FINANCIAL STATEMENTS

The *Securities Act* and registered company listings from the 1950s

Management's Responsibility and Certification

Management is responsible for the integrity, consistency and reliability of the financial statements and other information presented in the annual report. The financial statements have been prepared by Management in accordance with International Financial Reporting Standards.

We certify that we have reviewed the financial statements and other information contained in the annual report, and, based on our knowledge, they do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the statements and the annual report.

Based on our knowledge, the financial statements together with other financial information included in the annual report fairly present in all material respects the financial condition, results of operations and cash flows of the Ontario Securities Commission (the "OSC") as of the dates and for the periods presented. The preparation of financial statements involves transactions affecting the current period which cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience and current conditions, and are believed to be reasonable.

We are responsible for establishing and maintaining internal control over financial reporting for the OSC. We have designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

We evaluated, or caused to be evaluated under our supervision, the effectiveness of the OSC's internal control over financial reporting at the financial year end and the OSC has disclosed in its annual MD&A our conclusion about the effectiveness of internal control over financial reporting at the financial year end based on that evaluation.

We have also disclosed in the MD&A any change in our internal control over financial reporting that occurred during the year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The Board of Directors ensures that management fulfils its responsibility for financial reporting and internal control. The financial statements have been reviewed by the Audit and Finance Committee and approved by the Board of Directors. The Auditor General's Report, which follows, outlines the scope of the Auditor's examination and opinion on the financial statements.

Howard I. Wetston, Q.C.

Chair and Chief Executive Officer

June 8, 2015

H.R. Goss

Director, Corporate Services

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To the Ontario Securities Commission

I have audited the accompanying financial statements of the Ontario Securities Commission, which comprise the statement of financial position as at March 31, 2015, and the statement of comprehensive income, statement of changes in surplus and statement of 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 International Financial Reporting Standards 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Securities Commission as at March 31, 2015 and its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bonnie Lysyk, CPA, CA, MBA, LPA

Auditor General

June 8, 2015

Statement of financial position

(in Canadian dollars)

As at March 31, 2015	Note(s)	2015	2014
ASSETS			
Current			
Cash		$16,984,305	$9,518,603
Trade and other receivables	4, 5	2,975,339	3,503,209
Prepayments		1,373,481	1,292,995
Total current		**$21,333,125**	**$14,314,807**
Non-current			
Funds held pursuant to designated settlements and orders	3(d), 6	24,702,966	18,573,291
Net assets held for CSA Systems operations and redevelopment	7, 17	128,793,173	115,685,590
Reserve fund assets	8	20,000,000	20,000,000
Property, plant & equipment	9	12,584,733	13,675,681
Total non-current		**$186,080,872**	**$167,934,562**
Total assets		**$207,413,997**	**$182,249,369**
LIABILITIES			
Current			
Trade and other payables	10	$16,082,770	$18,332,125
Total current		**$16,082,770**	**$18,332,125**
Non-current			
Pension liabilities	12(b)	3,560,802	3,118,630
Funds held pursuant to designated settlements and orders	3(d), 6	24,702,966	18,573,291
Net assets held for CSA Systems operations and redevelopment	7, 17	128,793,173	115,685,590
Total non-current		**$157,056,941**	**$137,377,511**
Total liabilities		**$173,139,711**	**$155,709,636**
SURPLUS			
General		$14,274,286	$6,539,733
Reserve	8, 13	20,000,000	20,000,000
Operating surplus		**$34,274,286**	**$26,539,733**
Total liabilities and surplus		**$207,413,997**	**$182,249,369**

The related notes are an integral part of these financial statements.

On behalf of the Board of the Commission

Howard I. Wetston, Q.C.
Chair

Sarah Kavanagh
Chair, Audit and Finance Committee

Statement of comprehensive income

(in Canadian dollars)

For the year ended March 31, 2015	Note(s)	2015	2014
REVENUE			
Fees	3(c), 14	$103,655,869	$98,441,276
Miscellaneous		159,286	108,047
Interest income		120,645	127,797
		$103,935,800	**$98,677,120**
EXPENSES			
Salaries and benefits	15	$76,230,578	$74,471,187
Administrative	16	8,016,972	7,760,794
Occupancy		7,741,228	7,996,668
Professional services		3,551,063	4,446,393
Depreciation	9	2,702,076	2,480,939
Other		628,203	506,546
		$98,870,120	$97,662,527
Recoveries of enforcement costs	3(c)	(2,995,062)	(507,879)
		$95,875,058	**$97,154,648**
Excess of revenue over expenses		**$8,060,742**	**$1,522,472**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss:			
Remeasurements of defined benefit pension plans	12(b)	$(326,189)	$(290,257)
Other comprehensive loss		**$(326,189)**	**$(290,257)**
Total comprehensive income		**$7,734,553**	**$1,232,215**

The related notes are an integral part of these financial statements.

Statement of changes in surplus

(in Canadian dollars)

For the year ended March 31, 2015	Note(s)	2015	2014
Operating surplus, beginning of year		$26,539,733	$25,307,518
Total comprehensive income		7,734,553	1,232,215
Operating surplus, end of year		**$34,274,286**	**$26,539,733**
Represented by:			
General		$14,274,286	$6,539,733
Reserve	8, 13	20,000,000	20,000,000
		$34,274,286	**$26,539,733**

The related notes are an integral part of these financial statements.

Statement of cash flows

(in Canadian dollars)

For the year ended March 31, 2015	Note(s)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expenses		$8,060,742	$1,522,472
Adjusted for:			
Interest received		$117,660	$134,799
Interest income		(120,645)	(127,797)
Interest expense on line of credit		101,499	130,305
Pension liabilities		115,982	96,846
Loss on disposal of Property, plant & equipment	9	5,159	40,214
Depreciation	9	2,702,076	2,480,939
		$10,982,473	**$4,277,778**
CHANGES IN NON-CASH WORKING CAPITAL			
Trade and other receivables		$530,855	$56,032
Prepayment		(80,486)	(163,230)
Trade and other payables		(2,249,355)	1,242,003
		$(1,798,986)	**$1,134,805**
Net cash flows from operating activities		**$9,183,487**	**$5,412,583**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	$(1,616,286)	$(6,939,659)
Net cash flows used in investing activities		**$(1,616,286)**	**$(6,939,659)**
CASH FLOWS USED IN FINANCING ACTIVITIES			
Interest paid on line of credit		$(101,499)	$(130,305)
Net cash flows used in financing activities		**$(101,499)**	**$(130,305)**
Net increase/(decrease) in cash position		$7,465,702	$(1,657,381)
Cash position, beginning of period		**9,518,603**	**11,175,984**
Cash position, end of period		**$16,984,305**	**$9,518,603**

The related notes are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

The Ontario Securities Commission (OSC) is a corporation domiciled in Canada. The address of the OSC's registered office is 20 Queen Street West, Toronto, Ontario, M5H 3S8. The OSC is a corporation without share capital and is the regulatory body responsible for regulating the province's capital markets. As a Crown corporation, the OSC is exempt from income taxes.

2. Basis of presentation

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are for the year ended March 31, 2015 (including comparatives) and were authorized for issue by the Board of Directors on June 8, 2015.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, and pension liabilities that are measured net of actuarial gains and losses, as explained in **Note 3(e)**. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the OSC's functional currency. Amounts have been rounded to the nearest dollar.

(d) Use of judgments and sources of estimation uncertainty

(i) Judgments

The preparation of financial statements in accordance with IFRS requires that management make judgments in applying accounting policies that can affect the reported amounts of assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenue and expenditures for the period.

The following are the judgments in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements.

Investor Education Fund (IEF)

The IEF was a non-profit organization funded by settlements and fines from enforcement proceedings of the OSC. Prior to the dissolution of the IEF on March 31, 2015, there were a number of areas where judgment was exercised to establish whether the IEF needed to be consolidated with the OSC. Key areas of judgment included control, legal relationships, contractual terms, board and management representation, power to govern, benefits and materiality. OSC management has exercised judgment in these areas to determine that consolidation of the IEF with the OSC results would not be appropriate because investors in the capital markets, rather than the OSC, obtain the benefit or variable returns from the activities of the IEF.

With the dissolution of the IEF, judgment was exercised in the transfer of its remaining assets and liabilities to the OSC as the sole shareholder. For more information on the IEF, including its dissolution, see **Note 18** and **Note 19**.

Net assets held for Canadian Securities Administrators (CSA) Systems operations and redevelopment (CSA Systems net assets)

The OSC has been appointed to administer the financial management processes of the CSA Systems net assets, which mainly consist of surplus funds accumulated from systems fees charged to market participants. Based on an evaluation of the contractual terms and conditions related to the arrangement, OSC management has exercised judgment to determine that participants in the capital markets, rather than the OSC (or other CSA members, including the Investment Industry Regulatory Organization of Canada [IIROC] in the case of the National Regristration Database [NRD] until October 13, 2013) obtain the benefit or rewards from the net assets or any future development of the CSA Systems. The OSC has also determined that in performing its administrative role for the CSA Systems net assets, it does not control or have significant influence over how the net assets are managed.

The OSC exercised judgment to determine that the net assets administered by the OSC on behalf of CSA Systems are best represented by the presentation of an asset and a corresponding liability.

See **Note 7** for more information, including summary financial information related to the CSA Systems net assets.

(ii) Sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make assumptions about the future and other sources of estimation uncertainty that have a significant risk of affecting the carrying amounts of assets and liabilities within the next fiscal year.

Determining the carrying amounts of some assets and liabilities requires management to estimate the effects of uncertain future events on those assets and liabilities at the end of the reporting period. Actual amounts can differ from these estimates to the extent future outcomes differ significantly from management's estimations. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the key assumptions and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

Supplemental pension plan

Supplemental pension plan liabilities represent the estimated present value of the OSC's obligation for future payments on March 31, 2015. The OSC utilizes an independent actuarial expert to determine the present value of the defined benefit obligation of the Supplemental pension plan and related impact to the Statement of comprehensive income, and Other comprehensive income (OCI).

In some cases, this determination will involve management's best estimates and information from other accredited sources. A change in one or more of these assumptions could have a material impact on the OSC's financial statements.

The significant actuarial assumptions used to determine the present values of the defined benefit obligations and sensitivity analysis of changes in the actuarial assumptions used are outlined in **Note 12(b)**.

Designated settlements and orders and Recoveries of enforcement costs

Designated settlements and orders and Recoveries of enforcement costs are recognized net of amounts deemed uncollectible when it is expected that the amount related to the sanction imposed on respondents is collectible. Estimation is required to determine the amount of designated settlements to recognize and orders that will be collected, and the estimated Recoveries of enforcement costs.

Management considers the ability of the respondent to pay the sanction amount, the ability to locate the respondent and whether the respondent owns any assets. A change in any of these factors can have a material impact on the OSC's financial statements. Assets and liabilities will change related to estimated designated settlements and order amounts deemed to be collectible. Expenses may change related to the Recoveries of enforcement costs. For more information on Designated settlements and orders, see **Note 6**.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. See **Note 20** for discussion related to accounting standards, interpretations and amendments that became effective in the year.

(a) Financial instruments

Financial assets and financial liabilities are recognized when the OSC becomes a party to the contractual provisions of the instrument.

Financial instruments are classified into one of the following categories: financial assets at fair value through profit or loss (held-for-trading), loans and receivables, and other liabilities.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when all substantial risks and rewards of the financial assets are transferred.

A financial liability is derecognized when it is extinguished; that is, when the contractual obligation is discharged, cancelled or expires.

The OSC has adopted the following classifications for financial assets and financial liabilities:

Financial assets at fair value through profit or loss (held-for-trading)

Cash, Funds held pursuant to designated settlements and orders, funds included in the Net assets held for the CSA Systems operations and redevelopment, and Reserve fund assets are classified as held-for-trading. The recorded balances approximate their fair value.

Loans and receivables

Trade and other receivables and receivables from designated settlements and orders are classified as loans and receivables and are measured at amortized cost, less any impairment loss. Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of a market participant, or default or significant delay in payment) that the OSC will be unable to collect all of the amounts due under the terms of the amount receivable.

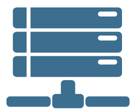
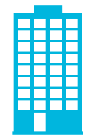
Other liabilities

Trade and other payables are classified as other liabilities and measured at amortized cost. The recorded balances approximate their fair value.

(b) Property, plant & equipment

Items of Property, plant & equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of the Property, plant & equipment, less any residual value, is depreciated and recognized in profit and loss on a straight-line basis over the estimated useful life of the asset, as follows:

Computer hardware and related applications	Network servers and cabling	Office furniture and equipment	Leasehold improvements
			
3 years	5 years	5 to 10 years	Over remaining term of the lease plus one option period

The estimated useful lives, residual values and depreciation method are reviewed at the end of each fiscal year. Any changes in estimates are accounted for on a prospective basis.

An item of Property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of Property, plant & equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in profit or loss.

Items of Property, plant & equipment are reviewed for impairment at each reporting date. If any impairment is indicated, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

(c) Revenue recognition

Participation fees

Participation fees are recognized when received. Prior to receipt of the fee, the probability that the economic benefits associated with the transaction will flow to the OSC is unknown. In addition, reliable measurement of participation fees for new market participants is not possible because the market capitalization of issuers or the specified Ontario revenue of registrants, on which their participation fees are based, cannot be determined prior to receipt.

These fees represent the payment for the right to participate in the Ontario capital markets, and the OSC has no specific obligations throughout the year to any individual market participant. As such, the OSC's performance consists of a single act, which is receipt of the fee payment. Once the fee is paid, there is no obligation to refund the fees and there are no other unfulfilled conditions on behalf of the OSC. Therefore, participation fees are deemed to be earned upon receipt, except in the case of specified regulated entities that file their participation fees through the OSC's electronic filing portal, which are recognized when the fee amount can be reliably measured, which is the date the required document has been filed, or the corresponding outstanding fee is paid.

Activity fees

Activity fees represent the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants. Because the activities undertaken are normally completed in a relatively short period of time, activity fees are recognized when the filing is received.

Late filing fees

Late filing fees relating to insider trading reports are recognized weekly and include fees related to all insider trading reports filed late in the preceding seven-day period. Other late fee amounts are recognized when the fee amount can be reliably measured, which is the date the required document has been filed, or the corresponding outstanding fee is paid.

Recoveries of enforcement costs

Recoveries of enforcement costs are recorded as offsets to total expenses on the date a settlement is approved or an order is issued by the OSC, unless management determines that collecting the settlement amount is significantly doubtful, in which case, recovery is recognized when payment is received.

(d) Funds held pursuant to designated settlements and orders

Funds held pursuant to designated settlements and orders are recorded when settlements are approved or orders are made by the Commission, unless management determines that collecting the settlement amount is significantly doubtful, in which case they are recognized when payment is received. Due to the restricted use of Funds held pursuant to designated settlements and orders, a corresponding Non-current liability that equals the related Non-current asset is reflected in the Statement of financial position.

(e) Employee benefits

Ontario's Public Service Pension Plan

The OSC provides pension benefits to its full-time employees through participation in Ontario's Public Service Pension Plan (OPSPP), which is a multi-employer defined benefit pension plan. The Province of Ontario is the sole sponsor of the OPSPP. This plan is accounted for as a defined contribution plan because sufficient information is not provided to the OSC or otherwise available for the OSC to apply defined benefit plan accounting to this pension plan.

The plan sponsor is responsible for ensuring that the pension funds are financially viable. Any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the OSC. The OSC is not exposed to any liability to the plan for other entities' obligations under the terms and conditions of the multi-employer plan. There is no deficit or surplus in the plan that could affect the amount of future contributions for the OSC.

In addition, there is no agreed allocation of a deficit or surplus on wind-up or withdrawal by the OSC from the plan. Payments made to the plan are recognized as an expense when employees have rendered service entitling them to the contributions. For more information on the OPSPP, see **Note 12(a)**.

Supplemental pension plan

The OSC also maintains unfunded supplemental pension plans for certain full-time Commission members as described in **Note 12(b)**. These plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of the target benefits provided depends on the members' length of service and their salary in the final years prior to retirement. In some plans, the target benefits are indexed with inflation. The target benefits are then offset by the benefits payable from the OPSPP (registered and supplemental plans), which is linked to inflation.

The defined benefit liability recognized in the Statement of financial position for the supplemental pension plans is the present value of the defined benefit obligation at the reporting date.

Actuarial gains and actuarial losses resulting from remeasurements of the net defined benefit liability arising from the supplemental pension plans are recognized immediately in the Statement of financial position with a corresponding debit or credit through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Other post-employment obligations

The costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of comprehensive income, as described in **Note 18(c)**.

Termination benefits

Termination benefits are generally payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The OSC recognizes a liability and an expense for termination benefits as the earlier of the date the OSC has demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal, or when the OSC has recognized costs for providing termination benefits as a result of a restructuring involving a fundamental reorganization that has a material effect on the nature and focus of OSC operations.

Short-term benefits

Short-term employee benefits, such as salaries, pension contributions, paid annual leaves and bonuses, are measured on an undiscounted basis and are expensed as the related service is provided to the OSC.

(f) Leases

All leases currently recorded are classified as operating leases. Lease payments are expensed on a straight-line basis over the term of the lease.

In the event that lease incentives are received to enter into operating leases, the aggregate benefit of the incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(g) Provisions

A provision is recognized when a present legal or constructive obligation results from past events, it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

4. Financial instruments risks

The OSC is exposed to various risks in relation to financial instruments. The OSC's objective is to maintain minimal risk. The OSC's financial assets and liabilities by category are summarized in **Note 3(a)**. The main types of risks related to the OSC's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. This note provides information about the OSC's exposure to these risks and the OSC's objectives, policies and processes for measuring and managing these risks.

Currency risk

The OSC's exposure to currency risk is minimal due to the low number of transactions denominated in currencies other than Canadian dollars.

Interest rate risk

The OSC's financial assets and liabilities are not exposed to significant interest rate risk due to their short-term nature. The OSC's Cash, Funds held pursuant to designated settlements and orders, Net assets held for CSA Systems operations and redevelopment (cash components) and Reserve fund assets are held by Schedule 1 banks (and credit unions in British Columbia with respect to Net assets held for CSA Systems operations and redevelopment cash components). The bank balances earn interest at a rate of 1.85% below the prime rate. The average rate of interest earned on bank balances for the year was 1.12% (2014 – 1.15%). The Reserve fund earned interest at an average rate of 1.12% (2014 – 1.15%).

A 25 basis points change in the interest rate would impact the OSC's operating surplus as follows:

Impact on operating surplus		
	25 basis points increase in rates	25 basis points decrease in rates
Reserve fund assets	$5,526	$(5,526)
Cash balance	22,206	(22,206)
	$27,732	**$(27,732)**

Credit risk

The OSC is exposed to minimal credit risk related to Cash, Funds held pursuant to designated settlements and orders, cash components of Net assets held for CSA Systems operations and redevelopment, Reserve fund assets and Trade and other receivables.

Schedule 1 financial institutions hold approximately 61% of the OSC's financial assets including those held for CSA Systems operations and redevelopment and another 34% are held in two credit unions in British Columbia (for cash components of Net assets held for CSA Systems operations and redevelopment exclusively). The Credit Union Deposit Insurance Corporation (CUDIC), a statutory corporation, guarantees all deposits of British Columbia credit unions, as set out in the *Financial Institutions Act*. Given the nature of these counterparties, it is management's opinion that exposure to concentration of credit risk is minimal. In addition, the investment policy for Cash, Reserve fund assets and for Funds held pursuant to designated settlements and orders limits amounts held on deposit in any one of the Schedule 1 banks to $30.0 million for each category.

Trade receivable balances consist of a large number of debtors owing individually immaterial balances.

Other receivables in aggregate are material, with most debtors owing individually and in aggregate immaterial amounts, and a small number of debtors owing larger amounts, which are material in aggregate or individually, and are receivable from:

- Net assets held for CSA Systems operations and redevelopment, which the OSC oversees, to recover staff costs and other charges incurred, and
- Government of Canada for recovering Harmonized Sales Tax (HST) paid during the year.

Therefore, the OSC's exposure to concentration of credit risk is minimal.

The OSC maintains an allowance for doubtful accounts. Therefore, the carrying amount of Trade and other receivables generally represents the maximum credit exposure. Based on historical information about debtors' default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good. Collection efforts continue for Trade and other receivables balances, including those that are captured in the allowance for doubtful accounts.

The aging of Trade and other receivables is as follows:

	Note	**March 31, 2015**	**March 31, 2014**
Current		$1,965,003	$2,310,349
Past due 31 to 60 days		383,682	575,207
Past due 61 to 90 days		266,971	312,354
Past due greater than 90 days (net)		359,683	305,299
Trade and other receivables	5	**$2,975,339**	**$3,503,209**

Past due greater than 90 days detail	Note	March 31, 2015	March 31, 2014
Past due greater than 90 days (gross)		$667,761	$1,445,598
Allowance for doubtful accounts	5	(308,078)	(1,140,299)
Past due greater than 90 days (net)		**$359,683**	**$305,299**

Reconciliation of allowance for doubtful accounts is as follows:

Past due greater than 90 days detail	Note	March 31, 2015	March 31, 2014
Opening balance		$1,140,299	$1,070,344
Current year provision		455,799	164,215
Written-off during the year		(1,288,020)	(94,260)
Closing balance	5	**$308,078**	**$1,140,299**

In 2015, $1,288,020 of Trade and other receivables that related to balances owing prior to April 1, 2014 were written off, resulting in a reduction to the allowance for doubtful accounts and a corresponding reduction of Trade and other receivables for the same amount. As a result, there was no change to the Trade and other receivables balance in the Statement of financial position. The amount written off was charged to bad debt expense in prior years as part of the current year provision for those prior years. The current year provision of $455,799 was charged to bad debt expense for fiscal 2015.

Liquidity risk

The OSC's exposure to liquidity risk is low as the OSC has sufficient Cash, Reserve fund assets, and access to a credit facility to settle all current liabilities. As at March 31, 2015, the OSC had a cash balance of $17.0 million and reserve fund assets of $20.0 million to settle current liabilities of $16.1 million.

The OSC has a $52.0 million credit facility to address any short-term cash deficiencies. Interest on the credit facility is charged at a rate of 0.5% below the prime rate. During the year, the OSC utilized the credit facility to a maximum of $19.5 million. As at March 31, 2015, there is no amount outstanding on the credit facility.

The overall exposure to liquidity risk remains unchanged from 2014.

Supplemental pension plan risks

The OSC's overall exposure to supplemental pension plan risks is low due to the plan being a supplemental plan and the limited number of plan members entitled to plan benefits. For more information, see **Note 12(b)**.

5. Trade and other receivables

	Note	March 31, 2015	March 31, 2014
Trade receivables		$1,228,444	$1,040,114
Other receivables		1,637,527	1,979,836
Allowance for doubtful accounts	4	(308,078)	(1,140,299)
		$2,557,893	**$1,879,651**
Interest receivable		26,785	24,638
Due from IEF	19	–	330,018
HST recoverable		390,661	1,268,902
Total Trade and other receivables	4	**$2,975,339**	**$3,503,209**

6. Funds held pursuant to designated settlements and orders

The OSC has a number of settlement agreements and orders arising from enforcement proceedings where monies from these settlements and orders are to be set aside and allocated to such third parties as the OSC may determine. As a result of an amendment to the *Securities Act* (Ontario) effective June 2012, the Commission may also use these funds for the purpose of educating investors, or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets, including such designated internal costs as approved by the Board. The accumulated funds are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.85%. The OSC will allocate these funds as it determines appropriate in its discretion. This includes allocations to harmed investors, where appropriate and where an allocation can be reasonably effected.

As at March 31, 2015, the accumulated balance is determined as follows:

	Note	March 31, 2015	March 31, 2014
Opening balance		$18,573,291	$19,756,165
Assessed during the year		$52,970,941	$61,675,609
Less:			
Amounts to be paid directly to investors		–	–
Adjustments to present value		(114,977)	(11,909)
Orders deemed uncollectible		(43,315,108)	(57,911,552)
Amount recorded from assessments in year		**9,540,856**	**3,752,148**
Amounts collected in advance of an order		–	100,000
Adjustments to amounts assessed in prior years		1,042,072	31,720
Total Settlements and orders recorded		**10,582,928**	**3,883,868**
Add: interest		**187,634**	**165,271**
Less:			
Paid to IEF	19	(2,070,000)	(3,295,000)
Net IEF Liabilities	19	(48,675)	–
Paid to FAIR Canada		(2,500,000)	(500,000)
Other payments		(22,212)	(1,437,013)
Closing balance		**$24,702,966**	**$18,573,291**
Represented by:			
Cash		$19,863,303	$13,854,489
Receivable		4,839,664	4,718,802
		$24,702,966	**$18,573,291**

The $10,582,928 (2014 – $3,883,868) identified as total settlements and orders recorded reflects the portion of $52,970,941 (2014 – $61,675,609) in settlements and orders that was assessed during the year, for which payment was either received or has been deemed collectible. This total includes $1,042,072 (2014 – $31,720) in adjustments from orders recorded in prior years.

The adjustments to amounts assessed in prior years include portions of orders from prior years that are on payment plans that were recorded in fiscal 2015, plus the amount that had been previously deemed uncollectible where payment was received in fiscal 2015, less the amount that is now deemed as uncollectible, but had been deemed as collectible in prior periods. As at March 31, 2015, $4,839,664 (2014 – $4,718,802) was considered receivable because these amounts are expected to be collected.

The OSC collected a total of $7,498,841 (2014 – $1,768,769) of the designated settlements and orders assessed during the year resulting in an average collection rate of 14.16% (2014 – 2.87%).

As authorized by the Board, the OSC made the following payments from the designated funds: $2,070,000 to the IEF (2014 – $3,295,000), $2,500,000 (2014 – $500,000) to the Canadian Foundation for the Advancement of Investor Rights (FAIR Canada) to support their operations and $22,212 (2014 – $1,437,013) to be distributed to the eligible investors in an enforcement matter.

As described in **Note 19**, the IEF was dissolved effective March 31, 2015 and the financial assets and liabilities controlled by the IEF were transferred to the OSC on March 31, 2015. The net financial liabilities of the IEF retained by the OSC amounting to $48,675 were transferred into Funds held pursuant to designated settlement and orders as disclosed in **Note 19**.

7. Net assets held for CSA Systems operations and redevelopment (CSA Systems net assets)

The core Canadian Securities Administrators National Systems (CSA Systems) consist of the System for Electronic Document Analysis and Retrieval (SEDAR), the NRD and the System for Electronic Disclosure by Insiders (SEDI).

The OSC, British Columbia Securities Commission (BCSC), Alberta Securities Commission (ASC) and l'Autorité des marchés financiers (AMF) are principal administrators (PAs) of the CSA Systems.

The OSC has been appointed the Designated Principal Administrator – Operations (DPA) to collect, hold and administer the surplus funds accumulated from system fees charged to market participants that use the CSA systems. This role is essentially that of a custodian. The Net assets held for CSA Systems operations and redevelopment include surplus funds accumulated from operation of the CSA Systems, which are received, held and managed by the DPA on behalf of the PAs, and IIROC (in the case of NRD system fee surplus funds accumulated to October 13, 2013). The use of these surplus funds is restricted by various agreements between the PAs.

CGI Information Systems and Management Consultants Inc. (CGI), as service provider, hosts and maintains the CSA Systems. CGI forwards the gross system fees collected from users of the CSA Systems to the DPA as they are received and invoices the DPA for services provided by CGI in relation to the CSA Systems.

The DPA administers payments to CGI for services provided as they become due from the surplus funds. A CSA Systems Governance Committee (SGC), consisting of members of the four PAs, was established through an agreement signed on April 2, 2013. This agreement also created a governance framework for management and oversight of the CSA Systems, including that of CGI. It outlines how user fees will be collected and deployed, and addresses allocation and payment of liabilities that may arise.

Use of the surplus funds within the terms of the various agreements requires the approval of members of the SGC. Majority approval is required for all permissible uses of the surplus funds as outlined within the various agreements, with the exception of the following, which all require unanimous approval of the PAs:

a. any financial commitments in excess of the lesser of (i) $5.0 million and (ii) 15% of the accumulated surplus at such date;

b. significant changes to the design of the systems; and

c. any changes to system fees.

In the case of NRD, IIROC approval is required for any use of the surplus funds that deviates from the contractually agreed uses for funds accumulated prior to October 13, 2013.

The CSA plans to redevelop the CSA Systems in a multi-year phased approach. Funding for the redevelopment will come from the accumulated surplus funds.

The results of the Net assets held for CSA Systems operations and redevelopment are presented below.

Financial position

	As at March 31, 2015
ASSETS	
Current	
Cash	$35,390,508
Investments	90,000,000
Trade and other receivables	3,003,521
Prepayments	672,909
Total current	**$129,066,938**
Intangible asset	1,400,176
Total assets	**$130,467,114**
LIABILITIES	
Current	
Trade and other payables	$1,613,001
Deferred revenues	60,940
Total current	**$1,673,941**
Total liabilities	**$1,673,941**
SURPLUS	
Opening surplus	$115,685,590
Excess of revenue over expenses	13,107,583
Closing surplus	**$128,793,173**
Total liabilities and surplus	**$130,467,114**

Results of operations

	Year ended March 31, 2015
REVENUE	
NRD system fees	$13,935,844
SEDAR system fees	11,039,597
Data disribution services fees	489,875
Interest income	1,552,815
Total revenues	**$27,018,131**
EXPENSES	
Salaries and benefits	$2,542,607
Professional services	10,718,950
Depreciation	269,980
Other	379,011
Total expenses	**$13,910,548**
Excess of revenues over expenses	**$13,107,583**

Cash flows

	Year ended March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Excess of revenue over expenses	$13,107,583
Adjusted for:	
Interest income received	1,116,584
Interest income	(1,552,815)
Depreciation	269,980
	$12,941,332
Changes in non-cash working capital:	
Trade and other receivables	$416,475
Prepayments	577,359
Trade and other payables	250,371
Deferred revenue	60,940
	$1,305,145
Net cash flows from operating activities	**$14,246,477**
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of intangible asset	$(961,822)
Purchase of investments	(90,000,000)
Net cash flows used in investing activities	**$(90,961,822)**
CASH FLOWS USED IN FINANCING ACTIVITIES	–
Net increase/(decrease) in cash position	**$(76,715,345)**
Cash position, beginning of period	**112,105,853**
Cash position, end of period	**$35,390,508**

For more information on the Net assets held for CSA Systems operations and redevelopment, see **Note 2(d)** and **Note 17**.

8. Reserve fund assets

As part of the approval of its self-funded status, the OSC was allowed to establish a $20.0 million reserve to be used as an operating contingency against revenue shortfalls and unanticipated expenditures, or to cover the discrepancy between timing of revenue and expenses.

The prime investment consideration for the reserve is the protection of the principal and appropriate liquidity to meet cash flow needs. Interest earned on investments is credited to the operations of the OSC. The March 31, 2015 accumulated reserve fund assets are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.85%.

9. Property, plant & equipment

	Office furniture	Office equipment	Computer hardware and related applications	Computer hardware and related applications held under finance leases	Networks and servers	Leasehold improvements	Total
2015							
GROSS CARRYING AMOUNT							
Balance as at April 1, 2014	$4,696,639	$583,871	$18,795,601	$309,964	$2,513,937	$9,348,307	$36,248,319
Additions	88,766	84,529	1,139,644	–	303,347	–	1,616,286
Disposals	$(65,050)	–	(3,399)	(309,964)	–	(3,545)	(381,958)
Balance at March 31, 2015	**$4,720,355**	**$668,400**	**$19,931,846**	**$0**	**$2,817,284**	**$9,344,762**	**$37,482,648**
DEPRECIATION							
Balance as at April 1, 2014	$(4,135,852)	$(464,407)	$(16,594,672)	$(309,964)	–	$(1,067,743)	$(22,572,638)
Depreciation for the year	(188,308)	(15,450)	(918,216)	–	(464,848)	(1,115,254)	(2,702,076)
Disposals	52,920	–	(79,007)	309,964	–	92,922	376,799
Balance at March 31, 2015	**$(4,271,240)**	**$(479,857)**	**$(17,591,895)**	**$0**	**$(464,848)**	**$(2,090,075)**	**$(24,897,914)**
Carrying amount at March 31, 2015	**$449,115**	**$188,543**	**$2,339,951**	**$0**	**$2,352,436**	**$7,254,687**	**$12,584,733**
2014							
GROSS CARRYING AMOUNT							
Balance as at April 1, 2013	$4,531,620	$581,252	$18,695,699	$309,964	–	$5,594,364	$29,712,899
Additions	266,263	2,619	402,897	–	2,513,937	3,753,943	6,939,659
Disposals	(101,244)	–	(302,995)	–	–	–	(404,239)
Balance at March 31, 2014	**$4,696,639**	**$583,871**	**$18,795,601**	**$309,964**	**$2,513,937**	**$9,348,307**	**$36,248,319**
DEPRECIATION							
Balance as at April 1, 2013	$(3,984,278)	$(449,591)	$(15,552,446)	$(309,964)	–	$(159,445)	$(20,455,724)
Depreciation for the year	(239,959)	(14,816)	(1,317,866)	–	–	(908,298)	(2,480,939)
Disposals	88,385	–	275,640	–	–	–	364,025
Balance at March 31, 2014	**$(4,135,852)**	**$(464,407)**	**$(16,594,672)**	**$(309,964)**	**$0**	**$(1,067,743)**	**$(22,572,638)**
Carrying amount at March 31, 2014	**$560,787**	**$119,464**	**$2,200,929**	**$0**	**$2,513,937**	**$8,280,564**	**$13,675,681**

10. Trade and other payables

	March 31, 2015	March 31, 2014
Trade payables	$591,452	$3,699,262
Payroll accruals	13,395,062	12,148,952
Other accrued expenses	2,096,256	2,483,911
	$16,082,770	**$18,332,125**

11. Lease commitments

Operating leases

The OSC has entered into operating lease agreements for equipment and office space, and is committed to operating lease payments as follows:

	March 31, 2015	March 31, 2014
Less than one year	$8,216,281	$7,484,445
Between one and five years	11,806,868	18,007,672
More than five years	–	–
	$20,023,149	**$25,492,117**

Lease expense recognized during 2015 was $7,346,719 (2014 – $7,695,633). This amount consists of minimum lease payments. A small portion of the OSC's office space is subleased to the CSA IT Systems Project Office (CSA ITSO) and the IEF until March 31, 2015. Prior to March 31, 2015, the OSC entered into an additional lease agreement that was consolidated with the master premises lease for office space at 20 Queen Street West. The additional leased premises will be subleased to the CSA ITSO and another entity on a full cost-recovery basis beginning in fiscal 2016, with sublease payments of $657,104 expected to be received during fiscal 2016.

The lease on OSC premises began August 30, 2012 for a term of five years, expiring on August 31, 2017. The OSC has two consecutive options to extend the term beyond August 31, 2017, each for a period of five years. The OSC expects to exercise the first option. The OSC's operating lease agreements do not contain any contingent rent clauses.

12. Pension plans

(a) Ontario Public Service Pension Plan

All eligible OSC employees must, and members may, participate in the OPSPP. The OSC's contribution to the OPSPP for the year ended March 31, 2015 was $4,533,161 (2014 – $4,565,594), which is included under Salaries and benefits in the Statement of comprehensive income. The expected contributions for the plan for fiscal 2016 are $4,803,316.

Information on the level of participation of the OSC in the multi-employer OPSPP compared with other participating entities is not available.

(b) Supplemental pension plans

The OSC also has unfunded supplemental defined benefit pension plans for its current and former Chairs and Vice-Chairs. These supplemental pension plans have no plan assets.

The actuarial liability and the current service cost are determined by independent actuaries using the projected benefit method prorated on services and management's best estimate assumptions. The supplemental defined benefit pension plans are non-registered plans. The benefit payments are made by the OSC as they become due.

The OSC is responsible for governance of these plans. The OSC Board's Audit and Finance Committee and Human Resources and Compensation Committee assist in the management of the plans. The OSC has also appointed experienced, independent professional actuarial experts to provide a valuation of the pension obligation for the supplemental plans in accordance with the standards of practice established by the Canadian Institute of Actuaries.

Under the projected benefit method, the Pension liabilities are the actuarial present value of benefits accrued in respect of service prior to the valuation date, based on projected final average earnings. The current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. The current service cost, expressed as a percentage of pensionable earnings, will be stable over time if the demographic characteristics of the active membership remain stable from valuation to valuation. However, all other things being equal, the current service cost of an active membership whose average age rises between actuarial valuations will result in an increasing current service cost.

The supplemental pension plans expose the OSC to the following risks:

- Changes in bond yields – a decrease in corporate bond yields will increase the plans' liabilities.
- Inflation risk – in plans where the target benefit is not indexed, given the pension offset amounts are linked to inflation, higher inflation will lead to lower liabilities. Conversely, for plans where the target benefits are linked to inflation, the OSC's liability increases when inflation increases.
- Life expectancy – the majority of the obligations are to provide benefits for the life of the members. Therefore, increases in life expectancy will result in an increase in the plans' liabilities.

There were no plan amendments, curtailments or settlements during the period. The duration of all plans combined is approximately 12.0 years (2014 – 11.4 years).

	March 31, 2015	March 31, 2014
Defined benefit obligation, beginning of year	$3,118,630	$2,731,527
Current service cost	137,153	147,095
Interest cost	124,868	99,622
Benefit payments	(146,038)	(149,871)
Plan amendment	–	–
Actuarial loss on obligation	326,189	290,257
Defined benefit obligation, end of year	**$3,560,802**	**$3,118,630**

Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation were as follows:

	March 31, 2015	March 31, 2014
Discount rate(s)	3.40%	4.10%
Inflation	2.25%	2.50%
Expected rate(s) of salary increase	0%	0%
CPP YMPE increase	2.75%	3.00%
Increase in CRA limit	$2,818.9	$2,770.0

The assumptions for mortality rates are based on the 2014 Public Sector Mortality Table (CPM2014Publ), with a size adjustment factor for monthly income of $6,000 and more, and with fully generational projections using the improvement scale CPM-B.

Sensitivity analysis

Changes in the actuarial assumptions used have a significant impact on the defined benefit obligation.

The following is an estimate of the sensitivity of the defined benefit obligation to a change in the significant actuarial assumptions (the sensitivity assumes all other assumptions are held constant):

	March 31, 2015	March 31, 2014
Discount rate increased by 0.5% (obligation will decrease by)	5.5%	5.4%
Discount rate decreased by 0.5% (obligation will increase by)	6.1%	5.9%
Life expectancy increased by 1 year (obligation will increase by)	2.7%	2.3%
Life expectancy decreased by 1 year (obligation will decrease by)	2.8%	2.4%
Inflation rate increased by 0.5% (obligation will decrease by)	2.4%	2.6%
Inflation rate decreased by 0.5% (obligation will increase by)	2.9%	3.0%

The OSC's pension expense relating to the supplemental pension plans for the year ended March 31, 2015 was $262,021 (2014 – $246,717). The OSC expects to incur $215,000 in benefit payments relating to the supplemental pension plan during the next fiscal year.

13. Capital management

The OSC has established a $20.0 million reserve fund, as described in **Note 8**, which it considers as capital. The primary objective of maintaining this capital is to fund OSC's operations in the event of revenue shortfalls and unanticipated expenditures, or to cover the discrepancy between timing of revenue and expenses. The OSC's overall strategy remains unchanged from 2014.

The OSC maintains an investment policy where Reserve fund assets are restricted to direct and guaranteed obligations of the Government of Canada and its provinces, and to instruments issued by Canadian Schedule 1 banks to protect the principal.

The OSC has a $52.0 million credit facility with a Schedule 1 financial institution to address any short-term cash deficiencies. The current credit facility will require renewed approval from the Ministry of Finance prior to June 30, 2016 for a subsequent two-year term.

The OSC is not subject to any externally imposed capital requirements.

14. Fees

The OSC's fee structure is designed to generate fees that recover the OSC's cost of providing services to market participants. The fee structure is based on the concept of "participation fees" and "activity fees". Participation fees are based on the cost of a broad range of regulatory services that cannot be practically or easily attributed to individual activities or entities, and are intended to serve as a proxy for the market participants' use of the Ontario capital markets.

Activity fees represent the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants.

Late fees represent fees applied to market participants for not filing required documents and/or paying their participation and activity fees on time.

Any general operating surpluses generated are normally returned to market participants through lower fees than otherwise required to recover costs or direct refunds.

The Commission revised its participation fees and activity fees through fee rule amendments that became effective April 1, 2013. Some fees were subsequently adjusted at the beginning of fiscal 2015. The current fee rule amendments came into effect on April 6, 2015.

Fees received are as follows:

	March 31, 2015	March 31, 2014
Participation fees	$88,423,432	$83,267,321
Activity fees	13,110,801	13,208,161
Late filing fees	2,121,636	1,965,794
	$103,655,869	**$98,441,276**

15. Salaries and benefits

	March 31, 2015	March 31, 2014
Salaries	$63,853,257	$62,042,890
Benefits	7,083,761	6,736,097
Pension expense	4,795,182	4,786,283
Severance/termination payments	498,378	905,917
	$76,230,578	**$74,471,187**

16. Administrative

	March 31, 2015	March 31, 2014
Commission expense	$1,915,710	$1,872,675
Communications & publications	1,477,687	1,725,924
Maintenance & support	2,267,653	2,043,621
Supplies	743,307	802,870
Other expenses	1,078,123	674,019
Training	534,492	641,685
	$8,016,972	**$7,760,794**

17. Contingent liabilities and contractual commitments

(a) The OSC has committed to paying in full any liability with respect to CSA Systems operations and custody of the related surplus funds that arises as a result of wilful neglect or wilful misconduct on behalf of the OSC.

Under the agreements described in **Note 7**, the OSC, ASC, BCSC and AMF, as PAs, have committed to paying an equal share of any claim or expenses related to operation and redevelopment of the CSA Systems that exceed the surplus funds held.

In 2015, there were no such claims or expenses. As described in **Note 7**, the OSC, in its capacity as DPA, is holding funds in segregated bank and investment accounts that may be used to settle claims and expenses relating to the operation and redevelopment of the CSA Systems.

(b) The OSC is involved in various legal actions arising from the ordinary course and conduct of business. The outcome and ultimate disposition of these actions cannot be measured with sufficient reliability at this time. However, management does not expect the outcome of any such proceedings, individually or in aggregate, to have a material impact on the OSC's financial position. Any settlements concerning these contingencies will be accounted for in the period in which the settlement occurs.

18. Related party transactions

(a) Net assets held for CSA Systems operations and redevelopment

In the course of normal operations, the OSC entered into transactions with the Net assets held for CSA Systems operations and redevelopment. For more information, see **Note 7**.

(b) IEF

In the course of normal operations and as part of the March 31, 2015 dissolution, the OSC entered into transactions with the IEF. For more information, see **Note 19**.

(c) The Province of Ontario

In the course of normal operations, the OSC entered into the following transactions with the Province of Ontario:

(i) The Securities Act (Ontario) states that when ordered to do so by the responsible Minister, the OSC shall remit to the Province of Ontario such surplus funds as determined by the Minister. In light of the fee model as described in **Note 14** and the OSC's practice of setting fees periodically, the OSC is not required to make remittances of its surplus to the Consolidated Revenue Fund. Surpluses retained by the OSC are subject to appropriate terms and conditions to be agreed with the Ministry.

(ii) Costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of comprehensive income.

(d) Compensation to key management personnel

The OSC's key management personnel are the members of the Board of Directors, Chair, Vice-Chairs and Executive Director.

The remuneration of key management personnel includes the following expenses:

	March 31, 2015	March 31, 2014
Short-term employee benefits	$3,749,157	$3,683,102
Post-employment benefits	508,650	302,740
Termination benefits	–	–
Total compensation	**$4,257,807**	**$3,985,842**

19. Investor Education Fund

The IEF was incorporated by letters patent of Ontario dated August 3, 2000 as a non-profit corporation without share capital. The IEF was managed by a separate Board of Directors and its purpose was to increase knowledge and awareness among investors and potential investors, and to support the research and development of programs and partnerships that promoted investor and financial education in schools and among adult learners.

The OSC was the sole voting member of the IEF. However, the OSC had determined, based on an evaluation of the terms and conditions of the arrangement, that investors in the capital market, rather than the OSC, obtained the benefit or rewards from the activities of the IEF. As such, the OSC did not control the IEF, and the IEF had not been consolidated in the OSC's financial statements as discussed in **Note 2(d)**. The IEF was exempt from income taxes.

During the year, the OSC entered into transactions with the IEF as follows:

(i) The OSC paid $2,070,000 to the IEF during the year (2014 – $3,295,000), plus accrued $48,675 to address the amount of shortfall from the IEF's dissolution as noted below. These payments were issued from the Funds held pursuant to designated settlements and orders as described in **Note 6**.

(ii) The OSC had a Management Services agreement with the IEF for the provision of administrative and management services, at cost. For the period ended March 31, 2015, the OSC incurred costs totalling $1,044,822 (2014 – $1,088,307) for services related to the IEF. The total cost of these services has been charged to the IEF and, of this amount, nil ($0) was owing to the OSC at March 31, 2015 (2014 – $330,018).

(iii) On March 31, 2015 financial assets and liabilities were transferred to the OSC as part of the IEF dissolution at their fair values. These financial assets and liabilities are listed below, with the net liability of $48,675 being settled through the Funds held pursuant to designated settlements and orders.

Certain program and website content previously held by IEF were also transferred to the OSC. A portion of the content will be spun off to an unrelated third party at no charge ($0). The remaining content will continue to be supported by the OSC and made publicly available through the OSC website. Since this remaining program and website content is not being made available for the purpose of deriving a future economic benefit for the OSC it has been transferred at an exchange value of nil ($0).

Transferred to the Funds held pursuant to designated settlements and orders:

Asset/liability	Type	Exchange value
Cash	Financial asset	$60,548
Accounts receivable	Financial asset	114,379
Accrued liabilities	Financial liability	(223,602)
Total		**$(48,675)**

20. Accounting pronouncements

Effective in the year

A new IFRS interpretation, issued by the International Accounting Standards Board (IASB), effective for the first time for periods beginning on (or after) April 1, 2014, has been adopted in these financial statements.

IFRIC 21, Levies

In May 2013, the IFRS Interpretation Committee issued IFRIC 21, *Levies*. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and is to be applied retrospectively. The adoption of IFRIC 21 did not have an impact on the financial statements of the OSC.

New and revised in issue, but not yet effective

The following new IFRS standards, interpretations and amendments, which have been issued but are not yet effective for the year ended March 31, 2015, have not been applied in preparing these financial statements. These pronouncements are currently under consideration or have been determined not to have a material impact on the financial statements of the OSC.

IFRS 9, Financial Instruments

In July 2014, the IASB issued a finalized version of IFRS 9, *Financial Instruments*. The completed version of IFRS 9 provides revised guidance on the classification and measurement of financial assets, and incorporates the final hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. This standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 9 is not expected to have a material impact on the OSC financial statements.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. This standard replaces all existing IFRS revenue requirements and applies to all revenue arising from contracts with customers. The standard outlines the principles an entity must apply to measure and recognize revenue. This standard is effective for annual periods beginning on or after January 1, 2017. OSC is currently assessing the impact on the OSC financial statements.

IAS 1, Presentation of financial statements

In December 2014, the IASB, as part of its Disclosure Initiative, published amendments to IAS 1, *Presentation of financial statements*, which are aimed at improving the effectiveness of disclosure. Specifically, the amendment clarifies that information should not be obscured by providing immaterial information. The amendments introduce new requirements when an entity presents subtotals in primary statements. The amendments also clarify that entities have flexibility on the order in which notes are presented and emphasize that understandability and comparability should be considered when determining the order. The amendments will be effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. OSC is currently assessing the impact on the OSC financial statements.

IAS 19, Employee benefits

In September 2014, the IASB issued *Annual Improvements to IFRSs 2012-2014 Cycle*. These included several non-urgent amendments that were necessary. The amendments clarify the regional market issue for estimating the discount rate. Specifically, high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. IAS 19 (2014) is effective for annual periods beginning on or after January 1, 2016. OSC is currently assessing the impact on the OSC financial statements.