
THE BHUTAN CANADA FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2011



WITHEY ADDISON LLP
CHARTERED ACCOUNTANTS
TAX CONSULTANTS
MANAGEMENT CONSULTANTS

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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, 2011, 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 generally accepted accounting principles, 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.

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 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, 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 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 Bhutan Canada Foundation as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

WITHEY ADDISON LLP

Withey Addison LLP

Mississauga, Canada
May 14, 2012

Chartered Accountants
Licensed Public Accountants

THE BHUTAN CANADA FOUNDATION
STATEMENT OF FINANCIAL POSITION

DECEMBER 31,	2011	2010
ASSETS		
CURRENT		
Cash	\$ 27,167	\$ 6,770
Accounts receivable - note 3	5,700	11,161
Prepaid expenses	10,894	9,486
	\$ 43,761	\$ 27,417
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 18,324	\$ 4,451
Due to 2170616 Ontario Inc. - note 4	38,799	39,116
	\$ 57,123	\$ 43,567
NET ASSETS		
(DEFICIT)	(13,362)	(16,150)
	\$ 43,761	\$ 27,417

APPROVED ON BEHALF OF THE BOARD

_____ Chair

_____ Treasurer

See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
STATEMENT OF OPERATIONS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31,	2011	2010
REVENUE		
Donations	\$ 268,785	\$ 141,227
EXPENSES		
International program	80,937	15,304
Fundraising	6,044	10,190
Office administration - Toronto	85,045	72,307
Program support	93,971	75,953
	<hr/> \$ 265,997	<hr/> \$ 173,754
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	<hr/> \$ 2,788	<hr/> \$ (32,527)
(DEFICIT) - BEGINNING OF THE YEAR	<hr/> (16,150)	<hr/> 16,377
(DEFICIT)	<hr/> \$ (13,362)	<hr/> \$ (16,150)

See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,	2011	2010
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
Excess (Deficit) of revenues over expenditures	\$ 2,788	\$ (32,527)
Changes in non-cash working capital balances		
Accounts receivable	5,461	(7,872)
Prepaid expenses	(1,408)	(9,486)
Accounts payable	13,873	(10,925)
	\$ 17,926	\$ (28,283)
	\$ 20,714	\$ (60,810)
FINANCING ACTIVITIES		
Due to 2170616 Ontario Inc.	(317)	39,116
NET INCREASE (DECREASE) IN CASH	\$ 20,397	\$ (21,694)
CASH - beginning	6,770	28,464
CASH	\$ 27,167	\$ 6,770

See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. PURPOSE OF THE ORGANIZATION

The purpose of The Bhutan Canada 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 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) 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.

(b) 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.

(c) Foreign exchange

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 are translated at average year rates. Exchange gains and losses are included in statement of operations.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) Revenue recognition

The Foundation recognizes all revenue when earned.

(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. Transaction 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) **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.

iii) **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) Contributed goods and services

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. Contributed goods are recorded as donations at fair value when the fair value can be reasonably estimated and when goods are used in the normal course of operations and would have otherwise been purchased. Contributed goods are recorded at nominal value when it does not meet the above criteria.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

3. ACCOUNTS RECEIVABLE

	2011	2010
Accounts receivable	\$ 5,700	\$ 11,161

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

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 cash flow, credit, currency, interest, liquidity, market, and price risk arising from these financial instruments, and that the fair values of its financial instruments approximate their carrying value.

b) 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 BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

5. FINANCIAL INSTRUMENTS - continued

b) Credit risk - continued

The Foundation is exposed to credit risk in the event of non-performance, and concentration of counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of cash, and accounts receivable on the balance sheet. Accounts receivable are non-interest bearing and are generally due in 30-60 days.

c) 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.

d) 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 detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

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 Foundation paid no rent to 2170616 Ontario Inc O/A Blyth Educational Travel (2010 - \$2,400). 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.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

7. MAJOR COMMITMENTS

The Foundation is committed under operating leases for its premises. The future minimum lease payments are as follows:

2012 \$ 6,102

8. ECONOMIC DEPENDENCE

Approximately 32% (2010 - 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.

9. 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 unless otherwise noted in the financial statements.

10. FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

In March 2011, the Canadian Institute of Chartered Accountants issued a set of new Canadian accounting standards for not-for-profit organizations, effective for fiscal periods beginning on or after January 1, 2012, with earlier adoption being permitted. The Foundation is currently determining the impact of the transition to these new standards on its financial statements, as well as determining an appropriate adoption date.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted for the current year. The reclassification has no effect on previously reported results and net assets.