
THE BHUTAN CANADA FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2018



**CAPSTICK
McCOLLUM**
& ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Bhutan Canada Foundation

Opinion

We have audited the accompanying financial statements of The Bhutan Canada Foundation, which comprise the statement of financial position as at December 31, 2018 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Bhutan Canada Foundation as at December 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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 organization 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of The Bhutan Canada Foundation for the year ended December 31, 2017 were audited by another public accounting firm who expressed an unqualified opinion on those financial statements on June 7, 2018

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors 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 the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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INDEPENDENT AUDITORS' REPORT - (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements - continued

In preparing the financial statements, the Board of Directors is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' 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 auditors' 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.

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 Organization's internal control.



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INDEPENDENT AUDITORS' REPORT
(continued)

Auditors' Responsibilities for the Audit of the Financial Statements - continued

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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 the auditors' report. However, future events or conditions may cause the Organization 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.

CAPSTICK MCCOLLUM & ASSOCIATES

Capstick McCollum & Associates

Oakville, Ontario
June 25, 2019

Chartered Professional Accountants
Licensed Public Accountants

THE BHUTAN CANADA FOUNDATION
STATEMENT OF FINANCIAL POSITION

DECEMBER 31,	2018	2017
ASSETS		
CURRENT		
Cash	\$ 13,777	\$ 21,838
Prepaid expenses	567	595
	\$ 14,344	\$ 22,433
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,083	\$ 5,004
Deferred revenue	-	116,454
Deposits - note 2	536	536
Due to 2170616 Ontario Inc.	-	6,943
	5,619	128,937
NET ASSETS		
SURPLUS (DEFICIT)	8,725	(106,504)
	\$ 14,344	\$ 22,433

Approved on behalf of the Board:


Graham Blyth (Jun 27, 2019)

Board Member


Ian Aitken (Jul 17, 2019)

Board Member

Subject to accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31,	2018	2017
REVENUE		
Donations and contributions	\$ 42,882	\$ 89,673
Partnership programs	603,423	223,196
Other income	-	682
	646,305	313,551
EXPENSES		
Fundraising and special events	1,170	-
International programs and support	76,570	57,725
Office administration - Toronto	147,507	93,441
Partnership programs	311,929	148,440
	537,176	299,606
EXCESS OF REVENUE OVER EXPENSES	109,129	13,945
(DEFICIT) - beginning	(106,504)	(120,449)
SURPLUS (DEFICIT) - ending	\$ 2,625	\$ (106,504)

Subject to accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,	2018	2017
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 109,129	\$ 13,945
Changes in non-cash working capital balances		
Prepaid expenses	27	11,111
Accounts payable and accrued liabilities	6,180	-
Deferred revenue	(116,454)	69,004
Deposits	-	(4,253)
	(1,118)	89,807
FINANCING ACTIVITIES		
Due to 2170616 Ontario Inc.	(6,943)	(82,716)
NET (DECREASE) INCREASE IN CASH	(8,061)	7,091
CASH - beginning	21,838	14,747
CASH - ending	\$ 13,777	\$ 21,838

Subject to accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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.

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, 2018

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 excess/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 2018 is nil (2017 - 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, 2018

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.

Partnership programs revenue are recognized upon the completion of the program.

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. DEPOSITS

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

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

3. 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:

	2018	2017
International programs and support	\$ 47,702	\$ 29,501
Office administration - Toronto	47,702	29,501
	\$ 95,404	\$ 59,002

4. FINANCIAL INSTRUMENTS

The significant financial risks to which the Foundation is exposed to are liquidity risk and market risk and there were no changes to these risks from the prior year.

a) 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.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to currency risk.

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Foundation is exposed to currency risk as it enters into foreign currency transactions for its revenue and expenditures and has assets that are denominated in foreign currencies. As at December 31, 2018, cash of \$1,523 (2017 - \$1,767) are denominated in US dollar and Bhutanese Ngultrum and converted into Canadian dollars. Risk exposure changes as volume of transactions change and also due to exchange rates.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

5. MAJOR COMMITMENTS

The Foundation has entered into a lease agreement with 2170616 Ontario Inc., O/A Blyth International Education (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.

6. RELATED PARTY TRANSACTIONS

2170616 Ontario Inc., O/A Blyth International Education ("Blyth") (a company owned by the Chair of the Board) provides bookkeeping and accounting services at no charge to the Foundation. Also, rent expense of \$14,640 (2017 - \$14,640) was charged by Blyth to the Foundation and a donation of \$14,640 (2017 - \$14,640) was made by Blyth to the Foundation.

In addition, Blyth pays for certain expenses throughout the year and collects certain revenue streams for ease of administration. The Foundation reimburses the expense amounts to Blyth as they are able to and receives the revenue donation transferred from Blyth.

The Board of Directors made donations of \$14,086 (2017 - \$33,953) to the Foundation.

The related party transactions noted above are recorded in the statement of operations and deficit 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 related parties.

7. COMPARATIVE FIGURES

Comparative figures were audited by another public accounting firm.