
**CANADIAN FOUNDATION FOR
ADVANCEMENT OF INVESTOR
RIGHTS**

FINANCIAL STATEMENTS

JUNE 30, 2010

AUDITORS' REPORT

To the Members,
Canadian Foundation for Advancement of Investor Rights

We have audited the statement of financial position of Canadian Foundation for Advancement of Investor Rights as at June 30, 2010 and the statements of operations and net assets and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Compertthwaite Mehta

Chartered Accountants
Licensed Public Accountants

August 30, 2010
Toronto, Ontario

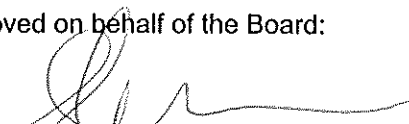
CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2010

	2010	2009
ASSETS		
Current assets		
Cash	\$ nil	\$ 23,437
Short-term investments	751,629	1,377,082
Prepaid expenses	<u>16,898</u>	<u>10,800</u>
	768,527	1,411,319
Property, plant and equipment (note 5)	<u>7,740</u>	<u>26,335</u>
	<u>\$ 776,267</u>	<u>\$ 1,437,654</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Bank indebtedness (due to outstanding cheques)	\$ 22,499	\$ nil
Accounts payable and accrued liabilities	<u>19,498</u>	<u>57,045</u>
	41,997	57,045
Net assets		
Unrestricted	<u>734,270</u>	<u>1,380,609</u>
	<u>\$ 776,267</u>	<u>\$ 1,437,654</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
REVENUE		
Operating grants	\$ 281,700	\$ nil
Interest	<u>5,416</u>	<u>31,647</u>
	<u>287,116</u>	<u>31,647</u>
EXPENSES		
Compensation and benefits	614,267	318,605
Occupancy	101,418	57,202
Research and consultations	78,758	6,237
Communications and outreach	47,461	39,878
Travel and meetings	38,265	9,297
Office and general	36,093	43,888
Marketing	12,032	3,053
Amortization	<u>5,161</u>	<u>5,267</u>
	<u>933,455</u>	<u>483,427</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(646,339)	(451,780)
Net assets, beginning of year	<u>1,380,609</u>	<u>1,832,389</u>
NET ASSETS, END OF YEAR	<u>\$ 734,270</u>	<u>\$ 1,380,609</u>

see accompanying notes

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
OPERATIONS		
Excess of expenses over revenue for the year	\$ (646,339)	\$ (451,780)
Add back non-cash items:		
Amortization of capital assets	5,161	5,267
Net change in non-cash working capital items:		
Decrease (increase) in short-term investments	625,453	407,726
Increase in prepaid expenses	(6,098)	(10,800)
Increase (decrease) in accounts payable and accrued liabilities	<u>(37,547)</u>	<u>57,045</u>
Net cash generated (used in) operations	(59,370)	7,458
INVESTING ACTIVITIES		
Sale (purchase) of capital assets	<u>13,434</u>	<u>(31,602)</u>
NET DECREASE IN CASH FOR THE YEAR	(45,936)	(24,144)
CASH, BEGINNING OF YEAR	<u>23,437</u>	<u>47,581</u>
BANK INDEBTEDNESS, END OF YEAR	<u>\$ (22,499)</u>	<u>\$ 23,437</u>

see accompanying notes

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

1. THE ORGANIZATION

Canadian Foundation for Advancement of Investor Rights (the "organization") is a not-for-profit organization incorporated by letters patent under the Canada Corporations Act without share capital. The organization seeks to advance the interests of investors and the integrity and fairness of the Canadian capital markets by identifying emerging issues and conduct of market participants that may be detrimental to investors, and to make submissions to regulators and government on priorities, policy and legislative change needed to advance the interests of investors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

Investments

The organization classifies its fixed income securities as held-for-trading. Held-for-trading securities, which are purchased for sale in the near term, are reported at estimated fair value. Realized and unrealized gains and losses are recognized as investment income when they arise. Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred.

Property and equipment

Property and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Furniture & equipment	-	3 years straight line
Computer equipment	-	3 years straight line

Revenue recognition

The organization follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Revenue on investments is recorded when earned. Realized and unrealized gains and losses are recognized as investment income as they arise.
- ii) Revenue from operating grants and all other fundraising sources are recorded in the period they are received unless the contribution has special restrictions on its use imposed by the donors.

Expense recognition

Expenses for goods or services are recorded when incurred.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

3. FINANCIAL INSTRUMENTS AND RISKS

The organization classifies the financial assets and financial liabilities into one of the following categories:

Held-for-trading - This category comprises fixed income securities and mutual funds. The cost of fixed income securities maturing within a year, plus accrued interest income, approximates the fair value of these instruments.

Mutual fund investments are valued at the unit values supplied by the mutual fund administrator. These values represent the organization's proportionate share of the underlying net assets at fair values determined using closing market rates.

Other financial assets and liabilities - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at June 30, 2010, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

5. PROPERTY AND EQUIPMENT

Property and equipment, recorded at cost, is as follows:

	Cost	Accumulated Amortization	2010 Net	2009 Net
Furniture and fixtures	\$ 7,397	\$ (3,699)	\$ 3,698	\$ 19,598
Computer equipment	<u>8,085</u>	<u>(4,043)</u>	<u>4,042</u>	<u>6,737</u>
	<u>\$ 15,482</u>	<u>\$ (7,742)</u>	<u>\$ 7,740</u>	<u>\$ 26,335</u>

6. LEASE COMMITMENTS

The organization has short-term leases for its premises which expires December 2010. The minimum monthly lease payments are \$9,550.

7. ECONOMIC DEPENDENCE

The organization's main source of funding is a third-party grant for the first 3 to 4 years of operations. Its' ability to continue viable operations is dependent upon finding new sources of funding when the original seed funds have been expended.

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8. INCOME TAX STATUS

The organization is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).