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**CANADIAN FOUNDATION FOR  
ADVANCEMENT OF INVESTOR  
RIGHTS**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND JUNE 30, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members,  
Canadian Foundation for Advancement of Investor Rights

**Report on the Financial Statements**

We have audited the accompanying financial statements of Canadian Foundation for Advancement of Investor Rights which comprise the statement of financial position as at June 30, 2012 and June 30, 2011 and the statements of operations and changes in net assets and cash flows for the years 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 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 audits. We conducted our audits 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 we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Foundation for Advancement of Investor Rights as at June 30, 2012 and June 30, 2011, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants  
Licensed Public Accountants

September 15, 2012  
Toronto, Ontario

**CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS**

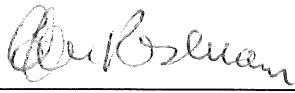
**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2012 AND JUNE 30, 2011**

	2012	2011
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 737,041	\$ 553,490
Prepaid expenses	<u>9,170</u>	<u>17,518</u>
	746,211	571,008
Property and equipment (note 4)	<u>                    </u>	<u>2,579</u>
	<u>\$ 746,211</u>	<u>\$ 573,587</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 18,435	\$ 11,512
Net assets		
Unrestricted	<u>727,776</u>	<u>562,075</u>
	<u>\$ 746,211</u>	<u>\$ 573,587</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 YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
<b>REVENUE</b>		
Operating grants	\$ 897,700	\$ 743,000
Interest	8,200	8,872
Other revenue	<u>7,450</u>	<u>          </u>
	<u>913,350</u>	<u>751,872</u>
<b>EXPENSES</b>		
Compensation and benefits	563,189	582,368
Occupancy	69,923	103,118
Communications and marketing	43,620	50,651
General and administrative	31,250	40,408
Research and consultations	24,514	112,525
Travel and meetings	8,349	26,321
Other	4,225	3,515
Amortization	<u>2,579</u>	<u>5,161</u>
	<u>747,649</u>	<u>924,067</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	165,701	(172,195)
Net assets, beginning of year	<u>562,075</u>	<u>734,270</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 727,776</u>	<u>\$ 562,075</u>

see accompanying notes

# CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

## STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
<b>OPERATIONS</b>		
Excess of revenue over expenses for the year	\$ 165,701	\$ (172,195)
Add back non-cash items:		
Amortization of capital assets	2,579	5,161
Net change in non-cash working capital items:		
Increase in prepaid expenses	8,348	(620)
Increase (decrease) in accounts payable and accrued liabilities	<u>6,923</u>	<u>(7,986)</u>
<b>CASH AND CASH EQUIVALENTS GENERATE (USED) IN THE YEAR</b>	183,551	(175,640)
Cash and cash equivalents, beginning of year	<u>553,490</u>	<u>729,130</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 737,041</u>	<u>\$ 553,490</u>

see accompanying notes

# CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012 AND JUNE 30, 2011

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### 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.

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).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Cash and cash equivalents**

Cash and cash equivalents consists of cash and guaranteed investment certificates, with maturities not exceeding 90 days, with insignificant risk of changes in value.

#### **Investments**

The organization carries equities, money market funds and fixed income securities at quoted market value. Realized and unrealized gains and losses are recognized as investment income when they arise. Related transaction costs 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.

# CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012 AND JUNE 30, 2011

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### 3. FINANCIAL INSTRUMENTS AND RISKS

The organization's 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. PROPERTY AND EQUIPMENT

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

	Cost	Accumulated Amortization	2012 Net	2011 Net
Furniture and fixtures	\$ 7,397	\$ (7,397)	\$ nil	\$ 1,232
Computer equipment	<u>8,085</u>	<u>(8,085)</u>	<u>nil</u>	<u>1,347</u>
	<u>\$ 15,482</u>	<u>\$ (15,482)</u>	<u>\$ nil</u>	<u>\$ 2,579</u>

### 5. CONTRIBUTED SERVICES

The Executive Director of the Foundation provided services to the Foundation at less than the remuneration specified by contract. The donated portion of these services of \$12,833 has not been recorded both as either a contribution or an expense in the statement of operations. Other donated materials and services which are normally purchased by the organization are not recorded in the accounts.

### 6. LEASE COMMITMENTS

The organization occupies two offices under a lease which expires December 2012, with the option to continue to occupy the space under a month to month lease. Additional office space is rented on month to month lease, as needed.

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

Effective July 1, 2011, the organization elected to adopt the Canadian accounting standards for not-for-profit organizations. These are the first financial statements prepared in accordance with this new framework which have been applied retrospectively.

Management reviewed the exemptions provided on transition to the Canadian accounting standards for not-for-profit organizations and has elected to designate all investments to be subsequently measured at fair value, which is consistent with the accounting policy in place at the time of the transition. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of the organization, and accordingly, there has been no restatement of previously reported amounts as at the date of the transition, being July 1, 2010. The presentation and disclosures in the financial statements reflect the requirements under the new accounting framework.