

Auditor's Report



To the Members of the Alberta Securities Commission

I have audited the balance sheet of the Alberta Securities Commission as at March 31, 2009 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Commission'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 Commission 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.

Edmonton, Alberta
June 16, 2009

Original Signed by Fred J. Dunn,
FCA
Auditor General

Balance Sheet

As at March 31, 2009

(\$ Thousands)	2009	2008
Assets		
Current		
Cash (Note 4)	\$ 8,188	\$ 4,395
Funds held for others (Note 9)	9	148
Accounts receivable	22	78
Prepaid expenses	64	39
	8,283	4,660
Non-current		
Restricted cash (Note 3)	190	238
Investments (Note 4)	28,826	34,671
Capital assets (Note 6)	2,305	2,938
Lease deposit and other	153	161
	31,474	38,008
Total assets	\$ 39,757	\$ 42,668
Liabilities and retained earnings		
Current		
Funds held for others (Note 9)	\$ 9	\$ 148
Accounts payable and accrued liabilities	2,400	2,074
Accrued vacation and benefit liabilities	353	346
Lease inducement (Note 7)	124	124
	2,886	2,692
Non-current		
Lease inducement (Note 7)	124	247
Accrued benefit liability (Note 8)	3,316	2,888
Total liabilities	6,326	5,827
Retained earnings (Note 3)	33,431	36,841
Total liabilities and retained earnings	\$ 39,757	\$ 42,668

The accompanying notes and schedules are part of these financial statements.

Approved by the Members



William S. Rice, Q.C., Chair and Chief Executive Officer



Roderick J. McKay, FCA, Member

Statement of Income and Retained Earnings

For the Year Ended March 31, 2009

<i>(\$ Thousands)</i>	2009 Budget (Note 12)	2009 Actual	2008 Actual
Revenue			
Fees (Note 10)	\$ 24,982	\$ 24,921	\$ 24,952
Investment (loss) income (Note 5)	1,580	(3,234)	2,147
Settlement payments and cost recoveries (Note 10)	–	1,246	705
Conference fees	–	21	36
Administrative penalties revenue (Note 3)	300	153	468
Total revenue	26,862	23,107	28,308
Expense			
Salaries and benefits	19,259	18,017	16,769
Administration	3,456	2,125	2,517
Professional services	3,212	2,877	2,356
Premises	2,350	2,197	2,105
Amortization	1,900	1,085	1,066
Investor education (Note 3)	1,125	216	837
Total expense	31,302	26,517	25,650
Budget contingency	3,170		
Net (loss) income	\$ (7,610)	(3,410)	2,658
Opening retained earnings		36,841	34,183
Closing retained earnings (Note 3)		\$ 33,431	\$ 36,841

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

For the Year Ended March 31, 2009

<i>(\$ Thousands)</i>	2009	2008
Operating transactions		
Fees and other	\$ 24,898	\$ 24,923
Settlement payments and cost recoveries	1,246	705
Payments to and on behalf of employees	(17,498)	(16,310)
Payments to suppliers for goods and services	(7,465)	(8,345)
Investment (loss) income	(3,234)	2,147
Administrative penalties	206	446
Cash (used in) from operating transactions	(1,847)	3,566
Capital transactions		
Proceeds on disposal of capital assets	-	4
Cash used to acquire capital assets	(255)	(1,021)
Cash used in capital transactions	(255)	(1,017)
Investing transactions		
Decrease in restricted cash	48	338
Decrease (increase) in investments	5,847	(2,526)
Cash received from (used in) investing transactions	5,895	(2,188)
Increase in cash	3,793	361
Opening cash	4,395	4,034
Closing cash	\$ 8,188	\$ 4,395

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2009

(\$ Thousands)

Note 1 Nature of Operations

The Alberta Securities Commission (ASC), a provincial corporation operating under the *Securities Act* (Alberta), is the regulatory agency responsible for administering the province's securities laws.

The ASC's investments are independently managed by the Alberta Investment Management Corporation (AIMCo). AIMCo is a provincial corporation responsible to the Minister of Finance and Enterprise. The ASC does not participate in capital market investment decisions or transactions.

The ASC, as an Alberta provincial corporation, is exempt from income tax.

Note 2 Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector.

AIMCo and the Minister of Finance and Enterprise administer and report all ASC investments and cash balances using the accounting policies outlined in (a), (b) and (c).

(a) Investments

Fixed income securities and equities are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the life of the investments.

Investments are recorded as of the trade date.

The cost of disposals is determined on the average cost basis.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(b) Investment income and expenses

Investment income and investment expense are recorded on the accrual basis. Investment income is accrued where there is reasonable assurance as to its measurement and collectability.

Gains and losses arising as a result of disposal of investments are included in the determination of investment income.

Income and expense from derivative contracts are included in investment income. Certain derivative contracts, which are primarily interest rate swaps and cross-currency interest rate swaps, are designated as hedges of market risks for purposes of hedge accounting. Hedge accounting recognizes gains and losses from derivatives in the statement of income in the same period as the gains and losses of the security being hedged. As a result, income and expense from derivative contracts designated as hedges are recognized in income on an accrual basis with gains and losses recognized in income to the extent realized.

Notes to the Financial Statements

Where a hedge relationship is designated, the hedge is documented at inception. The documentation identifies the specific asset being hedged, the risk that is being hedged, type of derivative used and the matching of critical terms of both the hedged security and the hedging derivative for purposes of measuring effectiveness. The derivative must be highly effective in accomplishing the objective of offsetting either changes in the fair value or cash flows attributable to the risk being hedged both at inception and over the life of the hedge.

Derivative contracts not designated as hedges for purposes of hedge accounting, which are primarily bond index swaps, equity index swaps, equity index futures, forward foreign exchange contracts, credit default swap contracts and swap option contracts, are recorded at fair value.

(c) Valuation of investments

Fair values of investments managed and held by AIMCo in pooled investment funds are determined as follows:

(i) Public fixed income securities and equities are valued at the year-end closing sale price, or, if not actively traded, the average of the latest bid and ask prices quoted by an independent securities valuation company.

(ii) Private fixed income securities are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

(iii) Derivative contracts include equity and bond index swaps, interest rate swaps, cross-currency interest rate swaps, credit default swaps, forward foreign exchange contracts and equity index futures contracts. The value of derivative contracts is included in the fair value of the ASC's investment in the Canadian Dollar Public Bond Pool and certain equity funds (Note 4). The fair value of derivative contracts is determined at the reporting date.

(d) Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Because of their short-term nature, the fair value of cash, funds held for others, accounts receivable, restricted cash, accounts payable and accrued liabilities, accrued vacation and benefit liabilities and a lease inducement are estimated to approximate their book values.

(e) Capital assets

Capital assets are recorded at cost.

Assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment and software	3 years
Furniture and equipment	10 years
Leasehold improvements	remaining lease term to March 2011
Leasehold improvements	over 15-year lease term commencing December 2010

(f) Fees and administrative penalties, settlement payments and cost recovery recognition

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

Administrative penalties, settlement payments and cost recoveries are recognized when the decision is issued or agreement reached.

(g) Employee future benefits

The ASC participates in the Public Service Pension Plan, a multi-employer defined benefit pension plan, with other government entities. This plan is accounted for as a defined contribution plan as the ASC has insufficient information to apply defined benefit plan accounting to this pension plan. Pension costs included in these financial statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for the service relating to prior years.

The ASC maintains a Supplemental Pension Plan for certain designated executives of the ASC. The cost of the pension is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of economic assumptions. Past service costs and actuarial losses arising from assumption changes are amortized on a straight-line basis over the average remaining service period of employees active at the date of commencement of the Supplemental Pension Plan. The average remaining service period of active employees of the Supplemental Pension Plan is five years.

The ASC also maintains a plan whereby it makes Registered Retirement Savings Plan contributions on behalf of certain employees of the ASC. The contributions are calculated based on a fixed percentage of the employee's salary to a maximum of the Registered Retirement Savings Plan contribution limit as specified in the *Income Tax Act* (Canada). The expense included in these financial statements represents the current contributions made on behalf of the employees.

(h) Lease inducement

Cash payments received as lease inducements are deferred and amortized on a straight-line basis over the lease term.

Notes to the Financial Statements

(i) Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates include uncollectible amounts of accounts receivable for administrative penalties and related cost recoveries, the useful lives of capital assets and the value of accrued employee benefit liabilities. Actual results could differ from those estimates.

Estimates of capital asset useful lives are outlined in Note 6.

Benefit liability estimates are primarily subject to actuarial assumptions summarized in Note 8.

The estimated provision for uncollectible administrative penalties and cost recoveries is based on an assessment of the ability to pay at the time of penalty assessment. Subsequent collection actions and changes in the ability to pay may result in recovery of amounts previously considered uncollectible. However, it is not possible to estimate what, if any, subsequent recoveries may occur. Experience indicates these amounts are insignificant and amounted to \$31 for the year ended March 31, 2009 (\$56 – March 31, 2008).

(j) Restricted cash

The *Securities Act* (Alberta) restricts the use of revenues received by the ASC from administrative penalties to certain operating expenditures that educate investors and enhance the knowledge of securities market operation.

Note 3 Restricted Cash and Retained Earnings

Retained earnings include accumulated net penalty revenue of \$190 (\$238 in F2008). This amount is represented by restricted cash, as described in Note 2(j).

The change in restricted cash is comprised of:

	2009	2008
Administrative penalties	\$ 1,903	\$ 3,218
Less provisions for uncollectible amounts	(1,758)	(2,776)
Net realizable value	145	442
Interest income and other	8	26
Administrative penalty receipts	153	468
Plus education seminar fees	15	31
Less eligible education expenses	(216)	(837)
Restricted cash (decrease)	(48)	(338)
Restricted cash opening balance	238	576
Restricted cash closing balance	\$ 190	\$ 238

Note 4 Cash and Investments

(a) Summary

	2009			2008		
	Cost	Fair Value	%	Cost	Fair Value	%
Cash						
Deposit in the CCITF	\$ 8,188	\$ 8,188		\$ 4,395	\$ 4,395	
Investments						
Deposit in the CCITF	\$ 72	\$ 72	0.3	\$ 69	\$ 69	0.2
Fixed income securities	21,246	20,006	73.2	26,278	25,646	76.0
Equities	7,508	7,269	26.5	8,324	8,025	23.8
	\$ 28,826	\$ 27,347	100.0	\$ 34,671	\$ 33,740	100.0

Cash consists of demand deposits in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is administered by the Ministry of Finance and Enterprise with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The CCITF portfolio comprises high-quality short-term and mid-term fixed income securities with a maximum term-to-maturity of three years. As at March 31, 2009, securities held by the CCITF have a time-weighted return of 3.0 per cent per annum (4.5 per cent in F2008).

AIMCo, a provincial corporation responsible to the Minister of Finance and Enterprise, provides day-to-day investment services for the ASC.

The ASC's investments are held in pooled investment funds established and administered by AIMCo. Pooled investment funds have a market based unit value that is used to allocate income to participants and to value purchases and sales of pool units.

Fixed income securities held at March 31, 2009 have an average effective market yield of 7.4 per cent per annum (5 per cent in F2008), with maturities ranging from less than one year to over 20 years. The fixed income pool includes a mix of high-quality government and corporate (public and private) fixed income securities and debt-related derivatives. The fund is actively managed to minimize credit and market risk through the use of derivatives, portfolio duration and sector rotation.

Equity investments include publicly traded Canadian large cap and market index participant equities including a small portion in United States equities. The equity pools participate in derivative transactions to simulate index composition and minimize investment risk.

(b) Derivative contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The funds use derivative contracts to enhance return, manage exposure to interest rate risk and foreign currency risk and for asset mix management purposes. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

Notes to the Financial Statements

A swap is a contractual agreement between two counterparties to exchange a series of cash flows based on a notional amount.

An equity or bond index swap involves the exchange of a floating interest rate cash flow for one based on the performance of a market index.

For interest rate swaps, parties generally exchange fixed and floating rate interest cash flows based on a notional amount.

Cross-currency interest rate swaps are contractual obligations in which the principal amounts of Canadian fixed income securities denominated in foreign currency are exchanged for Canadian currency amounts both initially and at maturity. Over the term of the cross-currency swap, counterparties exchange fixed to fixed and fixed to floating interest rate cash flows in the swapped currencies.

A credit default swap allows counterparties to buy and sell protection on credit risk inherent in a bond. A premium is paid based on a notional amount from one counterparty to a second counterparty in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.

Forward foreign exchange contracts are contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Futures contracts are agreements to receive or pay cash on an agreed settlement date based on changes in the level of a specified index in the future.

The following is a summary of the ASC's proportionate share of the notional amount and fair value of swap contracts issued by pooled funds as at March 31, 2009.

	Maturity (Years)			2009		2008	
	Under 1	1 to 3	Over 3	Notional Amount	Net Fair Value (i)	Notional Amount	Net Fair Value (i)
	<i>(per cent)</i>			<i>(\$ thousands)</i>		<i>(\$ thousands)</i>	
Equity index swap contracts	100	–	–	\$ 2,316	\$ 42	\$ 1,653	\$ 18
Cross-currency interest rate swaps	7	39	54	1,631	(110)	1,608	97
Interest rate swap contracts	13	32	55	2,909	(99)	10,916	(24)
Credit default swap contracts	2	57	41	31,536	(422)	26,533	(144)
Bond index swap contracts	100	–	–	985	8	2,103	23
Futures contracts	100	–	–	2,333	461	2,026	35
Forward foreign exchange contracts	100	–	–	533	(15)	301	(6)
Swap option contracts	–	–	–	–	–	13,823	5
				\$ 42,243	\$ (135)	\$ 58,963	\$ 4

(i) Current credit exposure is represented by the replacement cost of all outstanding contracts in favourable position (positive fair value).

(c) Investment risk management

Income and financial returns of the ASC are exposed to credit, market and interest rate risk.

In order to earn an optimal financial return at an acceptable level of risk, management of the ASC has established an investment policy that is reviewed annually. Investment income risk is reduced through asset class allocation targets of 75 per cent bonds and 25 per cent equities with a small value of residual cash. AIMCo manages risk through diversification within each asset class, and quality and duration constraints on fixed income instruments.

Note 5 Net Investment Income

	2009	2008
Net realized (loss) gain on investments including derivatives	\$ (4,868)	\$ 838
Interest	1,362	1,200
Dividends	276	116
Other	(4)	(7)
	\$ (3,234)	\$ 2,147

The ASC's investments declined in market value 11.7 per cent for the year ended March 31, 2009 (2.9 per cent gain in F2008). This performance compares to a benchmark loss of 4.3 per cent in F2009 and benchmark gain of 5.7 per cent in F2008.

Notes to the Financial Statements

Note 6 Capital Assets

	Computer equipment and software	Furniture and equipment	Leaseholds	2009 Total	2008 Total
Estimated useful life	3 years	10 years	Lease duration		
Cost					
Beginning of year	\$ 2,662	\$ 947	\$ 3,854	\$ 7,463	\$ 6,963
Additions	287	6	159	452	733
Disposals	–	(3)		(3)	(233)
	2,949	950	4,013	7,912	7,463
Accumulated amortization					
Beginning of year	1,972	445	2,108	4,525	3,689
Amortization expense	419	77	589	1,085	1,070
Disposals	–	(3)		(3)	(234)
	2,391	519	2,697	5,607	4,525
Net book value March 31, 2009	\$ 558	\$ 431	\$ 1,316	\$ 2,305	
Net book value March 31, 2008	\$ 690	\$ 502	\$ 1,746		\$ 2,938

Note 7 Lease Inducements

Lease term	Current inducement	Future inducement
8 years, ending March 2011	\$ 124	\$ 124

Note 8 Accrued Benefit Liability and Pension Expense

The accrued benefit liability is comprised of:

	2009	2008
Retirement Plan	\$ 208	\$ 211
Supplemental Pension Plan	3,184	2,744
Less current portion	(76)	(67)
	\$ 3,316	\$ 2,888

The following pension expense for the plans is included in the Statement of Income and Retained Earnings under salaries and benefits.

	2009	2008
Public Service Pension Plan	\$ 469	\$ 428
Registered Retirement Savings Plan	425	393
Retirement Plan	20	29
Supplemental Pension Plan	486	461
	\$ 1,400	\$ 1,311

(a) Public Service Pension Plan

The ASC participates in the Public Service Pension Plan. At December 31, 2008, the Public Service Pension Plan reported a deficiency of \$1,188,000 and in 2007 a deficiency of \$ 92,509.

(b) Registered Retirement Savings Plan

The ASC makes contributions on behalf of employees who do not participate in the Public Service Pension Plan to employee Registered Retirement Savings Plans.

(c) Retirement Plan

The Retirement Plan is unfunded and the benefits are paid to August 2017 as they come due (\$23 in F2009 and \$23 in F2008) from the assets of the ASC.

(d) Supplemental Pension Plan

The ASC has a Supplemental Pension Plan for certain designated executives of the ASC. The provisions of the Plan were established pursuant to a written agreement with each designated executive.

The Supplemental Pension Plan provides pension benefits to the designated executives based on pensionable earnings that are defined by reference to base salary in excess of the limit (\$122 effective January 1, 2009, and \$117 effective January 1, 2008) imposed by the *Income Tax Act* (Canada) on registered pension arrangements.

Pension benefits from the Supplemental Pension Plan are payable on or after attainment of age 55 and are equal to 1.75 per cent of the highest average pensionable earnings (average over five years) for each year of service with the Commission. Members of the Supplemental Pension Plan become vested in the benefits of the plan after two years of service. Accrued benefits are also payable on early retirement (with reductions), death or termination of employment of the designated executive.

The Supplemental Pension Plan is unfunded and the benefits will be paid as they come due from the assets of the ASC.

Notes to the Financial Statements

Actuarial valuations of the Supplemental Pension Plan are undertaken every three years. At April 1, 2009, an independent actuary performed a Supplemental Pension Plan valuation. The next valuation is scheduled for April 1, 2012. The results of the actuarial valuation and management's cost estimates as they apply to the Supplemental Pension Plan are summarized below:

Balance sheet at March 31	2009	2008
Accrued benefit and unfunded obligation	\$ 3,192	\$ 2,869
Unamortized transitional obligation	(93)	(85)
Unamortized actuarial gain (loss)	85	(40)
Accrued benefit liability	\$ 3,184	\$ 2,744

Accrued benefit obligation

Accrued benefit obligation at beginning of the year	\$ 2,869	\$ 2,511
Service cost	298	283
Interest cost	170	136
Net actuarial gain plus benefits paid of \$46 (\$44 in F2008)	(145)	(61)
Accrued benefit obligation at end of the year	\$ 3,192	\$ 2,869

Pension expense

	2009	2008
The pension expense for the Supplemental Pension Plan is as follows:		
Service cost	\$ 298	\$ 283
Interest cost	170	136
Amortization of transitional obligation	26	26
Recognized actuarial (gains) losses during the year	(8)	16
	\$ 486	\$ 461

The assumptions used in the current (2009) and prior (2008) actuarial valuations of the Supplemental Pension Plan and three-year projections are summarized below. The discount rate was established in accordance with the yield on long-term corporate bonds and applies to both the accrued benefit obligation and benefit costs. Other economic assumptions were established as management's best estimate in collaboration with the actuary. Demographic assumptions were selected by the actuary based on a best estimate of the future experience of the plans.

	2009	2008
Discount rate, year-end obligation	6.2%	5.4%
Discount rate, net benefit cost prior year	5.4%	5.4%
Rate of inflation	2.50%	2.50%
Salary increases	4.00%	4.00%
Remaining service life	5 years	6 years

Note 9 Funds Held for Others

The ASC holds, in a separate bank account, \$9 (\$148 in F2008) in cash for participants in the Market Integrity Computer Analysis (MICA) system upgrade project. The ASC's share of project expenses in 2009 was \$16 (\$28 in F2008). Funds are disbursed as payments are made for approved expenditures. The project is complete, there are no future commitments and the remaining cash balance will be returned to participants.

Note 10 Fees, Settlement Receipts and Cost Recoveries

	2009	2008
Distribution of securities	\$ 11,126	\$ 11,598
Registrations	9,025	8,512
Annual financial statements	4,470	4,284
Orders (applications)	300	558
Total fees	\$ 24,921	\$ 24,952
Settlement agreements and cost recoveries	\$ 1,941	\$ 2,058
Less: provision for uncollectible amounts net of recoveries	(695)	(1,353)
Total settlement receipts and cost recoveries	\$ 1,246	\$ 705

Note 11 Commitments and Contingencies

Details of commitments to organizations outside the ASC and contingencies from legal actions are set out below. Any losses arising from the settlement of contingencies are treated as expenses in the year of settlement.

(a) Commitments

Premises lease and equipment rental Commitments arising from contractual obligations associated primarily with the lease of premises to March 31, 2025 and rental of office equipment to 2010 total \$64,366 (\$7,191 in F2008). A 15-year lease of premises commencing December 2010 was added in 2009. These commitments become expenses of the ASC when the terms of the contracts are met.

2009-10	\$ 2,241
2010-11	3,377
2011-12	3,081
2012-13	3,122
2013-14	3,164
Thereafter	49,381
Total	\$ 64,366

Notes to the Financial Statements

Canadian Securities Administrators (CSA) The ASC shares, based on an agreed-upon cost-sharing formula, the costs incurred for the maintenance of the CSA Secretariat and any third-party costs incurred in the development of harmonized rules, regulations and policies. The CSA Secretariat was established to assist in the development and harmonization of rules, regulations and policies across Canada.

National systems operations agreements CDS Inc. (CDS) operates the SEDAR (electronic filing and payment), NRD (national registration database) and SEDI (insider trading) systems on behalf of the CSA under various operating agreements. The ASC, as one of the agreement signatories, commits to pay CDS up to 11.7 per cent of any shortfall from approved system operating costs that exceed revenues. Alternatively, CDS must pay to CSA revenues in excess of system operating costs (surplus). The surplus is not divisible; the CSA owns it as a group. CDS payments received from accumulated system operating surpluses since inception and interest earned totalled \$35,188 at March 31, 2009 (\$23,927 in F2008). This amount is held in trust by the Ontario Securities Commission. The principal CSA administrators, including the ASC, have agreed that surplus amounts can only be used to offset any shortfall in revenues, develop or enhance the systems and reduce fees charged to users.

(b) Legal actions

The ASC is not currently involved as defendant in any legal actions.

Note 12 Budget

The ASC's budget was approved on January 16, 2008.

Note 13 Related Party Transactions

The ASC is related through common ownership to all provincial government ministries, agencies, boards, commissions and crown corporations. The ASC conducted all transactions with these entities as though they were unrelated parties and recorded transaction costs of \$32 (\$33 in F2008) in administration expense.

Schedule of Salaries and Benefits

For the Year Ended March 31, 2009

(\$ Thousands)	Base salary ⁽¹⁾	Cash benefits ⁽²⁾	Non-cash benefits ⁽³⁾	2009 Total	2008 Total
Chair, Securities Commission ⁽⁴⁾	\$ 488	\$ 82	\$ 128	\$ 698	\$ 660
Executive Director	308	52	101	461	422
Vice-Chair, Securities Commission ⁽⁴⁾	263	39	95	397	376
Vice-Chair, Securities Commission ⁽⁴⁾	263	39	68	370	350
Independent Members ⁽⁵⁾	404	–	–	404	519

(1) Base salary includes regular base pay and Independent Member compensation.

(2) Cash benefits include bonuses and Chair and Executive Director's automobile allowances.

(3) Employer's share of all employee benefits including current and prior service cost for the unfunded supplemental pension plan for designated executives in note 8(d) of the financial statements and summarized in the accounting narrative.

(4) The Chair and Vice-Chairs are full time Commission Members.

(5) The ten Independent Members compensation includes fees paid in dollars for governance responsibilities of \$333,000 (\$346,000 in F2008) and hearing and application panel participation of \$71,000 (\$173,000 in F2008). Independent Member fees include a \$10,000 annual retainer, \$2,500 for Committee memberships, \$5,000 for Committee chairing and \$5,000 for the Lead Independent Member position. Meeting attendance fees include \$1,000 per day for an ASC meeting and \$750 for a Committee meeting. Hearing fees are payable as to \$1,000 per hearing day and \$125 per hour of related preparation, review and decision writing.

Supplemental Retirement Benefits

Under the terms of the Supplemental Pension Plan as described in note 8(d) of the ASC financial statements, executive officers may receive supplemental retirement payments. Supplemental Pension Plan costs as detailed below for the four most highly paid executives of the ASC, are not cash payments in the period, but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. The Supplemental Pension Plan provides future pension benefits to participants based on years of service and earnings as described in note 8(d). The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected inflation and salary costs and the remaining service period for benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

Schedule of Salaries and Benefits

	2009			2008
	Current service cost	Prior service and other costs	Total	Total
Chair, Securities Commission	\$ 92	\$ 8	\$ 100	\$ 95
Executive Director	38	33	71	67
Vice-Chair, Securities Commission	33	33	66	63
Vice-Chair, Securities Commission	32	12	44	41

The accrued obligation for each of the four highest paid executives under the Supplemental Pension Plan is outlined in the following table:

	Accrued obligation April 1, 2008	Changes in accrued obligation	Accrued obligation March 31, 2009
Chair, Securities Commission	\$ 240	\$ 53	\$ 293
Executive Director	465	131	596
Vice-Chair, Securities Commission	426	38	464
Vice-Chair, Securities Commission	165	41	206