

**THE NATIONAL BATTLEFIELDS
COMMISSION**

FINANCIAL STATEMENTS

March 31, 2012

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, 2012, 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 and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

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://www.ccbn-nbc.gc.ca/index.html>.

The Office of the Auditor General, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the financial statements of Commission which does not include an audit opinion on the annual assessment of the effectiveness of the Commission's internal controls over financial reporting.

André Beaudet, Secretary

Margaret F. Delisle, Chairwoman

Quebec, Canada
July 19, 2012

THE NATIONAL BATTLEFIELDS COMMISSION

Statement of Financial Position

As at March 31

(in dollars)

	<u>2012</u>	<u>2011</u>
		Restated (note 12)
Liabilities		
Accounts payable and accrued liabilities	\$ 580,628	\$ 761,991
Vacation pay and compensatory leave	44,711	66,294
Government departments	134,866	161,478
Employee future benefits (note 8)	558,017	546,198
Total net liabilities	<u>1,318,222</u>	<u>1,535,961</u>
Financial assets		
Due from Consolidated Revenue Fund	698,238	906,763
Accounts receivable (note 4)	17,255	16,705
Total net financial assets	<u>715,493</u>	<u>923,468</u>
Departmental net debt	<u>602,729</u>	<u>612,493</u>
Non-financial assets		
Tangible capital assets (note 5)	13,550,481	13,680,990
Deferred charges	76,192	88,680
Total non-financial assets	<u>13,626,673</u>	<u>13,769,670</u>
Departmental net financial position	<u>\$ 13,023,944</u>	<u>\$ 13,157,177</u>

Contractual obligations (note 9)

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

Approved by the Board :

André Beaudet, Secretary

Margaret F. Delisle, Chairwoman

Quebec, Canada
July 19, 2012

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

	<u>2012</u>	<u>2012</u>	<u>2011</u>
	Planned Results		Restated (note 12)
Expenses (note 7)			
Conservation and Development	\$ 2,341,155	\$ 2,388,821	\$ 2,321,114
Public Education and Services	1,005,924	1,055,937	1,085,416
Internal Services	<u>6,111,901</u>	<u>6,791,406</u>	<u>7,198,002</u>
Total expenses	9,458,980	10,236,164	10,604,532
Revenues			
Parking	1,010,000	1,248,619	1,255,944
Educational activities and welcoming of visitors	300,000	428,888	409,949
Rent	181,000	192,888	180,525
Other revenues	<u>274,000</u>	<u>311,432</u>	<u>485,066</u>
Total revenues	1,765,000	2,181,827	2,331,484
Cost of operations	7,693,980	8,054,337	8,273,048
Excess of costs on income (excess of income on costs) (note 6)	<u>(11,000)</u>	<u>81,421</u>	<u>(10,938)</u>
Net cost of operations before government funding	7,682,980	8,135,758	8,262,110
Government funding			
Net cash provided by Government	7,637,512	7,978,687	7,357,077
Change in due from Consolidated Revenue Fund	(5,000)	(208,525)	289,288
Services provided without charge by other government departments (note 10)	<u>283,786</u>	<u>232,363</u>	<u>238,691</u>
Net cost of operations after government funding	(233,318)	133,233	377,054
Departmental net financial position - Beginning of year	12,726,644	13,157,177	13,534,231
Departmental net financial position - End of year	\$ <u>12,959,962</u>	\$ <u>13,023,944</u>	\$ <u>13,157,177</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>2012</u>	<u>2012</u>	<u>2011</u>
	Planned Results		
Net cost of operations after government funding	\$ (233,318)	\$ 133,233	\$ 377,054
Change due to tangible capital assets			
Acquisition of tangible capital assets	1,030,000	844,468	571,718
Amortization of tangible capital assets	(870,143)	(974,977)	(884,420)
Amortization of deferred charges	(12,488)	(12,488)	(12,488)
Total change due to tangible capital assets	<u>147,369</u>	<u>(142,997)</u>	<u>(325,190)</u>
Net increase (decrease) in departmental net debt	<u>(85,949)</u>	<u>(9,764)</u>	<u>51,864</u>
Departmental net debt - Beginning of year	616,688	612,493	560,629
Departmental net debt - End of year	<u>\$ 530,739</u>	<u>\$ 602,729</u>	<u>\$ 612,493</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>2012</u>	<u>2011</u>
		Restated (note 12)
Operating activities		
Net cost of operations before government funding	\$ 8,135,758	\$ 8,262,110
Non-cash items:		
Amortization of tangible capital assets	(974,977)	(884,420)
Services provided without charge by other government departments (note 10)	(232,363)	(238,691)
Amortization of deferred charges	(12,488)	(12,488)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable	550	3,158
Decrease (increase) in accounts payable and accrued liabilities	181,363	(289,970)
Decrease (increase) in government departments	26,612	(2,476)
Decrease (increase) in vacation pay and compensatory leave	21,583	2,730
Decrease (increase) in future employee benefits	(11,819)	(54,594)
Cash used in operating activities	<u>7,134,219</u>	<u>6,785,359</u>
Capital investing activities		
Acquisition of tangible capital assets	844,468	571,718
Cash used in capital investing activities	<u>844,468</u>	<u>571,718</u>
Net cash provided by Government of Canada	<u>\$ 7,978,687</u>	<u>\$ 7,357,077</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*.

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;
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 (Canadian public sector accounting standards) 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 Statement of Operations and Departmental Net Financial Position are the amounts reported in the future-oriented financial statements included in the 2011-12 *Report on Plans and Priorities*.

(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. 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 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 appropriations used

	2012	2011
	(in dollars)	
Net cost of operations before government funding	\$ 8,135,758	\$ 8,262,110
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(974,977)	(884,420)
Amortization of deferred charges	(12,488)	(12,488)
Services provided without charge by other government departments	(232,363)	(238,691)
Decrease in vacation pay and compensatory leave	21,583	2,730
Increase in employee future benefits	(11,819)	(54,594)
Cost related to The National Battlefields Commission Trust Fund	(89,698)	(1,172)
Non-tax income	2,115,612	2,231,338
Income from National Battlefields Commission Trust Fund	8,277	12,110
Total items affecting net cost of operations but not affecting authorities	824,127	1,054,813
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add:		
Acquisitions of tangible capital assets	844,468	571,718
Total items not affecting net cost of operations but affecting authorities	844,468	571,718
Current year authorities used	\$ 9,804,353	\$ 9,888,641

(b) Authorities provided and used

	2012	2011
	(in dollars)	
Authorities provided:		
Canadian Heritage:		
Operating and capital expenditures	\$ 7,520,725	\$ 7,514,163
Lapsed appropriation	(357,323)	(374,278)
	7,163,402	7,139,885
Statutory-Contribution to employee benefit plans	525,339	517,418
Expenditures corresponding to perceived revenues pursuant to sub-section 29.1(1) of the FAA	2,115,612	2,231,338
Current year authorities used	\$ 9,804,353	\$ 9,888,641

4. Accounts Receivable

	2012	2011
	(in dollars)	
Receivables - Other government departments and agencies	\$ 17,255	\$ 16,705
Accounts receivables	\$ 17,255	\$ 16,705

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements

For the Year Ended March 31

(in dollars)

5. 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	2012	2011
Land	\$ 724,710	\$	\$	\$ 724,710	\$	\$	\$	\$	\$ 724,710	\$ 724,710
Buildings	12,602,822	68,339		12,671,161	5,603,962	469,222		6,073,184	6,597,977	6,998,860
Works and infrastructure	8,935,621	570,228		9,505,849	3,493,041	325,646		3,818,687	5,687,162	5,442,580
Machinery and equipment	1,203,287	60,853		1,264,140	1,078,225	31,975		1,110,200	153,940	125,062
Vehicles	1,078,746	0		1,078,746	823,523	90,528		914,051	164,695	255,223
Computer material	92,363	145,048		237,411	1,448	42,875		44,323	193,088	90,915
Computer software	57,692	0		57,692	14,052	14,731		28,783	28,909	43,640
Total	\$ 24,695,241	\$ 844,468	\$ 0	\$ 25,539,709	\$ 11,014,251	\$ 974,977	\$ 0	\$ 11,989,228	\$ 13,550,481	\$ 13,680,990

Amortization expense for the year ended March 31, 2012 is \$974,977 (\$884,420 in 2011).

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements

For the Year Ended March 31

6. 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 Statement of Operations of the Commission and are detailed as follows:

	2012	2011
	(in dollars)	
Cost		
Professional services	\$ 89,698	\$ 1,172
Total of cost	89,698	1,172
Revenues		
Interest	5,277	4,610
Miscellaneous	3,000	7,500
Total of revenues	8,277	12,110
Excess of cost on income (excess of income on costs)	81,421	(10,938)
Balance at beginning of the year	732,917	721,979
Balance at end of year, deposited with the Receiver General for Canada	\$ 651,496	\$ 732,917

7. 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 scenery, horticultural and arboriculture activities;
- The service of landscaping and environment is responsible for 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

	2012	2011
	(in dollars)	
Salaries and employee benefits	\$ 4,170,720	\$ 4,116,150
Payment in lieu of taxes	2,211,511	2,152,817
Amortization of tangible capital assets	974,977	884,420
Utilities, materials and supplies	795,683	998,891
Maintenance	782,570	797,327
Professional services	706,865	631,935
Publicity	381,364	652,420
Transportation and communication	130,640	110,503
Rental	69,346	247,581
Amortization of deferred charges	12,488	12,488
Total of charges	\$ 10,236,164	\$ 10,604,532

8. 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. 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 2011-2012 expense amounts to \$377,719 (\$363,227 in 2010-2011), which represents approximately 1.8 times (1.9 times in 2010-2011) the contributions by employees.

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 in 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.

	2012		2011	
	(in dollars)			
Accrued benefit obligation - Beginning of year	\$	546,198	\$	491,604
Expense for the year		47,864		54,594
Benefits paid during the year		(36,045)		0
Accrued benefit obligation - End of year	\$	558,017	\$	546,198

9. 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:

	2013	2014	2015	2016	2017 and thereafter	Total
Contractual Obligations	\$ 229,365	\$ 166,643	\$ 15,239	\$ 5,178	\$ 4,038	\$ 420,463
Total	\$ 229,365	\$ 166,643	\$ 15,239	\$ 5,178	\$ 4,038	\$ 420,463

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements
For the Year Ended March 31
(in dollars)

10. 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 other government departments as disclosed below.

(a) Common services provided without charge by other government departments

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:

	2012		2011	
	(in dollars)			
Employer's contribution to the health and dental insurance plans	\$	228,134	\$	223,714
Legal services		4,229		14,977
Total	\$	232,363	\$	238,691

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.

11. 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 \$66,215 in 2011-2012 (\$100,146 in 2010-2011), which represents the fair value of the assets and services received.

12. Accounting changes

During 2011, amendments were made to *Treasury Board Accounting Standard 1.2 – Departmental and Agency Financial Statements* to improve financial reporting by government departments and agencies. The amendments are effective for financial reporting of fiscal years ending March 31, 2012, and later. The significant changes to the Department's financial statements are described below. These changes have been applied retroactively, and comparative information for 2010-11 has been restated.

Net debt (calculated as liabilities less financial assets) is now presented in the Statement of Financial Position. Accompanying this change, the Commission now presents a Statement of Change in Net Debt and no longer presents a Statement of Equity.

Revenue and related accounts receivable are now presented net of non-respendable amounts in the Statement of Operations and Departmental Net Financial Position and Statement of Financial Position. This change had no impact on net cost of operations and financial assets.

Government funding and transfers, as well as the credit related to services provided without charge by other government departments are now recognized in the Statement of Operations and Departmental Net Financial Position below “Net cost of operations before government funding and transfers”. In previous years, the Department recognized these transactions directly in the Statement of Equity of Canada. This change had no impact on net cost of operations.

13. Comparative information

Comparative figures have been reclassified to conform to the current year’s presentation.