

The National Battlefields Commission

**Financial statements
March 31, 2021**

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, 2021, 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 Results 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.

Ernst & Young LLP, the independent auditor, 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.

Original signed by:
Annie Talbot, Secretary-General Director

Original signed by:
Bernard Laquerre, Deputy Director General and CFO

Québec City, Canada
June 18, 2021

Independent auditor's report

To the Minister of Canadian Heritage

Opinion

We have audited the accompanying financial statements of **The National Battlefields Commission** (the "Commission"), which comprise the statement of financial position as at March 31, 2021, and the statement of operations and departmental net financial position, the statement of change in departmental net debt for the year then ended, and the notes thereto, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Ernst & Young LLP*¹

Québec City, Canada
June 18, 2021

¹ CPA auditor, CA, public accountancy permit No. A133737

The National Battlefields Commission

Statement of Financial Position

As at March 31

(in dollars)

	<u>2021</u>	<u>2020</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$909,155	\$867,457
Vacation pay and compensatory leave	301,707	258,411
Accounts payable and accrued liabilities to other government departments	226,210	663,657
Employee future benefits (note 9(b))	52,638	62,425
Total net liabilities	<u>1,489,710</u>	<u>1,851,950</u>
Financial assets		
Due from Consolidated Revenue Fund	1,022,572	1,391,593
Accounts receivable (note 5)	112,793	139,520
Total net financial assets	<u>1,135,365</u>	<u>1,531,113</u>
Departmental net debt	<u>354,345</u>	<u>320,837</u>
Non-financial assets		
Tangible capital assets (note 6)	14,502,018	15,583,353
Total non-financial assets	<u>14,502,018</u>	<u>15,583,353</u>
Departmental net financial position	<u>\$14,147,673</u>	<u>\$15,262,516</u>

Contractual obligations (note 10)

Contingencies (note 13)

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

Approved by the Board:

Original signed by:
Bernard Laquerre, Deputy Director General
and CFO

Original signed by:
Jean Robert, Chair

Québec City, Canada
June 18, 2021

The National Battlefields Commission

Statement of Operations and Departmental Net Financial Position

Year ended March 31

(in dollars)

	<u>2021</u> Planned results (unaudited)	<u>2021</u>	<u>2020</u>
Expenses (note 8)			
Conservation and Development	\$2,430,413	\$2,420,626	\$2,617,929
Public Education and Services	1,357,516	1,115,538	1,367,466
Internal Services	7,585,943	7,250,871	8,179,138
Total expenses	<u>11,373,872</u>	<u>10,787,035</u>	12,164,533
Revenues			
Parking	1,500,000	800,811	1,477,765
Educational activities and welcoming of visitors	635,000	186,032	679,369
Rent	114,000	79,390	112,270
Other revenues	331,663	124,454	361,654
Total revenues	<u>2,580,663</u>	<u>1,190,687</u>	2,631,058
Cost of operations	<u>8,793,209</u>	<u>9,596,348</u>	9,533,475
Trust Fund Excess of revenues over expenses (note 7)	<u>(20,537)</u>	<u>(136,555)</u>	(133,072)
Net cost of operations before government funding and transfer	<u>8,772,672</u>	<u>9,459,793</u>	9,399,773
Government funding and transfer			
Net cash provided by Government		8,461,299	7,080,357
Increase (decrease) in due from Consolidated Revenue Fund		(369,021)	580,539
Services provided without charge by other government departments (note 11)		<u>252,672</u>	<u>399,843</u>
Cost of operations after government funding and transfer		<u>1,114,843</u>	1,339,034
Departmental net financial position - beginning of year		<u>15,262,516</u>	16,601,550
Departmental net financial position - end of year		<u>\$14,147,673</u>	<u>\$15,262,516</u>

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

The National Battlefields Commission

Statement of Change in Departmental Net Debt

Year ended March 31

(in dollars)

	<u>2021</u>	<u>2020</u>
Cost of operations after government funding and transfer	<u>\$1,114,843</u>	<u>\$1,339,034</u>
Change due to tangible capital assets		
Acquisition of tangible capital assets	24,729	34,950
Amortization of tangible capital assets	<u>(1,106,064)</u>	<u>(1,239,535)</u>
Total change due to tangible capital assets	<u>(1,081,335)</u>	<u>(1,204,585)</u>
Net increase in departmental net debt	33,508	134,449
Departmental net debt - beginning of year	<u>320,837</u>	<u>186,388</u>
Departmental net debt - end of year	<u><u>\$354,345</u></u>	<u><u>\$320,837</u></u>

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

The National Battlefields Commission

Statement of Cash Flows

Year ended March 31

(in dollars)

	<u>2021</u>	<u>2020</u>
Operating activities		
Net cost of operations before government funding and transfer	\$9,459,793	\$9,399,773
Non-cash items:		
Amortization of tangible capital assets	(1,106,064)	(1,239,535)
Services provided without charge		
by other government departments (note 11)	(252,672)	(399,843)
Changes in Statement of Financial Position:		
Decrease in accounts receivable	(26,727)	(60,455)
Increase in vacation pay and compensatory leave	(43,296)	(158,443)
Increase in accounts payable and accrued liabilities	(41,698)	(57,890)
Decrease (increase) in accounts payable and accrued liabilities		
to other government departments	437,447	(462,198)
Decrease in future employee benefits	9,787	23,998
Cash used in operating activities	<u>8,436,570</u>	<u>7,045,407</u>
Capital investing activities		
Acquisition of tangible capital assets	<u>24,729</u>	<u>34,950</u>
Net cash provided by Government of Canada	<u><u>\$8,461,299</u></u>	<u><u>\$7,080,357</u></u>

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

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2021

1. Authority and objectives

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

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 Québec Citadel, overlooking Cap-aux-Diamants;

The Plains of Abraham Museum on Wilfrid Laurier Avenue;

The Louis S. St-Laurent House 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. 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 2020-2021 Department Plan. The planned results amounts are not included in the "Government funding and transfer" section of the Statement of Operations and Departmental Net Financial Position or the Statement of Change in Departmental Net Debt as these amounts have not been included in the 2020-2021 Department Plan.

Liquidity risk is the risk that the Commission will encounter difficulty in meeting its obligations associated with financial liabilities. The Commission'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.

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2021

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 FAA, 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 Commission'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 of Canada.

(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, in accordance with the accrual basis of accounting.

(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 during the period in which the services are rendered.

(f) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan (the 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.

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2021

(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 services necessary to earn them. The Commission recognizes, at present value, the cost of severance benefits to be paid as at October 29, 2012, adjusted for benefits paid as of that date. The directorate uses assumptions and its best estimates to calculate the value of the severance pay liability, such as seniority and employee status. As of October 29, 2012, the accrual 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 event obligating it occurs. The liability for these benefits is recorded based on management's best assumptions regarding future salary escalation, age of employees, years of service and the probability of absence. 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 \$10,000 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:

Tangible capital 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 hardware	3 to 5 years
Computer software	3 to 5 years

Tangible assets under construction are not amortized until they are commissioned.

(h) 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 financial statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for workers' compensation, 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

Year ended March 31, 2021

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 a given 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 depending on whether they are presented on a government funding basis or 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

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Net cost of operations before government funding and transfer	<u>\$9,459,793</u>	<u>\$9,399,773</u>
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1,106,064)	(1,239,535)
Services provided without charge by other government departments	(252,672)	(399,843)
Increase in vacation pay and compensatory leave	(43,296)	(158,443)
Decrease in future employee benefits	9,787	23,998
Cost related to the Commission Trust Fund	(1,667)	(495)
Non-tax income	1,187,329	2,583,750
Income from the Commission Trust Fund	<u>138,222</u>	<u>134,197</u>
Total items affecting net cost of operations but not affecting authorities	<u>(68,361)</u>	<u>943,629</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	<u>24,729</u>	<u>34,950</u>
Total items not affecting net cost of operations but affecting authorities:	<u>24,729</u>	<u>34,950</u>
Current year authorities used	<u><u>\$9,416,161</u></u>	<u><u>\$10,378,352</u></u>

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2021

(b) Authorities provided and used

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Authorities provided:		
Canadian Heritage:		
Operating and capital expenditures	\$7,091,302	\$7,304,514
Unused parliamentary authorities	(538,705)	(74,852)
	6,552,597	7,229,662
Statutory-Contribution to employee benefit plans	464,737	521,641
Expenditures corresponding to sub-section 29.1(1) of the FAA	1,286,499	2,627,049
Expenditures under the Public Health Events of National Concern Payments Act	1,112,328	—
Current year authorities used	<u>\$9,416,161</u>	<u>\$10,378,352</u>

4. Accounts payable and accrued liabilities

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

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Current accounts payable	\$482,079	\$226,036
Accrued salaries	410,303	620,518
Commodity taxes collected	16,773	20,903
Total accounts payable and accrued liabilities	<u>\$909,155</u>	<u>\$867,457</u>

5. Accounts receivable

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

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Receivables - external parties (non-tax income)	\$43,182	\$99,171
Receivables - external parties (Québec sales tax)	59,045	38,008
Receivables - other government departments and agencies	10,566	2,341
Total receivables	<u>\$112,793</u>	<u>\$139,520</u>

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2021

6. Tangible capital assets

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	2021	2020
Land	\$724,710,	\$—	\$—	\$724,710	\$—	\$—	\$—	\$—	\$724,710	\$724,710
Buildings	11,338,212	—	—	11,338,212	7,259,519	357,197	—	7,616,716	3,721,496	4,078,693
Works and infrastructure	17,691,796,	—	—	17,691,796	7,594,915	553,921	—	8,148,836	9,542,960	10,096,881
Machinery and equipment	1,430,320	—	—	1,430,320	1,037,903	81,364	—	1,119,267	311,053	392,417
Vehicles	1,259,488	—	—	1,259,488	1,037,318	78,754	—	1,116,072	143,416	222,170
Computer hardware	324,193	24,729	—	348,922	261,069	29,470	—	290,539	58,383	63,124
Computer software	238,923	—	—	238,923	233,565	5,358	—	238,923	—	5,358
Total	\$33,007,642	\$24,729	—	\$33,032,371	\$17,424,289	\$1,106,064	—	\$18,530,353	\$14,502,018,	\$15,583,353

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	2020	2019
Land	\$724,710	\$—	\$—	\$724,710	\$—	\$—	\$—	\$—	\$724,710	\$724,710
Buildings	11,338,212	—	—	11,338,212	6,804,822	454,697	—	7,259,519	4,078,693	4,533,390
Works and infrastructure	17,691,796	—	—	17,691,796	7,011,290	583,625	—	7,594,915	10,096,881	10,680,506
Machinery and equipment	1,580,388	—	150,068	1,430,320	1,109,996	77,975	150,068	1,037,903	392,417	470,392
Vehicles	1,335,220	—	75,732	1,259,488	1,028,399	84,651	75,732	1,037,318	222,170	306,821
Computer hardware	396,351	34,950	107,108	324,193	336,496	31,681	107,108	261,069	63,124	59,855
Computer software	245,137	—	6,214	238,923	232,873	6,906	6,214	233,565	5,358	12,264
Total	\$33,311,814	\$34,950	\$339,122	\$33,007,642	\$16,523,876	\$1,239,535	\$339,122	\$17,424,289	\$15,583,353	\$16,787,938

Amortization expense for the year ended March 31, 2021 was \$1,106,064 (\$1,239,535 in 2020).

The net book value of tangible capital assets that are not subject to amortization because they are currently under construction was nil for the year ended March 31, 2021 (nil in 2020).

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2021

7. Trust Fund

When the 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 Québec. 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. Revenues and expenses are included in the Statement of Operations and Departmental Net Financial Position of the Commission and are detailed as follows:

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Expenses		
Amortization of tangible capital assets	\$3,048	\$21,667
Professional services	1,667	495
Total expenses	<u>4,715</u>	<u>22,162</u>
Revenues		
Interest	22,164	14,208
Miscellaneous	116,058	119,989
Total revenues	<u>138,222</u>	<u>134,197</u>
Adjustments for items not affecting authorities:		
Amortization of tangible capital assets	3,048	21,667
Excess of income on costs	<u>(136,555)</u>	<u>(133,702)</u>
Balance – beginning of the year	1,308,432	1,174,730
Balance – end of year, deposited with the Receiver General for Canada	<u><u>\$1,444,987</u></u>	<u><u>\$1,308,432</u></u>

The tangible capital assets were recorded at a cost of \$211,570 as at March 31, 2021 and 2020 and were amortized on a straight-line basis over estimated useful lives of 5 to 20 years. Their accumulated amortization was \$165,850 as at March 31, 2021 (\$162,802 as at March 31, 2020) with a net carrying amount of \$45,720 as at March 31, 2020 (\$48,768 as at March 31, 2020).

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2021

8. Information on expenses

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

Conservation includes the following services:

- The services of infrastructures and projects, for the maintenance of the site, its furnishings, buildings and infrastructure, provide for a safe and stable environment, minimize the effects of wear and tear and deterioration and slow down or prevent damages;
- The service of green spaces, which is responsible for the landscaping, horticultural, arboriculture activities and sustainable development;
- The security service, which ensures 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.

Promotion of Heritage 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 schools 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

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Salaries and employee benefits (note 9(a))	\$4,258,551	\$5,049,759
Payment in lieu of property taxes	2,567,517	2,551,974
Professional services	1,210,846	1,360,509
Amortization of tangible capital assets	1,106,064	1,239,535
Utilities, materials and supplies	425,602	600,289
Maintenance and repairs	626,773	561,061
Publicity	195,103	318,883
Machinery and equipment	135,536	130,529
Transportation and communication	128,265	126,126
Rental	41,791	67,134
Other subsidies and payments	90,987	158,734
Total expenses	<u>\$10,787,035</u>	<u>\$12,164,533</u>

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Year ended March 31, 2021

9. Employee future benefits

(a) Pension benefits

In accordance with the *Public Service Superannuation Act*, Commission employees are covered by the pension benefit provisions offered by the government, commonly referred to as the “Public Service Pension Plan”. As such, the pension calculation is based on the average of the best consecutive five years of salary and pensionable service as follows: 2% multiplied by the average salary above the average of the maximum pensionable earnings multiplied by the years of service capped at 35 years.

The benefits are integrated with Canada/Québec Pension Plan benefits and are indexed to inflation.

Both the employees and the Commission contribute to the cost of the Public Service Pension Plan (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 at 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 expense included under salaries and employee benefits expense in the Statement of Operations for the year ended March 31, 2021 amounted to \$317,137 (\$361,393 in 2020). For Group 1 members, the expense represented approximately 1.01 times (1.01 times in 2020) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2020) the employee contributions.

The Commission’s responsibility with regard to the Plan is limited to its paid contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the Plan’s sponsor.

(b) Workers’ compensation benefits

The Commission provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. Severance benefits are not pre-funded and the plan has a deficit equal to the accrued benefit obligation.

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For workers' compensation benefits, the Commission recognized an obligation totaling \$52,638 as at March 31, 2021 (\$62,425 as at March 31, 2020). To calculate this liability, the Commission used a discount rate based on the current yield curve structure of zero coupon Government of Canada bonds and assumes an age of 65 years for the final payments of the compensation. As at March 31, 2021, the Commission was using a 2.00% future salary escalation rate and a discount rate of 0.13% as assumptions for the final benefit payments.

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Accrued benefit obligation - beginning of year	\$62,425	\$86,423
Expense for the year	(1,254)	(15,959)
Benefits paid during the year	(8,533)	(8,039)
Accrued benefit obligation - end of year	<u>\$52,638</u>	<u>\$62,425</u>

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 2021-2022, these obligations include the grass and tree maintenance contracts, and advertising campaigns for summer activities. In subsequent years, these contracts are mainly related to the repair and maintenance of equipment. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026 and thereafter</u>	<u>Total</u>
Total contractual obligations	<u>229,371</u>	<u>206,760</u>	<u>168,868</u>	<u>887</u>	<u>887</u>	<u>606,619</u>

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.

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Year ended March 31, 2021

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 employer contributions 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:

	<u>2021</u>	<u>2020</u>
	(in dollars)	
Employer contributions to the health and dental insurance plans	<u>\$252,672</u>	<u>\$399,843</u>

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 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. Non-monetary transactions

The Commission has granted exclusive and visibility rights to certain sponsors in exchange primarily for advertising. These non-monetary transactions with unrelated parties were recorded in both revenues and expenses. They were estimated to total \$3,358 in 2020-2021 (\$47,308 in 2020-2021), which represented the fair value of the assets and services received.

13. Contingencies

The Commission is a party to certain actions and claims in the normal course of business. Management believes that the Commission has set aside sufficient provisions to cover the contingencies in relation to such claims. Based on the information currently available, management does not believe the outcome of these actions and claims will have a significant impact on the Commission's financial position.

As part of its 2021 budget, the Government decided to provide the Commission with emergency funding of \$2 million to address the financial pressures caused by COVID-19 and permanent financing of \$16.8 million over five years, \$3.2 million per year to resolve program integrity problems and salary pressures, including retroactivity payments. .

As at June 18, 2021, the Commission was awaiting the passing of the *Appropriation Act related to the Estimates of Expenditures* that will give access to these funds.

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14. Impact of the global coronavirus (COVID-19) pandemic

Global pandemic

The outbreak of a novel and highly contagious form of coronavirus (“COVID-19”) was declared to constitute a pandemic by the World Health Organization on March 11, 2020. The situation is in constant evolution and the implemented measures are having numerous economic impacts at the global level. In March 2020, following the advice of public health experts, the Commission took measures to limit the spread of COVID-19 and reduce the risks for users of the park. In particular, the Commission closed the Plains of Abraham Museum and cancelled public events, including festivals and cultural and sporting activities held at the Commission’s sites. As a result, the interruptions of activities led to a decline in the Commission’s revenues for the year ended March 31, 2021 (last two weeks of the year ended March 31, 2020), including a significant decrease in parking revenues.

While the situation continues to evolve, the impact of these changes on the Commission’s operations remains uncertain despite the gradual reopening of certain activities since the end of April 2021 in line with government guidelines. The Commission expects this situation to have an impact on the number of visitors to the Commission’s site and its revenues from operations for the year ended March 31, 2022, given the cancellation in particular of public events. The Commission will continue to comply with guidelines of government and public health authorities by prioritizing health and safety.