
THE BHUTAN CANADA FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2012



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, 2012, December 31, 2011 and January 1, 2011, and the statements of operations and deficit, and cash flows for the years ended December 31, 2012 and December 31, 2011, 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.

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 (deficit) excess of revenue over expenses.

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, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011, in accordance with Canadian accounting standards for not-for-profit organizations.

WITHEY ADDISON LLP

Chartered Accountants
Licensed Public Accountants

Mississauga, Canada
April 22, 2013

THE BHUTAN CANADA FOUNDATION
STATEMENT OF FINANCIAL POSITION

DECEMBER 31,	2012	2011	JANUARY 1, 2011
ASSETS			
CURRENT			
Cash and cash equivalents	\$ 50,649	\$ 27,167	\$ 6,770
Accounts receivable - note 2	5,494	5,700	11,161
Prepaid expenses	6,727	10,894	9,486
	\$ 62,870	\$ 43,761	\$ 27,417
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$ 5,015	\$ 18,324	\$ 4,451
Due to 2170616 Ontario Inc. - note 3	88,230	38,799	39,116
	93,245	57,123	43,567
NET ASSETS			
(DEFICIT)	(30,375)	(13,362)	(16,150)
	\$ 62,870	\$ 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 YEARS ENDED DECEMBER 31,	2012	2011
REVENUE		
Donations	\$ 302,246	\$ 268,785
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EXPENSES		
Fundraising	21,697	23,839
International programs and support	241,191	198,676
Office administration - Toronto	56,371	43,482
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	319,259	265,997
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(DEFICIT) EXCESS OF REVENUE OVER EXPENSES	(17,013)	2,788
(DEFICIT) - beginning	(13,362)	(16,150)
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(DEFICIT)	\$ (30,375)	\$ (13,362)
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See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2012	2011
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
(Deficit) excess of revenue over expenditures	\$ (17,013)	\$ 2,788
Changes in non-cash working capital balances		
Accounts receivable	206	5,461
Prepaid expenses	4,167	(1,408)
Accounts payable and accrued liabilities	(13,309)	13,873
	(25,949)	20,714
FINANCING ACTIVITIES		
Due to 2170616 Ontario Inc.	49,431	(317)
	23,482	20,397
NET INCREASE IN CASH	23,482	20,397
CASH AND CASH EQUIVALENTS - beginning	27,167	6,770
CASH AND CASH EQUIVALENTS	\$ 50,649	\$ 27,167

See accompanying notes to the financial statements

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

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.

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.

b) 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.

c) 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.

d) Revenue recognition

The Foundation recognizes all revenue when earned.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

f) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

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

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

g) 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. Total contributed goods included in the statement of operations amount to \$7,483 (2011 - nil).

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

2. ACCOUNTS RECEIVABLE

The current year's accounts receivable balance includes a \$5,000 (2011 - \$5,000) donation from the United Way of Canada all of which was fully collected subsequent to the year end.

3. 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 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.

4. ECONOMIC DEPENDENCE

Approximately 38% (2011 - 36%) of the Foundations donations are from the Chair and a Director of the Board and their related charities. While the Foundation is dependent on these donations 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.

5. 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, and concentration of counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of cash and cash equivalents as well as accounts receivable on the statement of financial position. Accounts receivable are non-interest bearing and are generally collected in 30-60 days.

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

5. FINANCIAL INSTRUMENTS - continued

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.

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 of Directors 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.

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 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

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

7. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2012, the Foundation adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFPPO). These are the Foundation's first financial statements prepared in accordance with ASNFPPO and the transitional provisions of Section 1501, First-Time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information for the year ended December 31, 2011 and the opening ASNFPPO statement of financial position at January 1, 2011 (the Foundation's date of transition).

THE BHUTAN CANADA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

7. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS - continued

The Foundation issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by *CICA Handbook - Accounting Part V*. The adoption of ASNFPO had no impact on the previously reported assets, liabilities and net assets of the Foundation, and accordingly; no adjustments have been recorded in the comparative statement of financial position, statements of operations and deficit and cash flows. Certain of the Foundation's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

8. 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.