

**THE NATIONAL BATTLEFIELDS
COMMISSION**

FINANCIAL STATEMENTS

March 31, 2016

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2016, and all information contained in these statements rests with the management of the National Battlefields Commission (The Commission). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Commission's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Commission's *Departmental Performance Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Commission.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The Commission is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board *Policy on Internal Control*.

A Core Control Audit was performed in 2011-2012 by the Office of the Comptroller General of Canada (OCG). The Audit Report and related Management Action Plan are posted on the Commission web site at: <http://ccbn-nbc.gc.ca/en/about-us/reports-and-policies/>. These documents provide appropriate disclosure on control management.

The firm Ernst & Young LLP, independent auditors, has expressed an opinion on the fair presentation of the financial statements of the Commission which does not include an audit opinion on the annual assessment of the effectiveness of the Commission's internal controls over financial reporting.

The original version was signed by:
Paule Veilleux, Acting Secretary

The original version was signed by:
Margaret F. Delisle, Chairwoman

Quebec, Canada
June 29, 2016

Independent auditors' report

To the Minister of Canadian Heritage and Official Languages

We have audited the accompanying financial statements of **The National Battlefields Commission** which comprise the statement of financial position as at March 31, 2016, and the statement of operations and departmental net financial position, statement of change in departmental net debt and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The National Battlefields Commission** as at March 31, 2016 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Québec, Canada
June 29, 2016

¹ CPA auditor, CA, public accountancy permit n° A109180



THE NATIONAL BATTLEFIELDS COMMISSION

Statement of Financial Position

As at March 31

(in dollars)

	<u>2016</u>	<u>2015</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 615,061	\$ 771,615
Vacation pay and compensatory leave	108,611	121,813
Government departments	140,821	159,039
Employee future benefits (note 9)	<u>181,605</u>	<u>196,281</u>
Total net liabilities	<u>1,046,098</u>	<u>1,248,748</u>
Financial assets		
Due from Consolidated Revenue Fund	707,768	840,763
Accounts receivable (note 5)	<u>48,114</u>	<u>89,891</u>
Total net financial assets	<u>755,882</u>	<u>930,654</u>
Departmental net debt	<u>290,216</u>	<u>318,094</u>
Non-financial assets		
Tangible capital assets (note 6)	18,524,998	14,711,777
Deferred charges (note 14)	<u>0</u>	<u>38,728</u>
Total non-financial assets	<u>18,524,998</u>	<u>14,750,505</u>
Departmental net financial position	<u>\$ 18,234,782</u>	<u>\$ 14,432,411</u>

Contractual obligations (note 10)

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

Approved by the Board :

The original version was signed by:
Paule Veilleux, Acting Secretary

The original version was signed by:
Margaret F. Delisle, Chairwoman

Quebec, Canada
June 29, 2016

THE NATIONAL BATTLEFIELDS COMMISSION
Statement of Operations and Departmental Net Financial Position
For the Year Ended March 31
(in dollars)

	<u>2016</u> Planned Results	<u>2016</u>	<u>2015</u>
Expenses (note 8)			
Conservation and Development	\$ 2,422,050	\$ 2,267,139	\$ 2,336,999
Public Education and Services	1,015,529	1,018,014	1,042,459
Internal Services	<u>6,729,776</u>	<u>6,724,597</u>	<u>7,336,034</u>
Total expenses	10,167,355	10,009,750	10,715,492
Revenues			
Parking	1,250,000	1,268,636	1,249,937
Educational activities and welcoming of visitors	378,000	490,265	524,363
Rent	180,000	192,311	194,490
Other revenues	<u>102,000</u>	<u>302,007</u>	<u>250,709</u>
Total revenues	1,910,000	2,253,219	2,219,499
Cost of operations	<u>8,257,355</u>	<u>7,756,531</u>	<u>8,495,993</u>
Excess of costs on income (note 7)	75,675	8,798	203,361
Net cost of operations before government funding and transfer	<u>8,333,030</u>	<u>7,765,329</u>	<u>8,699,354</u>
Government funding and transfer			
Net cash provided by Government		11,446,063	10,375,188
Change in due from Consolidated Revenue Fund		(132,995)	(237,371)
Services provided without charge by other government departments (note 11)		254,632	240,738
Transfer of the transition payments for implementing salary payments in arrears (note 12)		<u>0</u>	<u>(116,022)</u>
Excess of operations after government funding and transfer		(3,802,371)	(1,563,179)
Departmental net financial position - Beginning of year		14,432,411	12,869,232
Departmental net financial position - End of year		\$ <u>18,234,782</u>	\$ <u>14,432,411</u>

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

THE NATIONAL BATTLEFIELDS COMMISSION

Statement of Change in Departmental Net Debt

For the Year Ended March 31

(in dollars)

	<u>2016</u>	<u>2015</u>
Excess of operations after government funding and transfer	\$ (3,802,371)	\$ (1,563,179)
Change due to tangible capital assets		
Acquisition of tangible capital assets	4,827,354	3,508,388
Amortization of tangible capital assets	(1,046,381)	(1,061,466)
Loss on disposal of tangible capital assets	0	(841,080)
Amortization of deferred charges	(1,041)	(12,488)
Loss on disposal of deferred charges	(5,439)	0
Total change due to tangible capital assets	<u>3,774,493</u>	<u>1,593,354</u>
Net increase (decrease) in departmental net debt	<u>(27,878)</u>	<u>30,175</u>
Departmental net debt - Beginning of year	318,094	287,919
Departmental net debt - End of year	<u><u>\$ 290,216</u></u>	<u><u>\$ 318,094</u></u>

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

THE NATIONAL BATTLEFIELDS COMMISSION

Statement of Cash Flows

For the Year Ended March 31

(in dollars)

	<u>2016</u>	<u>2015</u>
Operating activities		
Net cost of operations before government funding and transfer	\$ 7,765,329	\$ 8,699,354
Non-cash items:		
Amortization of tangible capital assets	(1,046,381)	(1,061,466)
Loss on disposal of tangible capital assets	0	(841,080)
Services provided without charge	(254,632)	(240,738)
by other government departments (note 11)		
Amortization of deferred charges	(1,041)	(12,488)
Loss on disposal of deferred charges	(5,439)	0
Transition payments for implementing salary payments in arrears (note 12)	0	116,022
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable	(41,777)	13,385
Decrease in accounts payable and accrued liabilities	156,554	73,758
Decrease in government departments	18,218	150,228
Decrease (increase) in vacation pay and compensatory leave	13,202	(70,655)
Decrease in future employee benefits	14,676	40,480
Cash used in operating activities	<u>6,618,709</u>	<u>6,866,800</u>
Capital investing activities		
Acquisition of tangible capital assets	4,827,354	3,508,388
Cash used in capital investing activities	<u>4,827,354</u>	<u>3,508,388</u>
Net cash provided by Government of Canada	<u>\$ 11,446,063</u>	<u>\$ 10,375,188</u>

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

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements
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* (FAA).

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 Commission includes:

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

2. Summary of Significant Accounting Policies

These 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 since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the 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. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the future-oriented Statement of Operations included in the *2015-16 Report on Plans and Priorities*. Planned results are not presented in the "Government funding and transfer" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the *2015-16 Report on Plans and Priorities*.

Liquidity risk is the risk that the Commission will encounter difficulty in meeting its obligations associated with financial liabilities. The entity's objective for managing liquidity risk is to manage operations and cash expenditures within the appropriation authorized by Parliament or allotment limits approved by the Treasury Board.

Each year, the Commission presents information on planned expenditures to Parliament through the tabling of Estimates publications. These estimates result in the introduction of supply bills (which, once passed into legislation, become appropriation acts) in accordance with the reporting cycle for government expenditures. The Commission exercises expenditure initiation processes such that unencumbered balances of budget allotments and appropriations are monitored and reported on a regular basis to help ensure sufficient authority remains for the entire period and appropriations are not exceeded.

Consistent with Section 32 (1) of the *Financial Administration Act*, the Commission's policy to manage liquidity risk is that no contract or other arrangement providing for a payment shall be entered into with respect to any program for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons to which the payment will be charged unless there is a sufficient unencumbered balance available out of the appropriation or item to discharge any debt that, under the contract or other arrangement, will be incurred during the fiscal year in which the contract or other arrangement is entered into.

The entity's risk exposure and its objectives, policies and processes to manage and measure this risk did not change significantly from the prior year.

(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. This amount is not considered to be a financial instrument.

(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 another government department for employer contributions to the health and dental insurance plans 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. 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 cost of these benefits is accrued as the employees render the service necessary to earn them. 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. As of October 29th 2012, the accumulation of severance benefits under the employee severance pay program has ceased.

(iii) Workers' compensation benefits: The Commission recognizes, in present value, the cost of compensation benefits to be paid when the act at the origin of the obligation occurs. The liability that accounts for these benefits is recorded according to management's most probable assumptions regarding future salary, age of employees, years of service and the probability of departure. These assumptions are reviewed annually. These benefits represent the Commission's sole obligation of this nature whose resolution results in payments in the coming years.

(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

Assets under construction are not amortized until they are put to use.

(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. Following the decree 2015-0480 dated April 30, 2015 (exchange of land between departments as described in note 14), a portion of these assets was transferred to the Commission and the balance that was not transferred was removed from its books.

(i) Measurement uncertainty – The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the 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

Notes to the Financial Statements
For the Year Ended March 31

3. 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 authorities used

	2016	2015
	(in dollars)	
Net cost of operations before government funding and transfer	\$ 7,765,329	\$ 8,699,354
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1,046,381)	(1,061,466)
Loss on disposal of tangible capital assets	0	(841,080)
Amortization of deferred charges	(1,041)	(12,488)
Loss on disposal of deferred charges	(5,439)	0
Services provided without charge by other government departments	(254,632)	(240,738)
Decrease (Increase) in vacation pay and compensatory leave	13,202	(70,655)
Decrease in employee future benefits	14,676	40,480
Cost related to the Commission Trust Fund	(20,269)	(219,727)
Non-tax income	2,196,075	2,162,923
Income from the Commission Trust Fund	11,471	16,366
Total items affecting net cost of operations but not affecting authorities	907,662	(226,385)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	4,827,354	3,508,388
Transition payments for implementing salary payments in arrears	0	116,022
Total items not affecting net cost of operations but affecting authorities	4,827,354	3,624,410
Current year authorities used	\$ 13,500,345	\$ 12,097,379

(b) Authorities provided and used

	2016	2015
	(in dollars)	
Authorities provided:		
Canadian Heritage:		
Operating and capital expenditures	\$ 11,356,527	\$ 12,252,636
Unused appropriations	(537,975)	(2,824,768)
	<u>10,818,552</u>	<u>9,427,868</u>
Statutory-Contribution to employee benefit plans	485,719	506,589
Expenditures corresponding to sub-section 29.1(1) of the FAA	2,196,074	2,162,922
Current year authorities used	<u>\$ 13,500,345</u>	<u>\$ 12,097,379</u>

4. Accounts Payable and Accrued Liabilities

The following table presents details of the Commission's accounts payable and accrued liabilities:

	2016	2015
	(in dollars)	
Current accounts payable	\$ 384,384	\$ 621,838
Accrued compensatory time	16,748	4,267
Accrued salaries	206,512	138,050
GST collected	7,417	7,460
Total accounts payable and accrued liabilities	<u>\$ 615,061</u>	<u>\$ 771,615</u>

5. Accounts Receivable

The following table presents details of the Commission's accounts receivable:

	2016	2015
	(in dollars)	
Receivables - Other government departments and agencies	\$ 11,395	\$ 20,807
Receivables - External parties (Québec sales tax)	36,719	69,084
Accounts receivable	<u>\$ 48,114</u>	<u>\$ 89,891</u>

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements

For the Year Ended March 31

(in dollars)

6. Tangible capital assets

Capital Asset Class	Cost					Accumulated amortization					Net book value	
	Opening balance	Adjustments	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Adjustments	Amortization	Disposals and write-offs	Closing balance	2016	2015
Land	\$ 724,710	\$ 0	\$ 0	\$ 0	\$ 724,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 724,710	\$ 724,710
Buildings	10,746,238	0	211,593	0	10,957,831	5,688,454	0	372,989	0	6,061,443	4,896,388	5,057,784
Works and infrastructure	12,969,907	182,813	4,354,531	27,683	17,479,568	4,669,825	150,565	479,728	27,683	5,272,435	12,207,133	8,300,082
Machinery and equipment	1,273,249	0	68,261	15,981	1,325,529	937,422	0	63,277	15,981	984,718	340,811	335,827
Vehicles	1,118,571	0	173,605	89,839	1,202,337	968,328	0	59,913	89,839	938,402	263,935	150,243
Computer material	267,086	0	19,364	0	286,450	245,000	0	14,899	0	259,899	26,551	22,086
Computer software	240,488	0	0	0	240,488	119,443	0	55,575	0	175,018	65,470	121,045
Total	\$ 27,340,249	\$ 182,813	\$ 4,827,354	\$ 133,503	\$ 32,216,913	\$ 12,628,472	\$ 150,565	\$ 1,046,381	\$ 133,503	\$ 13,691,915	\$ 18,524,998	\$ 14,711,777

Amortization expense for the year ended March 31, 2016 is \$1,046,381 (\$1,061,466 in 2015).

The net book value of tangible capital assets that are not subject to amortization because they are currently under construction is \$33,942 for the year ended March 31, 2016 (\$432,126 in 2015).

The loss on disposal of tangible capital assets for the year ended March 31, 2016 is \$0 (\$841,080 in 2015).

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements
For the Year Ended March 31

7. 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 at 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 Statement of Operations and Departmental Net Financial Position of the Commission and are detailed as follows:

	2016		2015
	(in dollars)		
Cost			
Acquisition of tangible capital assets	\$	0	\$ 211,570
Amortization of tangible capital assets		30,122	11,503
Professional services		20,269	8,157
Total of cost		50,391	231,230
Revenues			
Interest		2,971	7,366
Miscellaneous		8,500	9,000
Total of revenues		11,471	16,366
Adjustments for items not affecting authorities:			
Amortization of tangible capital assets		30,122	11,503
Excess of cost on income		8,798	203,361
Balance at beginning of the year		784,494	987,855
Balance at end of year, deposited with the Receiver General for Canada	\$	775,696	\$ 784,494

During the year ended March 31, 2016, no acquisitions of tangible capital assets were made using the Trust fund (\$211,570 in 2015). These tangible capital assets are amortized on a straight-line basis over estimated useful lives of 5 to 20 years and their accumulated amortization is \$41,625 as at March 31, 2016 (\$11,503 as at March 31, 2015).

8. 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:

- The heritage sector 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

	2016	2015
	(in dollars)	
Salaries and employee benefits	\$ 4,156,111	\$ 4,184,451
Payment in lieu of taxes	2,453,881	2,334,043
Amortization of tangible capital assets	1,046,381	1,061,466
Utilities, materials and supplies	642,937	670,422
Professional services	638,478	550,106
Maintenance	512,878	478,445
Publicity	374,084	347,102
Transportation and communication	105,533	139,452
Rental	70,987	95,437
Loss on disposal of deferred charges	5,439	0
Other subsidies and payment	2,000	1,000
Amortization of deferred charges	1,041	12,488
Loss on disposal of tangible capital assets	0	841,080
Total expenses	\$ 10,009,750	\$ 10,715,492

9. Employee future benefits

a) Pension benefits

The Commission's employees participate in the public service pension plan (the "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 Plan benefits and they are indexed to inflation.

Both the employees and the Commission contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2015-2016 expense amounts to \$334,807 (\$346,304 in 2014-2015). For Group 1 members, the expense represents approximately 1.25 times (1.41 times in 2014-2015) the employee contributions and, for Group 2 members, approximately 1.24 times (1.39 times in 2014-2015) the employee contributions.

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 and workers' compensation 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.

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. Employees had until April 29, 2013 to make their intentions known, 90% of employees have expressed their choice by an immediate or short-term payment representing 79% of the total severance. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

Benefits will be paid from future authorities.

To calculate the severance benefit obligation which totals \$97,605 on March 31, 2016 (\$106,640 on March 31, 2015), the Commission uses a 2.00% rate of compensation increase, a 2.00% discount rate, a 0% probability of employee departure before the age of 55 (30 years of service and 55 years of age) or before the age of 60 which is the assumed retirement age for most employees.

For workers' compensation benefits, the Commission has recognized an obligation totaling \$84,000 on March 31, 2016 (\$89,641 in 2014-2015). To calculate this liability, the Commission uses a rate of compensation increase of 2.00% and a discount rate of 2.00% as a hypothesis for the final payments of the compensation.

	2016		2015	
	(in dollars)			
Accrued benefit obligation - Beginning of year	\$	196,281	\$	236,761
Expense for the year		11,287		(23,644)
Benefits paid during the year		(25,963)		(16,836)
Accrued benefit obligation - End of year	\$	181,605	\$	196,281

10. 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. In 2017, this obligation includes, among other things, the service contract for grass cutting and the Specific Service Agreement for the project of the multi-purpose interpretive trail parallel to Gilmour Hill. In subsequent years, these contracts are related to the repair and maintenance of equipment. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2017		2018		2019		2020		2021 and thereafter		Total	
Contractual Obligations	\$	268,954	\$	201,921	\$	179,599	\$	6,450	\$	5,596	\$	662,520
Total	\$	268,954	\$	201,921	\$	179,599	\$	6,450	\$	5,596	\$	662,520

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11. Related party transactions

The Commission is related as a result of common ownership to all government 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 another government department as disclosed below.

Common services provided without charge by a government department

During the year, the Commission received services without charge from a common service organization, related to the employer's contribution to the health and dental insurance plans. This service provided without charge has been recorded in the Commission's Statement of Operations and Departmental Net Financial Position as follows:

	2016		2015	
	(in dollars)			
Employer's contribution to the health and dental insurance plans	\$	254,632	\$	240,738
Total	\$	254,632	\$	240,738

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 Services and Procurement Canada are not included in the Commission's Statement of Operations and Departmental Net Financial Position.

12. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014-15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Commission. However, it did result in the use of additional spending authorities by the Commission. Prior to year-end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Services and Procurement Canada, who is responsible for the administration of the Government pay system.

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 \$57,144 in 2015-2016 (\$56,576 in 2014-2015), which represents the fair value of the assets and services received.

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14. Transfer from other departments

On April 30, 2015, pursuant to Decree 2015-0480, a land transfer occurred between the Commission, National Defence and Public Services and Procurement Canada for the Voltigeurs Armoury. This involved a parcel of land on Wilfrid Laurier in exchange for a larger adjacent plot. According to Article 8.2 of the *Treasury Board Guide to the Management of Real Property*, custody transfers are done without an appraisal or estimate of real property since they are conducted at a nominal sum given that all associated resources, including assets, are transferred from one department to another.

Before this land exchange, the restoration charges related to these assets not held by the Commission were recorded as deferred charges in the Commission's financial statements. Therefore, on April 30, 2015, the Commission transferred the net book value of a portion of the deferred charges to its tangible capital assets. These adjustments in the current year are shown in the table of capital assets in note 6. In addition, there was a loss on disposal of deferred charges amounting to \$5,439 at March 31, 2016 for the portion of the Voltigeurs Armoury parking lot that was not transferred to the Commission.