
THE BHUTAN CANADA FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Bhutan Canada Foundation

We have audited the accompanying financial statements of The Bhutan Canada Foundation, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and deficit 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.

Auditors' 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 auditors' 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 auditors consider 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. 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 obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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INDEPENDENT AUDITORS' REPORT

(continued)

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and contributions, 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 Foundation, and we were not able to determine whether any adjustments might be necessary to revenue, (deficit) of revenue over expenses and net assets.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Bhutan Canada Foundation as at December 31, 2014, 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.

Other Matters

The financial statements of The Bhutan Canada Foundation for the year ended December 31, 2013, were audited by another auditor who expressed a qualified opinion on those statements on August 7, 2014.

BAZAR MCBEAN LLP

Bazar McBean LLP

Oakville, Ontario
June 11, 2015

Chartered Professional Accountants
Licensed Public Accountants

THE BHUTAN CANADA FOUNDATION
STATEMENT OF FINANCIAL POSITION

DECEMBER 31,	2014	2013
ASSETS		
CURRENT		
Cash	\$ 5,543	\$ 19,477
Accounts receivable - note 2	10,000	-
Prepaid expenses	-	2,380
	\$ 15,543	\$ 21,857
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,324	\$ 6,497
Deferred revenue - note 3	1,799	-
Deposits - note 4	19,163	14,393
Due to 2170616 Ontario Inc. - note 5	61,593	73,230
	87,879	94,120
NET ASSETS		
(DEFICIT)	(72,336)	(72,263)
	\$ 15,543	\$ 21,857

Approved on behalf of the Board:

Board Member

Board Member

THE BHUTAN CANADA FOUNDATION
STATEMENT OF OPERATIONS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31,	2014	2013
REVENUE		
Donations and contributions	\$ 264,553	\$ 249,412
EXPENSES		
Dental mission	33,342	-
Fundraising	3,476	19,811
International programs and support	161,597	217,533
Office administration - Toronto	66,211	53,956
	264,626	291,300
(DEFICIT) OF REVENUE OVER EXPENSES	(73)	(41,888)
(DEFICIT) - beginning	(72,263)	(30,375)
(DEFICIT) - ending	\$ (72,336)	\$ (72,263)

THE BHUTAN CANADA FOUNDATION
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,	2014	2013
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
(Deficit) of revenue over expenses	\$ (73)	\$ (41,888)
Changes in non-cash working capital balances		
Accounts receivable	(10,000)	5,494
Prepaid expenses	2,380	4,347
Accounts payable and accrued liabilities	(1,173)	1,482
Deferred revenue	1,799	-
Deposits	4,770	14,393
	(2,297)	(16,172)
FINANCING ACTIVITIES		
Due to 2170616 Ontario Inc.	(11,637)	(15,000)
NET (DECREASE) IN CASH	(13,934)	(31,172)
CASH - beginning	19,477	50,649
CASH - ending	\$ 5,543	\$ 19,477

THE BHUTAN CANADA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

PURPOSE OF THE ORGANIZATION

The purpose of The Bhutan Canada Foundation (the "Foundation") is to advance education of students in Bhutan by teaching and providing books, equipment and educational aids to schools in Bhutan; to advance education by providing scholarships, bursaries, awards and other forms of financial assistance to Bhutanese students to attend school in Canada; and to advance health services in Bhutan by providing medical practitioners, supplies, training and logistical support.

The Foundation is a not-for-profit organization incorporated in the Province of Ontario as a Corporation without share capital. The Foundation is classified as a registered charity as defined in Section 149 of the Income Tax Act and is subject to the Charities Accounting Act and the Charities Gift Act. The Foundation's registered charitable number is 817719891RR0001.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which is in accordance with Canadian generally accepted accounting principles.

b) Cash

The Foundation's policy is to disclose bank balances under cash.

c) Contributed goods and services

Contributed goods are recorded at fair value at the date of contribution when fair value is reasonably determinable. Otherwise, contributed goods are recorded at nominal amount. Contributed goods consisting of donations in kind of books received in 2014 with a fair value of nil (2013 - \$11,972) have been recognized in the statement of operations and deficit.

The Board of Directors and others contribute volunteer services to the Foundation in carrying out its operating activities. Because of the difficulty in determining the fair value of these contributed services, they are not recognized in the financial statements.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

d) Allocation of expenses

The Foundation incurs salaries and benefits expenses and consulting fees that are common to the operation of the Foundation and each of its functions. Certain of these expenses have been allocated across each function based on an assessment made by management, which takes into account the staffs' and consultants' time spent supporting each activity. Such allocations are reviewed annually.

e) Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Foundation recognizes transaction costs in deficit of revenue over expenses in the period incurred except for financial instruments that will not be measured subsequently at fair value. The carrying amount of these instruments are adjusted by the transaction costs that are directly attributable to the instrument.

f) Fixed assets

The Foundation does not capitalize or amortize its purchased fixed assets and expenses them on acquisition, which is in accordance with the Canadian accounting standards for not-for-profit organizations as the Foundation's average annual revenue for the current and preceding fiscal period is less than \$500,000. Major categories of fixed assets not recorded in the statement of financial position include computer equipment and furniture. The total amount of acquired fixed assets expensed in 2014 is nil (2013 - nil).

g) Foreign exchange translation

Monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect at the statement of financial position date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the statement of operations and deficit are translated at average year rates. Exchange gains and losses are included in the statement of operations and deficit.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

h) Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

Unrestricted donation and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, contributions and grants are recognized as revenue in the year in which the related expenses are incurred.

All other income is recognized as revenue when received.

i) Use of estimates

The preparation of the Foundation's 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results in the future may differ from those estimates made.

2. ACCOUNTS RECEIVABLE

Accounts receivable consists of a \$10,000 donation receivable, which was fully collected subsequent to the year end.

3. GRANTS

The Foundation received a grant from Eurocan Foundation during the year in the amount of \$4,299 to assist with the Foundation's development projects in Bhutan. In the current year, \$2,500 of the grant funds received were spent on the designated development projects and recognized as revenue. The remaining \$1,799 of the grant has been deferred to future years to correspond with the timing of the development project expenditures.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

3. GRANTS - continued

During the year, the Foundation also received a grant from the PQR Fund of \$10,000. The purpose of the grant is to subsidize teachers' flights to Bhutan for both renewing and first year teachers. In the current year, the full amount of the grant received was recognized as revenue as the entire amount of the grant funds received was spent.

4. DEPOSITS

Deposits represent amounts received from teachers in Bhutan for the purchase of airfare and medical insurance for the future school year, which were purchased by the Foundation subsequent to the year end.

5. DUE TO 2170616 ONTARIO INC.

The balance due to 2170616 Ontario Inc., O/A Blyth Educational Travel (a company owned by the Chair of the Board), is non-interest bearing, unsecured and has no fixed terms of repayment. The transactions between the company and the Foundation are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. ALLOCATION OF EXPENSES

The Foundation classifies expenses on the statement of operations and deficit by function. A portion of salary and benefits expenses and consulting fees of certain employees and consultants have been allocated as follows:

	2014	2013
Fundraising	\$ -	\$ 16,381
International programs and support	48,253	16,514
Office administration - Toronto	16,644	16,541
	\$ 64,897	\$ 49,436

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

7. FINANCIAL INSTRUMENTS

The significant financial risks to which the Foundation is exposed to are credit risk, currency risk and liquidity risk.

a) Credit risk

Credit risk refers to the risk that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Foundation is exposed to credit risk in the event of non-performance by counter parties in connection and concentration with its accounts receivable. The Foundation does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counter parties and, accordingly, does not anticipate significant loss for non-performance.

b) Currency risk

Currency risk refers to the risk that earnings will fluctuate due to changes in foreign exchange rates and from the degree of volatility in these rates.

As at December 31, 2014, cash of \$3,678 (2013 - \$3,597) are denominated in US and Bhutan dollars and converted into Canadian dollars. Loss on foreign exchange total \$473 (2013 - gain of \$1,317) and are included in the statement of operations and deficit. Risk exposure changes as volume of transactions change and also due to exchange rates.

c) Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Foundation not being able to liquidate assets in a timely manner at a reasonable price.

The Foundation meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

There has been no changes to the above noted risks from the prior year, with the exception of credit risk, as there was no accounts receivable outstanding at the end of the prior fiscal year.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

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8. ECONOMIC DEPENDENCE

Approximately 39% (2013 - 42% from a Director of the Board and a related charity) of the Foundations donations and contributions are from 2170616 Ontario Inc., O/A Blyth Educational Travel (a company owned by the Chair of the Board), a Director of the Board and a related charity. While the Foundation is dependent on these donations and contributions during the start up phase of operations, the Board is of the opinion that the Foundation will continue to grow and attract more public interest and donations.

9. MAJOR COMMITMENTS

In June 2014, the Foundation entered into a formal lease agreement with 2170616 Ontario Inc., O/A Blyth Educational Travel (a company owned by the Chair of the Board). Under the terms of the lease agreement, monthly rent is \$1,220 and the lease will continue until terminated by either party. The monthly rent is inclusive of utilities, shared use of common areas, and the shared photocopier and printer. The lease agreement contains a 60-day cancellation clause.

10. RELATED PARTY TRANSACTIONS

No remuneration was paid to Directors or Officers during the year.

In addition, 2170616 Ontario Inc., O/A Blyth Educational Travel ("Blyth") (a company owned by the Chair of the Board) provides bookkeeping and accounting services at no charge to the Foundation. Salaries and consulting expenses of \$80,833 (2013 - \$123,600) and operating expenses of \$34,698 (2013 - \$41,087) were paid by Blyth and are reimbursed by the Foundation. Donation revenue of nil (2013 - \$8,636) was received by Blyth and transferred to the Foundation. Also, rent expense of \$12,200 (2013 - nil) was charged by Blyth to the Foundation and a donation of \$12,200 (2013 - nil) was made by Blyth to the Foundation.

11. COMPARATIVE FIGURES

The prior years comparative figures were audited by another auditing firm.