
**CANADIAN FOUNDATION FOR
ADVANCEMENT OF INVESTOR
RIGHTS**

FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014, 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 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 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

September 23, 2014
Toronto, Ontario

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,219,712	\$ 941,372
Accounts receivable	201,808	
Sales taxes recoverable	15,362	5,794
Prepaid expenses	8,380	8,070
Investments held in trust for Endowment Fund (note 3)	<u>1,997,643</u>	<u> </u>
	<u>\$ 3,442,905</u>	<u>\$ 955,236</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,649	\$ 16,963
Deferred revenue (note 3)	<u>2,000,000</u>	<u>12,050</u>
	<u>2,013,649</u>	<u>29,013</u>
Net assets		
Unrestricted	<u>1,429,256</u>	<u>926,223</u>
	<u>\$ 3,442,905</u>	<u>\$ 955,236</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, 2014

	2014	2013
REVENUE		
Operating grants	\$ 1,050,000	\$ 850,000
Project funding	80,161	9,226
Donations	33,269	
Investment income	21,255	15,796
Other revenue	<u>2,834</u>	<u>650</u>
	<u>1,187,519</u>	<u>875,672</u>
EXPENSES		
Compensation and benefits	552,801	556,989
Occupancy	43,165	45,224
Communications and marketing	36,421	28,163
General and administrative	20,875	20,318
Travel and meetings	14,022	7,139
Research and consultations	13,204	14,911
Other	<u>3,998</u>	<u>4,481</u>
	<u>684,486</u>	<u>677,225</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	503,033	198,447
Net assets, beginning of year	<u>926,223</u>	<u>727,776</u>
NET ASSETS, END OF YEAR	<u>\$ 1,429,256</u>	<u>\$ 926,223</u>

see accompanying notes

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
OPERATIONS		
Excess of revenue over expenses for the year	\$ 503,033	\$ 198,447
Adjust for non-cash item: Unrealized loss	2,357	
Net change in non-cash working capital items:		
Increase in accounts receivable	(201,808)	
Decrease in sales taxes recoverable	(9,568)	(5,794)
(Increase) decrease in prepaid expenses	(310)	1,099
Decrease in accounts payable and accrued liabilities	(3,314)	(1,471)
Increase in deferred revenue	<u>1,987,950</u>	<u>12,050</u>
Net cash generated by operations	2,278,340	204,331
INVESTING ACTIVITIES		
Purchase of endowment investments	<u>(2,000,000)</u>	
NET INCREASE IN CASH FOR THE YEAR	278,340	204,331
Cash and cash equivalents, beginning of year	<u>941,372</u>	<u>737,041</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,219,712</u>	<u>\$ 941,372</u>

see accompanying notes

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Canadian Foundation for Advancement of Investor Rights (the "organization") is incorporated without share capital as a not-for-profit organization continued under the *Canada Not-for-profit Corporations Act* (CNCA). The organization acts to advance education about capital markets, savings, investments and investment practices by conducting research and publishing findings, and by providing conferences, roundtables and symposia, to the public, governments and regulators.

The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

1. 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.

Financial instruments

The organization's financial instruments include cash and cash equivalents, sales taxes recoverable, investments held in trust for Endowment Fund and accounts payable and accrued liabilities. Cash and cash equivalents, investments held in trust for Endowment Fund are recorded at fair value. All other financial instruments are recorded at cost.

Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives.

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.
- iii) Government and foundation project funding related to current expenditures are reflected in the accounts as a revenue item in the current year. Project funding received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Funding related to the purchase of property and equipment is recorded as revenue in the same period the related property and equipment are charged to operations.

Expense recognition

Expenses for goods or services are recorded when incurred.

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

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JUNE 30, 2014

2. FINANCIAL RISKS

Financial instruments expose the organization to risks which may affect the cash flows of the organization. Specifically:

Market risk is the risk that fluctuations in interest rates will reduce the organization's cash flow. Term deposits which have a floating interest rate may be subject to unfavourable interest rate fluctuations.

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Agreements are in place that provide operating grants sufficient to maintain operations of the organization for the next fiscal year.

It is management's opinion that the organization is not exposed to significant market or liquidity risks.

3. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2014	2013
Project funds	\$	\$ 12,050
Endowment Fund contributions	<u>2,000,000</u>	<u> </u>
Deferred revenue, end of year	<u>\$ 2,000,000</u>	<u>\$ 12,050</u>

In 2014, the organization received \$2,000,000 to establish an Endowment Fund for the purpose of providing operating funds for the organization to further its mission in future years. Under the terms of the agreement, the organization must raise an additional \$4,000,000 in matching contributions to add to the Endowment Fund. Should the required matching contributions not be received by the deadlines set out in the agreement, the donor has the right to the return of the original capital.

The continuity of deferred revenue is as follows:

	2014	2013
Deferred revenue, beginning of year	\$ 12,050	\$ nil
Add cash received	2,068,111	21,276
Less project funding recognized in revenue in the year	<u>(80,161)</u>	<u>(9,226)</u>
Deferred revenue, end of year	<u>\$ 2,000,000</u>	<u>\$ 12,050</u>

4. LEASE COMMITMENTS

The organization occupies three offices under a lease which expires December 2014, with the option to continue to occupy the space under a month to month lease. Additional office space is rented on a month to month lease, as needed.