—	26,770	—	—
Society commitments (net of admin. fees)	232	22,667	—	(22,899)	—	—
Sponsorship funds received <i>[Schedule 1 & 2]</i>	46,101	—	—	—	46,101	52,620
General donations	—	—	—	74,651	74,651	50,035
Scholarship donations	—	—	19,718	(4,000)	15,718	12,330
Memberships and administration fees	—	—	—	9,331	9,331	9,152
Investment income	—	—	3,129	5,209	8,338	7,822
Crafts and fundraising	—	—	—	1,797	1,797	2,487
	46,333	22,667	22,847	90,859	182,706	169,650
EXPENDITURES						
Project and sponsorship disbursements <i>[Schedule 1 & 2]</i>						
Project disbursements	—	75,568	—	—	75,568	76,776
Sponsorships funded	46,618	—	—	—	46,618	44,776
Scholarships paid	—	—	16,000	—	16,000	14,000
Salaries and contract fees	—	—	—	23,260	23,260	19,046
Office, insurance and other	—	—	—	7,067	7,067	5,486
Rent	—	—	—	4,800	4,800	4,800
Professional fees	—	—	—	4,100	4,100	4,140
Newsletter and publicity	—	—	—	1,703	1,703	2,432
Crafts and fundraising	—	—	—	1,622	1,622	2,334
	46,618	75,568	16,000	42,552	180,738	173,790
Net revenues (expenditures) for the year	(285)	(52,901)	6,847	48,307	1,968	(4,140)
Fund balances, beginning of year	18,341	102,090	124,349	177,280	422,060	426,200
Fund balances, end of year	18,056	49,189	131,196	225,587	424,028	422,060

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2019					2018
	Sponsorships	Projects	Designated	Operating	Total	Total
	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES						
Net revenues (expenditures) for the year	(285)	(52,901)	6,847	48,307	1,968	(4,140)
Changes in non cash items						
Prepays and deposits	—	—	—	—	—	—
GST recoverable	—	—	—	(163)	(163)	10
Cash provided by (used in) operating activities	(285)	(52,901)	6,847	48,144	1,805	(4,130)
FINANCING ACTIVITIES						
Change in marketable securities	—	—	—	(48,126)	(48,126)	12,393
Cash provided by (used in) financing activities	—	—	—	(48,126)	(48,126)	12,393
Increase (decrease) in cash for the year	(285)	(52,901)	6,847	18	(46,321)	8,263
Cash grouped with operating account	285	52,901	(6,847)	(46,339)	—	—
Cash, beginning of year	—	—	—	124,409	124,409	116,146
Cash, end of year	—	—	—	78,088	78,088	124,409

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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, 2019

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:

	2019	2018
	\$	\$
GICs issued by Canadian banks, at book value	339,074	284,357
Accrued interest and discounts earned	6,238	12,829
	345,312	297,186

The GICs have maturity dates in calendar years from 2019 to 2023 and bear interest at rates varying from 2.05% to 3.05% (2018: 2.05% to 2.91%)

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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, 2019.

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, 2019, 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, 2019

RESTRICTED FUNDS	Opening Balance	Specified Donations Received	Donations	Society Transfers/ Allocations	Funds Disbursed	Closing Balance
			Reducing Society Commitment			
Proj. No.	\$	\$	\$	\$	\$	\$
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)	—
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 Chauitra	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

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