

Planning and Reporting

Financial Statements

2013-2014 (Future-oriented)

NATIONAL BATTLEFIELDS COMMISSION Statement of Management Responsibility

Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial information for the years ended March 31, 2013 and 2014 rests with departmental management.

Management is responsible for the information contained in future-oriented financial information and for the process of developing assumptions. Assumptions are based upon information available and known to management as at December 31st 2012 and 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

Quebec, Canada
January 14, 2013

The original version was signed by :

Paule Veilleux
Director of administration

Quebec, Canada
January 14, 2013

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Statement of Financial Position (Unaudited)

As at March 31

(in dollars)

	Future-oriented <u>2014</u>	Future-oriented <u>2013</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 428,047	\$ 469,047
Vacation pay and compensatory leave	55,000	65,000
Government departments	140,000	140,000
Employee future benefits (note 8)	<u>70,000</u>	<u>477,592</u>
Total net liabilities	693,047	1,151,639
Financial assets		
Due from Consolidated Revenue Fund	552,047	593,047
Accounts receivable (note 4)	<u>16,000</u>	<u>16,000</u>
Total net financial assets	568,047	609,047
Departmental net debt	125,000	542,592
Non-financial assets		
Tangible capital assets (note 5)	11,731,672	12,630,946
Deferred charges	<u>51,216</u>	<u>63,704</u>
Total non-financial assets	11,782,887	12,694,649
Departmental net financial position	\$ <u>11,657,887</u>	\$ <u>12,152,058</u>

Contractual obligations (note 11)

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

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in dollars)

	Future-oriented <u>2014</u>	Future-oriented <u>2013</u>
Expenses (note 7)		
Conservation and Development	\$ 2,299,830	\$ 2,299,830
Public Education and Services	966,600	966,600
Internal Services	<u>6,596,385</u>	<u>7,497,245</u>
Total expenses	<u>9,862,815</u>	<u>10,763,675</u>
Revenues		
Parking	1,200,000	1,266,628
Educational activities and welcoming of visitors	378,000	434,834
Rent	180,000	192,044
Other revenues	<u>107,000</u>	<u>216,494</u>
Total revenues	<u>1,865,000</u>	<u>2,110,000</u>
Cost of operations	<u>7,997,815</u>	<u>8,653,676</u>
(Excess of income on costs) excess of costs on income (note 6)	<u>0</u>	<u>(8,500)</u>
Net cost of operations before government funding	<u>7,997,815</u>	<u>8,645,176</u>
Government funding		
Net cash provided by Government	7,306,645	7,643,481
Change in due from Consolidated Revenue Fund	(41,000)	(105,191)
Services provided without charge by other government departments (note 10)	<u>238,000</u>	<u>235,000</u>
Net cost of operations after government funding	<u>494,170</u>	<u>871,886</u>
Departmental net financial position - Beginning of year	12,152,058	13,023,944
Departmental net financial position - End of year	<u>\$ 11,657,887</u>	<u>\$ 12,152,058</u>

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

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Statement of Change in Departmental Net Debt (Unaudited)

For the Year Ended March 31

(in dollars)

	Future-oriented <u>2014</u>	Future-oriented <u>2013</u>
Net cost of operations after government funding	\$ 494,170	\$ 871,886
Change due to tangible capital assets		
Acquisition of tangible capital assets	100,000	94,457
Amortization of tangible capital assets	(999,274)	(1,013,992)
Amortization of deferred charges	(12,488)	(12,488)
Total change due to tangible capital assets	(911,762)	(932,023)
Net increase (decrease) in departmental net debt	(417,592)	(60,137)
Departmental net debt - Beginning of year	542,592	602,729
Departmental net debt - End of year	\$ <u>125,000</u>	\$ <u>542,592</u>

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

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Statement of Cash Flows (Unaudited)

For the Year Ended March 31

(in dollars)

	Future-oriented <u>2014</u>	Future-oriented <u>2013</u>
Operating activities		
Net cost of operations before government funding	\$ 7,997,815	\$ 8,645,176
Non-cash items:		
Amortization of tangible capital assets	(999,274)	(1,013,992)
Services provided without charge by other government departments (note 10)	(238,000)	(235,000)
Amortization of deferred charges	(12,488)	(12,488)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable	0	(1,255)
Decrease (increase) in accounts payable and accrued liabilities	41,000	111,581
Decrease (increase) in government departments	0	(5,134)
Decrease (increase) in vacation pay and compensatory leave	10,000	(20,289)
Decrease (increase) in future employee benefits	407,592	80,425
Cash used in operating activities	7,206,645	7,549,024
Capital investing activities		
Acquisition of tangible capital assets	100,000	94,457
Cash used in capital investing activities	100,000	94,457
Net cash provided by Government of Canada	\$ <u>7,306,645</u>	\$ <u>7,643,481</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, and natural 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 2012-2013 is used as the opening position for the 2013-2014 forecasts.

These assumptions are adopted as at December, 31th.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2012-2013 and for 2013-2014, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these future-oriented financial statements the National Battlefields Commission has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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

These future-oriented financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

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 Commission do not parallel financial reporting according to generally accepted accounting principles (Canadian public sector accounting standards) since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Future-oriented Statement of Operations and Departmental Net Financial Position and in the Future-oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 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 authorities 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 accrued as the benefits are earned by employees under their respective terms of employment.

- Services provided without charge by other government departments for employer contributions 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 pension plan 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. 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.

- (ii) Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The directorate uses assumptions and its best estimates to calculate the value of the liability as part of the severance pay, such as seniority and employee status.

(g) 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 intangibles, 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 material	3 to 5 years
Computer Software	3 to 5 years

(h) 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.

(i) 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 future 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 Departmental Net Financial Position 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 2014	Future-oriented 2013
	(in dollars)	
Net cost of operations before government funding	\$ 7,997,815	\$ 8,645,176
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(999,274)	(1,013,992)
Amortization of deferred charges	(12,488)	(12,488)
Services provided without charge by other government departments	(238,000)	(235,000)
Decrease in vacation pay and compensatory leave	10,000	(20,289)
Increase in employee future benefits	407,592	80,425
Cost related to The National Battlefields Commission Trust Fund	(30,000)	(56,000)
Non-tax income	1,800,000	2,045,000
Income from National Battlefields Commission Trust Fund	30,000	64,500
Total items affecting net cost of operations but not affecting authorities	967,830	852,156
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add:		
Acquisitions of tangible capital assets	100,000	94,457
Total items not affecting net cost of operations but affecting authorities	100,000	94,457
Current year authorities used	\$ 9,065,645	\$ 9,591,789

(b) Authorities provided and used:

	Future-oriented 2014	Future-oriented 2013
(in dollars)		
Authorities provided:		
Canadian Heritage:		
Operating and capital expenditures	\$ 6,774,773	\$ 7,386,097
Lapsed appropriation	0	(357,323)
	6,774,773	7,028,774
Statutory-Contribution to employee benefit plans	490,872	518,015
Expenditures corresponding to perceived revenues pursuant to sub-section 29.1(1) of the FAA	1,800,000	2,045,000
Current year authorities used	\$ 9,065,645	\$ 9,591,789

6. Accounts Receivable

	Future-oriented 2014	Future-oriented 2013
(in dollars)		
Receivables - Other government departments and agencies	\$ 16,000	\$ 16,000
Accounts receivables	\$ 16,000	\$ 16,000

THE NATIONAL BATTLEFIELDS COMMISSION

Future-oriented Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

(in dollars)

7. Tangible capital assets

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 2014	Future-oriented 2013
Land	\$ 724,710	\$	\$	\$ 724,710	\$	\$	\$	\$	\$ 724,710	\$ 724,710
Buildings	12,671,161			12,671,161	6,544,972	471,788		7,016,760	5,654,401	6,126,189
Works and infrastructure	9,511,306			9,511,306	4,153,968	334,184		4,488,151	5,023,155	5,357,338
Machinery and equipment	1,264,140			1,264,140	1,149,816	30,621		1,180,438	83,702	114,324
Vehicles	1,108,657	100,000	49,950	1,158,707	928,401	70,813	49,950	949,265	209,443	180,256
Computer material	237,411			237,411	123,460	77,689		201,149	36,262	113,951
Computer software	57,692			57,692	43,514	14,178		57,692	0	14,178
Total	\$ 25,575,077	\$ 100,000	\$ 49,950	\$ 25,625,127	\$ 12,944,131	\$ 999,274	\$ 49,950	\$ 13,893,455	\$ 11,731,672	\$ 12,630,946

Amortization expense for the year ended March 31, 2014 is \$999,274 (\$1,013,992 in 2013).

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:

	Future-oriented 2014	Future-oriented 2013
	(in dollars)	
Cost		
Professional services	\$ 30,000	\$ 56,000
Total of cost	30,000	56,000
Revenues		
Interest	5,000	5,000
Miscellaneous	25,000	59,500
Total of revenues	30,000	64,500
(Excess of income on costs) excess of cost on income	0	(8,500)
Balance at beginning of the year	659,996	651,496
Balance at end of year, deposited with the Receiver General for Canada	\$ 659,996	\$ 659,996

9. Information on Expenses

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

The **Conservation and Development** 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 horticultural which is responsible for the landscaping, horticultural, arboriculture activities and sustainable development;
- 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 2014	Future-oriented 2013
	(in dollars)	
Salaries and employee benefits	\$ 3,982,523	\$ 4,006,666
Payment in lieu of taxes	2,307,069	2,261,832
Amortization of tangible capital assets	999,274	1,013,992
Utilities, materials and supplies	711,062	962,910
Maintenance	699,279	946,954
Professional services	631,656	855,381
Publicity	340,674	461,337
Transportation and communication	116,803	158,173
Rental	61,987	83,942
Amortization of deferred charges	12,488	12,488
Total of charges	\$ 9,862,815	\$ 10,763,675

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.

Both the employees and the Commission contribute to the cost of the Plan. The 2013-2014 expense amounts to \$350,483 (\$369,863 in 2012-2013).

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 salary at termination of employment. 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:

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing on October 29, 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

	Future-oriented 2014	Future-oriented 2013
(in dollars)		
Accrued benefit obligation - Beginning of year	\$ 477,592	\$ 558,017
Expense for the year	0	37,737
Benefits paid during the year	(407,592)	(118,163)
Accrued benefit obligation - End of year	\$ 70,000	\$ 477,592

11. Contractual Obligations

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

	2015	2016	2017	2018	2019 and thereafter	Total
Contractual Obligations	\$ 15,239	\$ 5,178	\$ 4,038	\$ 4,038	\$ 4,038	\$ 32,531
Total	\$ 15,239	\$ 5,178	\$ 4,038	\$ 4,038	\$ 4,038	\$ 32,531

THE NATIONAL BATTLEFIELDS COMMISSION

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

12. 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.

During the year, the Commission received services without charge from certain common service organizations, related to accommodation, legal services and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in the Department's Statement of Operations and Departmental Net Financial Position as follows:

	Future-oriented 2014	Future-oriented 2013
	(in dollars)	
Employer's contribution to the health and dental insurance plans	\$ 238,000	\$ 235,000
Total	\$ 238,000	\$ 235,000

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in the Department's Statement of Operations and Departmental Net Financial Position.

13. 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 2013-2014 (\$65,000 in 2012-2013), which represents the fair value of the assets and services received.