
**CANADIAN FOUNDATION FOR
ADVANCEMENT OF INVESTOR
RIGHTS**

FINANCIAL STATEMENTS

JUNE 30, 2011

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, 2011 and the statements of operations and changes in net assets 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 we have obtained 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, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Coopertthwaite Mehta

Chartered Accountants
Licensed Public Accountants

September 21, 2011
Toronto, Ontario


CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

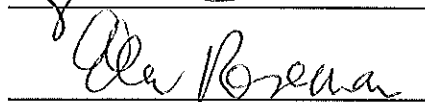
STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2011

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 553,490	\$ 729,130
Prepaid expenses	<u>17,518</u>	<u>16,898</u>
	571,008	746,028
Property and equipment (note 5)	<u>2,579</u>	<u>7,740</u>
	<u>\$ 573,587</u>	<u>\$ 753,768</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ <u>11,512</u>	\$ <u>19,498</u>
Net assets		
Unrestricted	<u>562,075</u>	<u>734,270</u>
	<u>\$ 573,587</u>	<u>\$ 753,768</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, 2011

	2011	2010
REVENUE		
Operating grants	\$ 743,000	\$ 281,700
Interest	<u>8,872</u>	<u>5,416</u>
	<u>751,872</u>	<u>287,116</u>
EXPENSES		
Compensation and benefits	582,368	614,267
Research and consultations	112,525	78,758
Occupancy	103,118	101,418
Communications and marketing	50,651	41,542
General and administrative	40,408	52,685
Travel and meetings	26,321	38,265
Other	3,515	1,359
Amortization	<u>5,161</u>	<u>5,161</u>
	<u>924,067</u>	<u>933,455</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(172,195)	(646,339)
Net assets, beginning of year	<u>734,270</u>	<u>1,380,609</u>
NET ASSETS, END OF YEAR	<u>\$ 562,075</u>	<u>\$ 734,270</u>

see accompanying notes

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
OPERATIONS		
Excess of expenses over revenue for the year	\$ (172,195)	\$ (646,339)
Add back non-cash items:		
Amortization of capital assets	5,161	5,161
Net change in non-cash working capital items:		
Increase in prepaid expenses	(620)	(6,098)
Increase (decrease) in accounts payable and accrued liabilities	<u>(7,986)</u>	<u>(37,547)</u>
Net cash used in operations	(175,640)	(684,823)
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	<u> </u>	<u>13,434</u>
CASH AND CASH EQUIVALENTS USED IN THE YEAR	(175,640)	(671,389)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>729,130</u>	<u>1,400,519</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 553,490</u>	<u>\$ 729,130</u>

see accompanying notes

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

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:

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 classifies its mutual fund investments 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.

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

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. 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, 2011, 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	2011 Net	2010 Net
Furniture and fixtures	\$ 7,397	\$ (6,165)	\$ 1,232	\$ 3,698
Computer equipment	<u>8,085</u>	<u>(6,738)</u>	<u>1,347</u>	<u>4,042</u>
	<u>\$ 15,482</u>	<u>\$ (12,903)</u>	<u>\$ 2,579</u>	<u>\$ 7,740</u>

6. LEASE COMMITMENTS

The organization has short-term leases for its premises which expire December 2011. The minimum monthly lease payments are \$11,500.

7. ECONOMIC DEPENDENCE

The organization's main source of funding is a third-party grant for the first four 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.

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).

9. COMPARATIVE AMOUNTS

Certain balances of the preceding period have been reclassified to conform with the current year's basis of financial statement presentation.