

Planning and Reporting

Financial Statements

2011-2012 (Future-oriented)

Statement of Management Responsibility NATIONAL BATTLEFIELDS COMMISSION

Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial information for the years ended March 31, 2011 and 2012 rests with departmental management. The future-oriented financial information has been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector. The future-oriented financial information is submitted for Part III of Estimates (Report on Plans and Priorities), and will be used in the department's Departmental Performance Report to compare with actual results.

Management is responsible for the integrity and objectivity of the information contained in future-oriented financial information and for the process of developing assumptions. Assumptions and estimates are based upon information available and known to management at the time of development, reflect current business and economic conditions, and assume a continuation of current governmental priorities and consistency in departmental mandate and strategic objectives. Much of the future-oriented financial information is based on these assumptions, best estimates, and judgment and gives due consideration to materiality. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. However, as with all such assumptions, there is a measure of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The actual results achieved for the fiscal years covered in the accompanying future-oriented financial information will vary from the information presented and the variations may be material.

The Future-oriented Financial Statements for The National Battlefields Commission have not been audited.

The original version was signed by :

André Beaudet
Secretary

The original version was signed by :

Paule Veilleux
Financial Services Agent

Quebec, Canada
December 10, 2010

THE NATIONAL BATTLEFIELDS COMMISSION
Future-oriented Statement of Financial Position (Unaudited)
As at March 31

	<u>Future-oriented 2012</u>	<u>Future-oriented 2011</u>
ASSETS		
Financial Assets		
Cash	\$ 591,747	\$ 586,747
Accounts receivable (note 4)	<u>15,000</u>	<u>15,000</u>
Total financial assets	606,747	601,747
Non-financial assets		
Tangible capital assets (note 5)	13,414,509	13,254,652
Deferred charges	<u>76,192</u>	<u>88,680</u>
Total non-financial assets	13,490,701	13,343,332
	<u>\$ 14,097,448</u>	<u>\$ 13,945,079</u>
LIABILITIES AND EQUITY OF CANADA		
Liabilities		
Accounts payable and accrued liabilities	\$ 461,047	\$ 461,047
Vacation pay and compensatory leave	114,024	109,024
Accounts payable and accrued liabilities to other Government departments	100,702	100,702
Employee future benefits (note 8)	<u>461,713</u>	<u>547,662</u>
	1,137,486	1,218,435
Equity of Canada	12,959,962	12,726,644
	<u>\$ 14,097,448</u>	<u>\$ 13,945,079</u>

Contingent liabilities (note 9)
Contractual obligations (note 10)

The accompanying notes form an integral part of these financial statements.

THE NATIONAL BATTLEFIELDS COMMISSIONFuture-oriented Statement of Operations and Equity of Canada (Unaudited)
For the Year Ended March 31

	Future-oriented 2012	Future-oriented 2011
Expenses (note 7)		
Conservation and Development of the Plains	\$ 2,341,155	\$ 2,341,155
Public Education and Services	1,005,924	1,005,924
Internal Services	<u>6,111,901</u>	<u>7,424,920</u>
Total expenses	<u>9,458,980</u>	<u>10,771,999</u>
Revenues		
Parking	1,010,000	1,139,000
Educational activities and welcoming of visitors	300,000	384,000
Rent	181,000	181,000
Other revenues	<u>274,000</u>	<u>374,000</u>
Total revenues	<u>1,765,000</u>	<u>2,078,000</u>
Cost of operations	7,693,980	8,693,999
(Excess of income on costs) excess of cost on income (note 6)	<u>(11,000)</u>	<u>(12,000)</u>
Net cost of operations	<u>\$ 7,682,980</u>	<u>\$ 8,681,999</u>
Equity of Canada, beginning of year	\$ 12,726,644	\$ 13,534,231
Net cost of operations	(7,682,980)	(8,681,999)
Net cash provided by Government	7,637,512	7,632,640
Change in net position in the Consolidated Revenue Fund	(5,000)	(30,728)
Services provided without charge by other government departments (note 11)	283,786	272,500
Equity of Canada, end of year	<u>\$ 12,959,962</u>	<u>\$ 12,726,644</u>

The accompanying notes form an integral part of these financial statements.

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Statement of Cash Flow (Unaudited)

For the Year Ended March 31

	Future-oriented 2012	Future-oriented 2011
Operating activities		
Net cost of operations	\$ 7,682,980	\$ 8,681,999
Non-cash items:		
Amortization of tangible capital assets	(870,143)	(877,194)
Services provided without charge by other government departments (note 11)	(283,786)	(272,500)
Amortization of deferred charges	(12,488)	(12,488)
Variations in Statement of Financial Position:		
Net change in non-cash working capital balances	5,000	30,728
Change in liability for employee severance benefits, vacation and compensatory leave	85,949	(56,058)
Cash used in operating activities	<u>6,607,512</u>	<u>7,494,487</u>
Capital investing activities:		
Acquisition of tangible capital assets	<u>1,030,000</u>	<u>138,153</u>
Cash used in capital investing activities	1,030,000	138,153
Net cash provided by Government of Canada	<u>\$ 7,637,512</u>	<u>\$ 7,632,640</u>

The accompanying notes form an integral part of these financial statements.

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

1. Authority and Objectives

The Commission was established in 1908 under an *Act respecting the National Battlefields in Quebec*.

The Commission is a departmental corporation named in Schedule II of the *Financial Administration Act*.

The Commission's mandate is to ensure that all the cultural, recreational, natural and scientific resources of the Battlefields Park are developed in the best interest of Canadians and that the image of the Government of Canada is strengthened without compromising the historic character of the site. To achieve that goal, the Commission will acquire, preserve and develop the great historic battlefields in Quebec.

The land of the Battlefields Park administered by the National Battlefields Commission includes:

The Plains of Abraham, site of the Battle of 1759 between Wolfe and Montcalm;
Des Braves Park, marking the Battle of St-Foy in 1760;
The Pierre-Dugua-de-Mons Terrace, east of the Quebec Citadel, overlooking Cap-aux-Diamants;
The Plains of Abraham Discovery Pavillon on Wilfrid Laurier Avenue;
The Maison St-Laurent located at 201,203 Grande-Allée Est in Québec City;
The adjoining thoroughfares, two Martello Towers on the site and a tower in Québec City.

2. Significant assumptions

The future-oriented financial statements have been prepared on the basis of the government priorities and the plans of the department as described in the Report on Plans and Priorities.

The main assumptions are as follows:

- (a) The department's activities will remain substantially the same as for the previous year.
- (b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.
- (c) Estimated year end information for 2010-11 is used as the opening position for the 2011-12 forecasts.

These assumptions are adopted as at December, 10th.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2010-11 and for 2011-12, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these financial statements the National Battlefields Commission has made estimates and assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the future-oriented financial statements and the historical financial statements include:

- (a) The timing and amounts of acquisitions and disposals of property, plant and equipment may affect gains/losses and amortization expense.
- (b) Economic conditions may affect the amount of revenue earned.

- (c) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is presented, The National Battlefields Commission will not be updating the forecasts for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

4. Summary of Significant Accounting Policies

The future-oriented financial statements have been prepared in accordance with the Treasury Board accounting policies stated below, which are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

- (a) Parliamentary authorities – The Commission is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the department do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Future-oriented Statement of Operations and Equity of Canada and the Future-oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting.

- (b) Net Cash Provided by Government – The Commission operates within the Consolidated Revenue Fund (CRF) which is administered by the Receiver General for Canada. All cash received by the Commission is deposited to the CRF and all cash disbursements made by the Commission are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

- (c) Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Commission is entitled to draw from the CRF without further appropriations to discharge its liabilities.

- (d) Revenues – Revenues are recognized in the accounts based on the services provided in the year.

- (e) Expenses – Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

- Services provided without charge by other government departments for the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

- (f) Employee future benefits

- (i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer administered by the Government of Canada. The Commission's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the Commission to make contributions for any actuarial deficiencies of the Plan.

- (ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the

results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Contingent liabilities – Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the future-oriented financial statements.

(h) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of \$2,500 or more are recorded at their acquisition cost. The Commission does not capitalize works of art and historical treasures that have cultural, aesthetic or historical value.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Buildings	15 to 35 years
Works and infrastructure	5 to 40 years
Machinery and equipment	3 to 15 years
Vehicles	5 to 15 years
Computer Software	3 to 5 years

(i) Deferred charges – Restoration charges related to assets that are not the property of the Commission are recorded at cost and amortized on a straight-line basis over the term of the contract.

(j) Measurement uncertainty – The preparation of these future-oriented financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the future-oriented financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

THE NATIONAL BATTLEFIELDS COMMISSION
Future-oriented Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

5. Parliamentary Authorities

The Commission receives most of its funding through annual Parliamentary authorities. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Commission has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used

	Future-oriented 2012	Future-oriented 2011
	<u> </u>	<u> </u>
Net cost of operations	\$ 7,682,980	\$ 8,681,999
Adjustments for items affecting net cost of operations but not affecting authorities:		
Less:		
Amortization of tangible capital assets	870,143	877,194
Amortization of deferred charges	12,488	12,488
Services provided without charge by other Government departments	283,786	272,500
Changed in liability for employee severance benefits, vacation and compensatory leave	(85,949)	56,058
Cost related to The National Battlefields Commission Trust Fund	3,000	2,000
Add:		
Non-tax income	1,700,000	2,013,000
Income from National Battlefields Commission Trust Fund	14,000	14,000
	<u>8,313,512</u>	<u>9,488,759</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add:		
Acquisitions of tangible capital assets	1,030,000	138,153
	<u>1,030,000</u>	<u>138,153</u>
Current year authorities used	<u>\$ 9,343,512</u>	<u>\$ 9,626,912</u>

(b) Authorities provided and used:

	Future-oriented 2012	Future-oriented 2011
	<u> </u>	<u> </u>
Authorities Provided		
Canadian Heritage:		
Operating and capital expenditures	\$ 7,503,773	\$ 7,514,167
Lapsed appropriation	<u>(357,322)</u>	<u>(374,278)</u>
	7,146,451	7,139,889
Statutory-Contribution to employee benefit plans	497,061	474,023
Expenditures corresponding to perceived revenues pursuant to sub-section 29.1(1) of the FAA	1,700,000	2,013,000
Current year authorities used	<u>\$ 9,343,512</u>	<u>\$ 9,626,912</u>

6. Accounts Receivable

	Future-oriented 2012	Future-oriented 2011
	<u> </u>	<u> </u>
Receivables from other Federal Government departments and agencies	\$ 15,000	\$ 15,000
	<u>15,000</u>	<u>15,000</u>

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

7. Tangible capital assets

The balance of the tangible capital assets under the responsibility of the Commission is as follows:

Capital asset class	Cost				Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	Future-oriented 2012	Future-oriented 2011
Land	724,710			724,710					724,710	724,710
Buildings	12,465,804			12,465,804	5,596,383	459,136		6,055,519	6,410,285	6,869,421
Works and infrastructure	8,873,841	1,000,000		9,873,841	3,504,148	317,839		3,821,987	6,051,854	5,369,693
Machinery and equipment	1,114,371			1,114,371	1,084,058	16,090		1,100,148	14,223	30,313
Vehicles	1,100,130	30,000		1,130,130	839,615	77,078		916,693	213,437	260,515
Computer Software	13,500			13,500	13,500			13,500	0	0
Total	\$24,292,356	\$1,030,000	\$0	\$25,322,356	\$11,037,704	\$870,143	\$0	\$11,907,847	\$13,414,509	\$13,254,652

Amortization expense for the year ended March 31, 2012 is \$870,143 (\$877,194 in 2011).

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

8. The National Battlefields Commission Trust Fund

When the National Battlefields Commission was created, a Trust fund was established for the receipt of moneys from individuals, municipal corporations, provincial governments and others, for the purpose of acquiring and preserving the great historic battlefields in Quebec. Since September 1984, the Trust fund has been governed by subsection 9.1 of the *Act respecting the National Battlefields in Quebec*, which authorizes such amounts to be spent for the purpose for which they were given to the Commission. The income and cost are included in the future-oriented Statement of Operations of the Commission and are detailed as follows:

	<u>Future-oriented 2012</u>	<u>Future-oriented 2011</u>
Cost		
Professional services	\$ 3,000	\$ 2,000
	<u>3,000</u>	<u>2,000</u>
Revenues		
Interest	4,000	4,000
Miscellaneous	10,000	10,000
	<u>14,000</u>	<u>14,000</u>
(Excess of income on costs) excess of cost on income	(11,000)	(12,000)
Balance at beginning of the year	733,979	721,979
Balance at end of year, deposited with the Receiver General for Canada	<u>\$ 744,979</u>	<u>\$ 733,979</u>

9. Information on Expenses

The activities of the Commission are organized into three activities related to its mandate.

The **Conservation and Development of the Plains** includes the following services:

- The service of maintenance, which maintains the site, its furnishings, buildings and infrastructure, provides for a safe and stable environment, minimizes the effects of wear and tear and deterioration and slows down or prevents damage;
- The service of landscaping which is responsible for the scenery, horticultural, arboriculture and environment activities;
- The service of surveillance and security, which ensures to it that regulations regarding peace and public order are respected; enforces traffic and parking and regulations; ensures the safety of site users; and provides for surveillance of the Commission's premises and properties.

The **Public Education and Services** includes the following services:

- Client Services, which includes welcoming visitors and users to the Park, the dissemination of information to the public and reservations for educational interpretation activities for school and the general public;

- Cultural and Technical Service.

The **Internal Services** includes the provision of management, administration, financial services, parking services and communication services.

SUMMARY OF EXPENSES BY MAJOR TYPE

	Future-oriented 2012	Future-oriented 2011
Salaries and employee benefits	\$ 3,884,363	\$ 4,001,332
Payment in lieu of taxes	2,500,000	2,195,960
Amortization of tangible capital assets	870,143	877,194
Utilities, materials and supplies	650,000	935,025
Maintenance	600,000	850,000
Professional services	500,000	800,000
Publicity	276,986	800,000
Transportation and communication	125,000	250,000
Rental	40,000	50,000
Amortization of deferred charges	12,488	12,488
	<u>\$ 9,458,980</u>	<u>\$ 10,771,999</u>

10. Employee futures benefits

a) Pension benefits

The Commission's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

The Commission's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits

The Commission provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

	Future-oriented 2012	Future-oriented 2011
Accrued benefit obligation, beginning of year	\$ 547,662	\$ 491,604
Expense for the year	7,941	56,058
Benefits paid during the year	(93,890)	0
Accrued benefit obligation, end of year	<u>\$ 461,713</u>	<u>\$ 547,662</u>

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

11. Contingent liabilities

Claims have been made against The National Battlefields Commission in the normal course of operations. As at the date of the preparation of these future-oriented financial statements, legal proceedings for claims totalling approximately \$ 929,086 are pending.

12. Contractual Obligations

The nature of the Department's activities can result in some large multi-year contract and obligations whereby the Commission will be obligated to make future payments when the services are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2011	2012	2013	2014	2015 and thereafter	Total
Contractual Obligations	\$ 225,221	6,582	4,668	3,996	3,996	\$ 244,463
Total	\$ 225,221	6,582	4,668	3,996	3,996	\$ 244,463

13. Related Party Transactions

The Commission is related as a result of common ownership to all Government of Canada departments, agencies, and Crown Corporations. The Commission enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Commission received common services which were obtained without charge from other Government departments as disclosed below.

	Future-oriented 2012	Future-oriented 2011
Employer's contribution to the health and dental insurance plans	\$ 204,000	\$ 202,000
Audit services	64,000	62,500
Legal services	13,786	6,000
Payroll services	2,000	2,000
Total	\$ 283,786	\$ 272,500

14. Non-monetary transactions

The Commission has granted exclusive rights and public exposure to certain sponsors in exchange primarily for advertising. These non-monetary transactions with unrelated parties were recorded equally in revenues and expenses. They were estimated to total \$65,000 in 2011-2012 (\$65,000 in 2010-2011), which represents the fair value of the assets and services received.