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 Canadian generally accepted accounting principles.

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 fulfills 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.

W. David Wilson
CHAIR AND CHIEF EXECUTIVE OFFICER
MAY 11, 2009

A. Kenneth Gibson, CA
DIRECTOR, CORPORATE SERVICES

Auditor's report

To the Ontario Securities Commission

I have audited the balance sheet of the Ontario Securities Commission (the "OSC") as at March 31, 2009 and the statements of operations and operating surplus and cash flows for the year then ended. These financial statements are the responsibility of the OSC's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the OSC as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Jim McCarter, CA
AUDITOR GENERAL
LICENSED PUBLIC ACCOUNTANT

TORONTO, ONTARIO
MAY 11, 2009

Balance sheet

AS AT MARCH 31

	2009	2008
ASSETS		
CURRENT		
Cash	**$ 51,992,333**	$ 64,571,100
Accounts receivable	**1,504,874**	1,652,856
Prepaid expenses	**837,500**	556,052
	54,334,707	66,780,008
FUNDS HELD PURSUANT TO DESIGNATED SETTLEMENTS AND ORDERS (Note 5)	**17,180,263**	4,882,802
FUNDS IN TRUST (Note 6)	**35,187,761**	23,927,009
RESERVE FUND ASSETS (Note 7)	**32,000,000**	32,000,000
PREMISES AND EQUIPMENT (Note 8)	**6,685,065**	2,657,985
	$ 145,387,796	$ 130,247,804
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 12,176,926**	$ 11,129,889
Current portion of obligation under capital leases (Note 13(b))	**149,860**	188,107
	12,326,786	11,317,996
NON-CURRENT		
Obligation under capital leases (Note 13(b))	**196,421**	61,076
Pension liabilities (Note 9(b))	**1,646,568**	1,549,038
	14,169,775	12,928,110
FUNDS HELD PURSUANT TO DESIGNATED SETTLEMENTS AND ORDERS (Note 5)	**17,180,263**	4,882,802
FUNDS IN TRUST (Note 6)	**35,187,761**	23,927,009
SURPLUS		
OPERATING		
General (Note 10)	**46,751,753**	56,411,639
Reserve (Note 7)	**32,000,000**	32,000,000
	78,751,753	88,411,639
CONTRIBUTED	**98,244**	98,244
	78,849,997	88,509,883
	$ 145,387,796	$ 130,247,804

Investor Education Fund (Note 15)

Commitments and Contingencies (Notes 11, 13)

See accompanying notes to Financial Statements.

ON BEHALF OF THE BOARD OF THE COMMISSION

W. David Wilson
CHAIR
MAY 11, 2009

Suresh G. Thakrar
CHAIR, AUDIT AND FINANCE COMMITTEE

Statement of operations and operating surplus

FOR THE YEAR ENDED MARCH 31

	2009	2008
REVENUES		
Fees (Note 10)	**$ 66,435,229**	$ 74,693,885
Investment income	**2,084,876**	3,416,824
Miscellaneous	**41,638**	127,473
	68,561,743	78,238,182
EXPENSES		
Salaries and benefits (Note 14(c))	**61,088,037**	57,089,088
Administrative	**6,443,343**	5,655,113
Occupancy (Note 13(a))	**6,501,252**	5,532,809
Professional services	**4,987,008**	4,533,686
Amortization	**1,242,655**	1,483,247
Other	**790,504**	896,289
	81,052,799	75,190,232
Recoveries of enforcement costs (Note 12)	**(2,831,170)**	(1,569,000)
	78,221,629	73,621,232
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES	**(9,659,886)**	4,616,950
OPERATING SURPLUS, BEGINNING OF YEAR	**88,411,639**	83,794,689
OPERATING SURPLUS, END OF YEAR	**$ 78,751,753**	$ 88,411,639
REPRESENTED BY:		
General	**$ 46,751,753**	$ 56,411,639
Reserve	**32,000,000**	32,000,000
	$ 78,751,753	$ 88,411,639

See accompanying notes to Financial Statements.

Statement of cash flows

FOR THE YEAR ENDED MARCH 31

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Cash flows from operating activities		
Excess/(deficiency) of revenues over expenses	**$ (9,659,886)**	$ 4,616,950
Items not affecting cash		
Pension liabilities	**97,530**	139,259
Loss on disposal of premises and equipment	**26,871**	4,656
Amortization	**1,242,655**	1,483,247
	(8,292,830)	6,244,112
Changes in non-cash working capital:		
Accounts receivable	**147,982**	54,974
Prepaid expenses	**(281,448)**	221,198
Accounts payable and accrued liabilities	**1,047,037**	392,845
	913,571	669,017
	(7,379,259)	6,913,129
Cash flows from financing activities		
Repayment of obligations under capital leases	**(212,420)**	(221,403)
	(212,420)	(221,403)
Cash flows from investing activities		
Purchase of premises and equipment (Note 8)	**(4,987,088)**	(890,775)
	(4,987,088)	(890,775)
NET INCREASE/(DECREASE) IN CASH POSITION	**(12,578,767)**	5,800,951
CASH POSITION, BEGINNING OF YEAR	**64,571,100**	58,770,149
CASH POSITION, END OF YEAR	**$ 51,992,333**	$ 64,571,100

See accompanying notes to Financial Statements.

1. Nature of the corporation

The Ontario Securities Commission (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. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These require that management make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures for the period. Actual amounts could differ from these estimates. Significant accounting policies followed in the preparation of these financial statements are:

a. Financial instruments

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities.

Under this standard, all financial instruments are required to be measured at fair value upon initial recognition except for certain related party transactions. After initial recognition, financial instruments should be measured at their fair values, except for financial assets classified as held-to-maturity, loans and receivables and other financial liabilities, which are measured at cost or amortized cost using the effective interest method.

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties.

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

Held-for-trading

Cash, Funds held pursuant to designated settlements and orders, Funds in trust and Reserve fund assets are classified as held-for-trading and recorded at fair value.

Loans and receivable

Accounts receivable are classified as loans and receivables and are valued at cost which approximates fair value given their short-term maturities.

Other financial liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities and are valued at cost which approximates fair value given their short-term maturities.

b. Premises and equipment

Premises and equipment is recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets, beginning in the fiscal year following acquisition, as follows:

Office furniture and equipment	5 to 10 years
Computer hardware and related applications	2 years
Leasehold improvements	over term of lease

c. Revenues

Fees are recognized when earned, which is normally upon receipt.

Participation fees are recognized when received because these fees represent the payment for the right to participate in 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. Because the activities undertaken are normally completed in a relatively short period of time, activity fees are recognized when received.

Late filing fees for insider trading "reports" are recognized on the 15th and at the end of each month and include all insider trading reports filed late in the preceding 15 day period.

Recoveries of enforcement costs are recorded as offsets to total expenses on the date a settlement is approved or an order issued by the OSC, unless management determines there is significant doubt as to ultimate collection, in which case recovery is recognized when cash 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 made by the Commission, unless management determines there is significant doubt as to ultimate collection, in which case they are recognized when cash is received.

e. Employee benefit plans

The OSC provides pension benefits to its full-time employees through participation in Ontario's Public Service Pension Plan, which is a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan, as the OSC has insufficient information to apply defined benefit plan accounting to this pension plan.

The OSC also maintains unfunded supplemental pension plans for certain full-time Commission members as described in note 9(b). The OSC accrues its obligations and the related costs under these unfunded supplemental pension plans. The transitional obligation and actuarial gains or losses are being amortized over the average remaining service period of active members, or over the life expectancy of inactive members, expected to receive benefits under these plans. 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 costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of Operations and Operating Surplus as described in note 14(c).

3. Financial instruments

Currency risk:
The OSC's exposure to currency risk is minimal as only a small number of transactions are 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. Cash balances of $52 million earn interest at a rate of 1.75% below the prime rate (average for the year was 2.39%) and the Reserve fund of $32 million earned interest at an average rate of 3.08%.

A 50 basis point change in the interest rate would impact the OSC's operating surplus as follows:

	Impact on operating surplus	
	50 basis point increase in rates	50 basis point decrease in rates
Cash balance	$ 222,525	$ (222,525)
Reserve fund balance	156,441	(156,441)
	$ 378,966	$ (378,966)

Credit risk:

The OSC is exposed to minimal credit risk related to the Cash, Funds held pursuant to designated settlements and orders, Funds in trust, Reserve fund and accounts receivable.

The OSC's Cash, Funds held pursuant to designated settlements and orders, and Funds in trust are held in a Schedule 1 bank and Reserve fund assets are invested with the Ontario Financing Authority, an agency of the Government of Ontario. Together, these two counterparties hold approximately 94% of the OSC's financial assets; however, given the nature of these counterparties, it is management's opinion that exposure to concentration of credit risk is minimal.

Concentration of credit risk primarily relates to the OSC's accounts receivable balance, which includes a large number of debtors with individually immaterial outstanding balances. The OSC maintains an allowance for doubtful accounts. Therefore the carrying amount of accounts receivable generally represents the maximum credit exposure. Collection efforts continue for accounts receivable balances, including those that are captured in the allowance for doubtful accounts.

The aging of accounts receivable from outstanding invoices issued is as follows:

	2009
Current	**$ 726,709**
Past due 31–60 days	**298,119**
Past due 61 to 90 days	**124,106**
Past due greater than 90 days	**1,173,306**
	$ 2,322,240

Reconciliation of allowance for credit losses:

	2009
Opening balance	**$ 779,357**
Current year provision	**53,624**
Write-off during the year	**(15,615)**
Closing balance	**$ 817,366**

The Accounts receivable balance of $1,504,874 is the sum of the total receivable of $2,322,240 less the allowance for doubtful accounts of $817,366.

Liquidity risk:

The OSC's exposure to liquidity risk is minimal as the OSC has a sufficient cash balance and reserve funds to settle all current liabilities. As at March 31, 2009, the OSC had a cash balance of $52 million to settle current liabilities of $12.4 million.

4. Capital disclosure

The OSC has established a $20,000,000 reserve fund as described in note 7(b) which it considers as capital. The primary objective of maintaining this capital is to fund OSC's operations in the event of revenue shortfalls or unanticipated expenditures.

The OSC maintains an investment policy whereby reserve funds are restricted to direct and guaranteed obligations of Canada and its provinces to protect the principal.

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

5. 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. The balance includes a settlement for $1,900,000, the distribution of which is subject to the approval of the responsible Minister as required under the provision of the *Securities Act* in effect at the time the settlement was approved. The accumulated funds are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.75%.

As at March 31, 2009, the accumulated balance is determined as follows:

	2009	2008
Opening balance	**$ 4,882,802**	$ 5,611,341
Settlements and orders	**13,964,725**	786,694
Interest	**137,736**	234,767
Payments		
Investor Education Fund (Note 15(b)(i))	**(1,750,000)**	(1,750,000)
Others	**(55,000)**	–
Closing balance	**$ 17,180,263**	$ 4,882,802
Represented by:		
Cash	**$ 17,085,046**	$ 4,831,486
Receivables	**95,217**	51,316
	$ 17,180,263	$ 4,882,802

6. Funds in trust

The OSC is in receipt of payments from the operator of the System for Electronic Data Analysis and Retrieval ("SEDAR"), the National Registration Database ("NRD"), and the System for Electronic Disclosure by Insiders ("SEDI") representing the accumulated surplus from the operations of SEDAR, NRD, and SEDI. The total accumulated funds as at March 31, 2009 were $35,187,761 (2008 – $23,927,009), representing total payments received to date of $33,080,929 (2008 – $22,440,872) and interest earned to date of $2,106,832 (2008 – $1,486,137). These funds are held in trust by the OSC in accordance with agreements amongst the OSC, the Alberta Securities Commission, the British Columbia Securities Commission, and L'Autorité des marchés financiers. In the case of NRD, the Investment Industry Regulatory Organization of Canada is also a party to the agreement. These funds shall be used to offset any shortfall in revenues from the systems, to develop or enhance the systems and to reduce fees charged to users of the systems. These funds are held in segregated bank accounts and earn interest at the monthly average bank prime rate less 1.75%.

7. Reserve fund assets

a. The prime investment consideration for the reserve is the protection of principal and the appropriate liquidity to meet cash flow needs. Interest earned on investments is credited to the operations of the OSC. The accumulated funds, at March 31, 2009, have been invested in one year Government of Ontario treasury bills with the Ontario Financing Authority.

b. 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 or unanticipated expenditures.

c. The May 2, 2000 Budget proposed that the Ontario Securities Commission and the Financial Services Commission of Ontario would be merged into a single agency that would provide regulation of the capital markets and financial services sectors. Legislation is required in order to create the proposed new organization and specify its regulatory responsibilities and powers. At March 31, 2009, legislation has not yet been introduced.

The OSC received approval in 2002 from the Ministry of Finance to retain $12.0 million, which may only be used toward implementation costs of the proposed merger and is subject to appropriate terms and conditions agreed with the Ministry of Finance, including:

i) The monies will be paid to the Consolidated Revenue Fund of the Government of Ontario, in part or in full, if not required to fund the costs of the merger; and

ii) While retained by the OSC, the monies will be invested with the Ontario Financing Authority.

8. Premises and equipment

	Cost	Accumulated amortization	**2009 net book value**	2008 net book value
Office furniture	$ 4,073,668	$ 3,162,779	**$ 910,889**	$ 394,161
Office equipment	581,182	467,102	**114,080**	171,648
Computer hardware and related applications	13,561,223	11,550,891	**2,010,332**	927,095
Computer hardware and related applications held under capital leases	592,214	269,793	**322,421**	109,756
Leasehold improvements	9,754,018	6,426,675	**3,327,343**	1,055,325
	$ 28,562,305	$ 21,877,240	**$ 6,685,065**	$ 2,657,985

During the year, premises and equipment were acquired at an aggregate cost of $5,296,606 (2008 – $916,581), of which $309,518 (2008 – $25,806) were acquired by means of capital leases.

9. Pension plans

a. All eligible OSC employees and members must participate in the Ontario Public Service Pension Plan. The OSC's contribution to the Public Service Pension Plan for the year ended March 31, 2009 was $3,455,650 (2008 – $3,011,765), which is included in salaries and benefits.

b. The OSC also has unfunded supplemental pension plans for the OSC's current and former Chairs and Vice-Chairs. They had an accrued benefit obligation (ABO) of $1,415,148 at March 31, 2009 (2008 – $1,327,235) and an accrued benefit liability (ABL) of $1,646,568 (2008 – $1,549,038). The difference between the ABO and the ABL represents the unamortized net actuarial gain of $231,420 (2008 – $221,803). The OSC's expense related to the supplemental pension plans for the year was $192,858 (2008 – $238,220) and is included in salaries and benefits. Benefits totalling $95,328 were paid during the year (2008 – $98,961). The average remaining service lifetime of the active members covered by these plans ranges from 2.0 to 3.89 years at March 31, 2008 (2007 – 3.58 to 4.89 years); the 2008 figures were used for amortization purposes in fiscal 2009. The average life expectancy of the non-active members ranges from 16.29 to 33.07 years at March 31, 2008 (2007 – 17.03 to 34.03 years). The significant actuarial assumptions adopted at March 31, 2009 include a discount rate of 6.5% (2008 – 5.9%) on the ABO, 5.9% (2008 – 4.75%) on the benefit cost and a rate of compensation increase ranging from 2.0% to 2.1%, as applicable (2008 – 2.1% to 3.0%).

10. Fees

The OSC's fee structure is designed to generate fees that reflect 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 represent the benefit derived by market participants from participating in Ontario's capital markets. Activity fees represent the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants. Generally, under this fee model, the OSC sets fees estimated to reflect the cost of regulation over a three-year horizon. The forecasted General Operating Surplus at March 31, 2006, was used to establish a revised level of participation fees for the three-year cycle which began April 1, 2006. During the year, the Commission reviewed its fees and decided to maintain its current fees for a period of one year. The General Operating Surplus at March 31, 2009, will be used to help fund its operations over the fiscal year which begins April 1, 2009.

Details of fees received for the year ended March 31, 2009 are as follows:

	2009	2008
Participation fees	**$ 54,831,014**	$ 60,912,202
Activity fees	**9,048,275**	11,027,587
Late filing fees	**2,555,940**	2,754,096
Total	**$ 66,435,229**	$ 74,693,885

11. Commitments and contingencies

a. The OSC has committed to paying 45.1% of annual shortfalls resulting from the operations of SEDAR, where SEDAR operating costs exceed revenues. SEDAR is an electronic filing and payment system jointly used by the members of the Canadian Securities Administrators (CSA) for the transmission, receipt, acceptance, review and dissemination of documents filed in an electronic format. The system is operated by an external agency on behalf of the CSA under an agreement signed on August 1, 2004. The Alberta Securities Commission, the British Columbia Securities Commission and L'Autorité des marchés financiers have also committed to paying specified percentages of any annual SEDAR deficit.

In the current year, there were no SEDAR deficits. As described in note 6, the OSC is holding funds in trust that may be used to offset shortfalls in revenue in SEDAR, SEDI, and NRD. As at March 31, 2009, $19,296,255 (2008 – $16,060,621) of the total funds held in trust are available for SEDAR.

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 are not determinable at this time; however, management does not expect the outcome of any of these proceedings, individually or in aggregate, to have a material impact on the OSC's financial position. Settlements, if any, concerning these contingencies will be accounted for in the period in which the settlement occurs.

12. Recovery of enforcement costs

In 2009, the OSC recorded $2,831,170 (2008 – $1,569,000) in recoveries of enforcement costs of which $2,429,899 (2008 – $1,479,824) was for internal resources and $401,271 (2008 – $89,176) was for external resources.

13. Lease commitments

a. Operating leases

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

2010	$ 6,013,593
2011	$ 6,108,355
2012	$ 6,057,061
2013	$ 2,527,537
2014	$ 3,800

There are currently no lease commitments beyond 2014.

b. Capital leases

The OSC has entered into capital lease agreements for computer hardware and related applications. Leases that substantially transfer all of the benefits and risks of ownership of property to the OSC, or otherwise meet the criteria for capitalizing a lease under Canadian generally accepted accounting principles, are accounted for as capital leases. An asset is recorded at the time the capital lease is entered into, together with its related obligation to reflect its purchase and financing. The total interest expense recorded on the lease obligations for the year ended March 31, 2009, is $11,854 (2008 – $21,402). The following is a schedule of future minimum lease payments for the capital leases, which expire on or before August 30, 2012:

Year ending March 31	
2010	$ 163,549
2011	115,224
2012	88,796
2013	1,769
Total minimum lease payments	369,338
Less: Amount representing interest at 6%	23,057
Balance of the obligation	$ 346,281

The total obligations under capital leases of $346,281 consists of a current portion of $149,860 and a non-current portion of $196,421.

14. Transactions with Province of Ontario

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

a. The *Securities Act* 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 10 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.

b. The OSC has a tri-party agreement with the Ontario Financing Authority to facilitate banking arrangements with a Schedule 1 bank.

c. Costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of Operations and Operating Surplus.

15. Investor Education Fund

a. The Investor Education Fund (the "Fund") was incorporated by letters patent of Ontario dated August 3, 2000, as a non-profit corporation without share capital. The Fund is managed by an independent Board of Directors and its purpose is to increase knowledge and awareness among investors and potential investors and to support research and develop programs and partnerships which promote investor education. The OSC oversees the Fund as the sole voting member. The Fund is exempt from income taxes.

The Fund has not been consolidated in the OSC's financial statements. Financial statements of the Fund are available on request. Financial summaries of this unconsolidated entity as at March 31, 2009 and 2008 and for the two years ended March 31, 2009, are as follows:

	2009	2008
FINANCIAL POSITION		
Total assets	**$ 1,840,174**	$ 2,170,222
Less: Total liabilities	**200,957**	238,704
Total net assets	**1,639,217**	1,931,518
Less: Invested in premises and equipment	**263,235**	954,130
Available for Fund purposes	**$ 1,375,982**	$ 977,388
RESULTS OF OPERATIONS		
Total contributions and interest income	**$ 1,786,053**	$ 1,795,062
Total expenses	**2,078,354**	2,043,912
Deficiency of revenue over expenses	**$ (292,301)**	$ (248,850)
CASH FLOWS		
Cash flows from operating activities		
Cash receipts from the Ontario Securities Commission	**$ 1,750,000**	$ 1,750,000
Investment income received	**38,862**	44,819
Cash paid for initiatives and expenses	**(1,382,056)**	(1,348,837)
Cash paid for premises and equipment	**(64,373)**	(120,506)
Net increase/(decrease) in cash position	**342,433**	325,476
Cash position, beginning of period	**1,209,427**	883,951
Cash position, end of period	**$ 1,551,860**	$ 1,209,427

b. During the year, the OSC entered into transactions with the Fund as follows:

i) The OSC paid $1,750,000 to the Fund (2008 – $1,750,000). These payments were from Funds held pursuant to designated settlements and orders, as described in note 5.

ii) The OSC has a Management Services agreement with the Fund for the provision of administrative and management services, at cost.

For the period ended March 31, 2009, the OSC incurred costs totalling $476,919 (2008 – $440,763) for services related to the Fund. The total cost of these services has been charged to the Fund and, of this amount, $108,215 is owing to the OSC as of March 31, 2008 (2008 – $117,562).

16. Accounting pronouncements

An exposure draft has been issued by the Accounting Standards Board to replace Canadian generally accepted accounting principles with International Financial Reporting Standards (IFRS) for publicly accountable enterprises. The exposure draft proposes that IFRS be effective for fiscal years commencing on or after January 1, 2011. In February 2009, the Public Sector Accounting Board (PSAB) issued an Invitation to Comment on the financial reporting to be used by government organizations such as the Commission. The paper presented four alternatives for consideration, all of which were consistent in providing the Commission with the option of selecting either PSAB standards or IFRS.

17. Comparative figures

Certain of the comparative figures have been reclassified to conform to current presentation.