
THE BHUTAN CANADA FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2010



WITHEY ADDISON LLP
CHARTERED ACCOUNTANTS
TAX CONSULTANTS
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INDEPENDANT AUDITORS' REPORT

To The Board 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, 2010, and the statements of operations and (deficit) surplus, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Foundation is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as the church council 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 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 the Foundation, 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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INDEPENDANT AUDITORS' REPORT
(continued)

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from contributions and collections, 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 donation revenues, and (deficit) excess of revenue over expenses.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the The Bhutan Canada Foundation as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The statement of financial position as at December 31, 2009 and the statements of operations and (deficit) surplus and cash flow for the year ended December 31, 2009 are unaudited.

Mississauga, Canada
June 9, 2011

WITHEY ADDISON LLP

Withey Addison LLP

Chartered Accountants

Licensed Public Accountants

THE BHUTAN CANADA FOUNDATION
STATEMENT OF FINANCIAL POSITION

DECEMBER 31,	2010	2009
ASSETS		
CURRENT		
Cash	\$ 6,770	\$ 28,464
Accounts receivable - note 3	11,161	3,289
Prepaid expenses	9,486	-
	\$ 27,417	\$ 31,753
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,451	\$ 15,376
Due to 2170616 Ontario Inc. - note 4	39,116	-
	\$ 43,567	\$ 15,376
NET ASSETS		
(DEFICIT) SURPLUS	(16,150)	16,377
	\$ 27,417	\$ 31,753

APPROVED ON BEHALF OF THE BOARD

_____ Chair

_____ Treasurer

See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
STATEMENT OF OPERATIONS AND (DEFICIT) SURPLUS

FOR THE YEAR ENDED DECEMBER 31,	2010	2009
REVENUE		
Donations	\$ 141,227	\$ 141,739
EXPENSES		
Advertising and promotion	8,158	20,917
Bank charges	295	77
Dues and subscriptions	625	75
Office expenses - Bhutan - schedule I	81,910	39,672
Office expenses - Toronto - schedule I	68,218	48,688
Professional fees	4,500	14,736
Scholarship contributions	9,347	860
Travel and entertainment	701	337
	\$ 173,754	\$ 125,362
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES	\$ (32,527)	\$ 16,377
SURPLUS, BEGINNING OF THE YEAR	16,377	-
(DEFICIT) SURPLUS	\$ (16,150)	\$ 16,377

See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
SCHEDULE OF EXPENDITURES - SCHEDULE I

FOR THE YEAR ENDED DECEMBER 31,	2010	2009
OFFICE EXPENSES - BHUTAN		
Communications	\$ 1,391	\$ 525
Foreign exchange loss	255	-
Health insurance	3,978	-
Office rent and supplies	6,847	2,720
Salaries	53,846	20,967
Teacher orientation	7,296	-
Travel	8,297	15,460
	\$ 81,910	\$ 39,672
 OFFICE EXPENSES - TORONTO		
Contract consulting	\$ 28,517	\$ 28,614
Office rent and supplies	3,855	6,708
Postage and delivery	264	1,452
Printing and reproduction	1,768	582
Salaries	30,853	-
Telephone	39	-
Travel	2,922	11,332
	\$ 68,218	\$ 48,688

See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31,	2010	2009
CASH PROVIDED FROM (USED FOR): OPERATING ACTIVITIES		
(Deficit) excess of revenues over expenditures	\$ (32,527)	\$ 16,377
Changes in non-cash working capital balances		
Accounts receivable	(7,872)	(3,289)
Prepaid expenses	(9,486)	-
Accounts payable	(10,925)	15,376
	\$ (28,283)	\$ 12,087
	\$ (60,810)	\$ 28,464
FINANCING ACTIVITIES		
Due to 2170616 Ontario Inc.	39,116	-
NET (DECREASE) INCREASE IN CASH	\$ (21,694)	\$ 28,464
CASH - beginning	28,464	-
CASH	\$ 6,770	\$ 28,464

See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. PURPOSE OF THE ORGANIZATION

The purpose of The Bhutan Canada Foundation is to support schools and education in Bhutan. The Foundation recruits teachers to teach in Bhutan, sources educational materials for schools in Bhutan and arranges scholarships for Bhutanese students to study in Canada.

The Bhutan Canada Foundation is incorporated in the Province of Ontario as a corporation without share capital and is subject to the Charities Accounting Act and the Charities Gift Act. The Registered Charitable Number is 817719891RR0001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New accounting standards adopted during the year

i) Financial Statement Presentation

Section 4400 has been amended to permit not-for-profit organizations to present net assets invested in capital assets as a category of internally restricted net assets and clarification of presentation of revenue and expenses on a gross basis when the entity is acting as a principal in a transaction. The adoption of this amended accounting standard during the year and its implementation did not have an impact on the results of operations or financial position.

ii) Disclosure of Related Party Transactions

Section 4460 has been amended to align the definition of related parties to CICA section 3840, Related Party Transactions. The adoption of this amended accounting standard during the year and its implementation did not have an impact on the results of operations or financial position.

iii) Disclosure of Allocated Expenses

Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. The adoption of this accounting standard during the year did not have an impact on the results of operations or financial position.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(b) Revenue recognition

The Foundation recognizes all revenue when earned.

(c) Use of estimates

The preparation of the Foundation's financial statements in conformity with Canadian generally accepted accounting principles 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 revenues 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.

(d) Contributed services

Board members 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.

(e) Financial instruments

The Foundation classifies its financial instruments into one of the following categories based on the purpose for which each asset was acquired or liability incurred. The Foundation's accounting policy for each category is as follows:

- i) **Held-for-trading financial instruments** - financial instruments classified as held-for-trading are reported at fair value at each statement of financial position date, and any change in fair value is recognized in the statement of operations and net assets in the period during which the change occurs. Transactions costs are expensed when incurred. In these financial statements, cash, accounts receivable, and accounts payable and accrued liabilities have been classified as held-for-trading.
- ii) **Available-for-sale investments** - financial instruments classified as available-for-sale are reported at fair value at each statement of financial position date, and any change in fair value is recognized in net assets in the period in which the change occurs.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Financial instruments - continued

iii) **Held-to-maturity investments** - financial instruments classified as held-to-maturity are reported at fair value at each statement of financial position date, using the effective interest rate method. Any change in fair value is recognized in the statement of operations in the period and net assets during which the change occurs.

iv) **Other financial liabilities held for purposes other than held-for-trading** - financial instruments classified as other financial liabilities held for purposes other than held-for-trading, are carried at amortized cost using the effective interest rate method. Transaction costs are expensed when incurred.

(f) Cash and cash equivalents

The Foundation's policy is to disclose bank balances under cash and cash equivalents including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition.

(g) Foreign exchange

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligation incurred. Revenues and expenses are translated at rates in effect at the transaction dates. Foreign exchange gains and losses are included in income.

3. ACCOUNTS RECEIVABLE

	2010	(Unaudited) 2009
Accounts receivable	\$ 11,161	\$ 3,289

The current years accounts receivable balance include a donation received from the United Way of Canada, and various individuals, all of which are considered fully collectable in the coming year.

THE BHUTAN CANADA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

4. DUE TO 2170616 ONTARIO INC.

The balance due to 2170616 Ontario Inc O/A Blyth Educational Travel is non-interest bearing, unsecured and has no fixed terms of repayment. The intercompany transactions 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.

5. FINANCIAL INSTRUMENTS

a) Fair value of financial assets and liabilities

The Foundation's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities.

Unless otherwise noted, the Foundation is of the opinion that the Foundation is not exposed to significant interest, currency, credit, or market rate risk arising from these financial instruments, and that the fair values of its financial instruments approximate their carrying value.

b) Foreign currency risk

The Foundation enters into foreign currency purchase transactions and has assets and liabilities that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. These assets and liabilities are of a short-term nature and the Board does not believe they represent a significant risk to the Foundation. The Foundation does not use derivative financial instruments to reduce its exposure to foreign currency risk.

6. RELATED PARTY TRANSACTIONS

a) Board of directors and others

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

b) Rent

During the year the company paid \$2,400 in rent to 2170616 Ontario Inc O/A Blyth Educational Travel (2009 - \$6,600).

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

6. RELATED PARTY TRANSACTIONS - continued

b) Rent - continued

This related party transaction recorded in the statement of operations, is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. ECONOMIC DEPENDENCE

Approximately 51% of the Foundations donations are from the Chair of the Board and the spouse of the Chair's foundation. While the Foundation is dependent on this donation 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.

8. CAPITAL DISCLOSURES

The Foundation's objectives when managing capital are to hold sufficient net assets to enable it to withstand negative unexpected financial events, in order to maintain stability in the financial structure. For its own purposes, the Foundation defines capital as the balance in surplus.

The Foundation manages its assets in such a manner as to ensure the safety of its assets. The Foundation is not subject to any externally imposed requirements on capital.

9. FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

The Accounting Standards Board has announced that all Canadian reporting entities, subject to certain exceptions which include not-for-profit organizations, will adopt International Financial Reporting Standards ("IFRS") as Canadian generally accepted accounting principles for years beginning on or after January 1, 2011. The Conference, at its option, may adopt IFRS if it so chooses. Alternatively, the Conference has the option of adopting the new accounting standards for private not-for-profit organizations which are effective for year ends beginning on or after January 1, 2012.

The impact of the transition to IFRS or the alternative private not-for-profit standards on the Conference's financial statements, has yet to be determined with respect to these new standards.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

14. COMPARATIVE FIGURES

Comparative figures were prepared for internal management use only and were not audited, reviewed or otherwise verified.