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**Financial Services Commission of Ontario**  
**Financial Statements of the Pension Benefits Guarantee Fund**  
**For the Year Ended March 31, 2005**



**Office of the Auditor General of Ontario**

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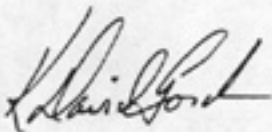
FINANCIAL SERVICES COMMISSION OF ONTARIO  
The Pension Benefit Guarantee Fund

Management's Responsibility for Financial Information

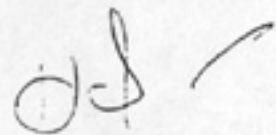
Management is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements involves the use of management's judgement and best estimates particularly when transactions affecting the current period cannot be determined with certainty until future periods.

The Pension Benefit Guarantee Fund is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and safeguarding of its assets.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. They have been approved by the Commission's Audit Committee. The Auditor's report follows.



K. David Gordon  
Deputy Superintendent of Pensions



Harold M. Sookdeo  
Chief Accountant

Office of the  
Auditor General  
of Ontario



Bureau du  
vérificateur général  
de l'Ontario

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*Auditor's Report*

To the Financial Services Commission of Ontario  
and to the Minister of Finance

I have audited the balance sheet of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario as at March 31, 2005 and the statements of operations and fund deficit 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's guarantee fund as at March 31, 2005 and its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
May 18, 2005

A handwritten signature in black ink, appearing to read "G. Peall".

Gary R. Peall, CA  
Deputy Auditor General

**FINANCIAL SERVICES COMMISSION OF ONTARIO**

**Pension Benefits Guarantee Fund  
Balance Sheet  
As at March 31, 2005**

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	<b>2005</b>	<b>2004</b>
	(\$ 000)	(\$ 000)
<b><u>ASSETS</u></b>		
<b>Current</b>		
Cash	357	620
Accounts receivable	<u>68,419</u>	<u>61,113</u>
	68,776	61,733
Investments (Note 3)	<u>223,161</u>	<u>554,866</u>
	<u>291,937</u>	<u>616,599</u>
 <b><u>LIABILITIES AND FUND DEFICIT</u></b>		
<b>Current</b>		
Accounts Payable and accrued liabilities	5,751	7,378
Current portion of loan payable	<u>11,000</u>	<u>11,000</u>
	16,751	18,378
Claims payable	204,624	386,401
Loan payable (Note 5)	<u>308,000</u>	<u>319,000</u>
	512,624	723,779
Fund deficit	<u>(237,438)</u>	<u>(107,180)</u>
	<u>291,937</u>	<u>616,599</u>

**Contingencies (Note 6)**

See accompanying notes to financial statements

Approved by:



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CEO and Superintendent  
Financial Services Commission of Ontario

## FINANCIAL SERVICES COMMISSION OF ONTARIO

### Pension Benefits Guarantee Fund Statement of Operations and Fund Deficit For the year ended March 31, 2005

	<b>2005</b>	<b>2004</b>
	(\$ 000)	(\$ 000)
<b>Revenue</b>		
Premium revenue	67,431	53,374
Investment income (Note 3 )	7,894	9,873
Recoveries	19	235
	<u>75,344</u>	<u>63,482</u>
<b>Expenses</b>		
Claims	201,301	33,281
Pension management fees (Note 4)	2,358	326
Investment management fees	287	272
Administration fee ( Note 4)	379	301
	<u>204,325</u>	<u>34,180</u>
<b>Excess (deficiency) of revenue over expenses</b>	(128,981)	29,302
Unrealized gains (losses) in the market value of investments	(1,277)	987
<b>Excess (deficiency) of revenue over expenses</b>	(130,258)	30,289
<b>Fund deficit , beginning of year</b>	(107,180)	(137,469)
<b>Fund deficit, end of year</b>	<u><u>(237,438)</u></u>	<u><u>(107,180)</u></u>

### Contingencies ( Note 6)

See accompanying notes to financial statements

## FINANCIAL SERVICES COMMISSION OF ONTARIO

### Pension Benefits Guarantee Fund Statement of Cash Flows For the year ended March 31, 2005

	2005 (\$ 000)	2004 (\$ 000)
<b>Net Inflow (Outflow) of cash related to the following activities</b>		
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses	(130,258)	30,289
Less items not affecting cash		
Unrealized (gain) loss on investments	1,277	(987)
	(128,981)	29,302
Changes in non cash working capital		
Accounts receivable	(7,306)	(5,007)
Accounts payable	(1,627)	3,246
Claims payable	(181,777)	(103,086)
	(190,710)	(75,545)
<b>Cash flows from investing activities</b>		
Purchases of investments	(1,500,855)	(952,411)
Proceeds from sale of investments	1,831,283	698,523
	330,428	(253,888)
<b>Cash flows from financing activities</b>		
Loan payable	-	330,000
Loan repayment	(11,000)	-
	(11,000)	330,000
<b>Change in cash position</b>	(263)	567
<b>Cash position, beginning of year</b>	620	53
<b>Cash position, end of year</b>	357	620







