

**THE NATIONAL BATTLEFIELDS
COMMISSION**

FINANCIAL STATEMENTS

March 31, 2010

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2010, and all information contained in these statements rests with Commission's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector.

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 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 Office of the Auditor General has expressed an opinion on the fair presentation of the financial statements of the Commission.

The original version was signed by :
André Beaudet, Secretary

The original version was signed by :
Jacques Mathieu, Deputy Chairman

Quebec, Canada
July 9, 2010



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

I have audited the statement of financial position of the National Battlefields Commission as at March 31, 2010 and the statements of operations and Equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The original version was signed by:

René Béliveau, CA auditor
Principal
for the Auditor General of Canada

Montréal, Canada
July 9, 2010

THE NATIONAL BATTLEFIELDS COMMISSION

Statement of Financial Position

As at March 31

	<u>2010</u>	<u>2009</u>
ASSETS		
Financial Assets		
Cash	\$ 617,475	\$ 743,235
Accounts receivable (note 4)	13,547	13,579
Total financial assets	<u>631,022</u>	<u>756,814</u>
Non-financial assets		
Tangible capital assets (note 5)	13,993,692	14,460,363
Deferred charges	101,168	113,656
Total non-financial assets	<u>14,094,860</u>	<u>14,574,019</u>
	<u>\$ 14,725,882</u>	<u>\$ 15,330,833</u>
LIABILITIES AND EQUITY OF CANADA		
Liabilities		
Accounts payable and accrued liabilities	\$ 470,933	\$ 577,109
Vacation pay and compensatory leave	70,112	148,553
Accounts payable and accrued liabilities to other Government departments	159,002	108,177
Employee future benefits (note 8)	491,604	480,631
	<u>1,191,651</u>	<u>1,314,470</u>
Equity of Canada	13,534,231	14,016,363
	<u>\$ 14,725,882</u>	<u>\$ 15,330,833</u>

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

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

The original version was signed by :
André Beaudet, Secretary

The original version was signed by :
Jacques Mathieu, Deputy Chairman

Quebec, Canada
July 9, 2010

THE NATIONAL BATTLEFIELDS COMMISSIONStatement of Operations and Equity of Canada
For the Year Ended March 31

	<u>2010</u>	<u>2009</u>
Expenses (note 7)		
Conservation and Development of the Plains	\$ 2,170,457	\$ 2,226,981
Public Education and Services	1,004,876	956,762
Internal Services	<u>7,091,961</u>	<u>7,927,425</u>
Total expenses	10,267,294	11,111,168
Revenues		
Parking	1,025,557	1,113,226
Educational activities and welcoming of visitors	411,238	485,933
Rent	186,799	180,664
Other revenues	<u>229,655</u>	<u>627,152</u>
Total revenues	1,853,249	2,406,975
Cost of operations	8,414,045	8,704,193
Excess of cost on income (excess of income on costs) (note 6)	<u>14,616</u>	<u>(51,791)</u>
Net cost of operations	\$ <u>8,428,661</u>	\$ <u>8,652,402</u>
Equity of Canada, beginning of year	\$ 14,016,363	\$ 13,870,244
Net cost of operations	(8,428,661)	(8,652,402)
Net cash provided by Government	7,807,512	9,450,131
Change in net position in the Consolidated Revenue Fund	(125,760)	(905,079)
Services provided without charge by other government departments (note 11)	264,777	253,469
Equity of Canada, end of year	\$ <u>13,534,231</u>	\$ <u>14,016,363</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

	<u>2010</u>	<u>2009</u>
Operating activities		
Net cost of operations	\$ 8,428,661	\$ 8,652,402
Non-cash items:		
Amortization of tangible capital assets	(886,576)	(888,069)
Services provided without charge		
by other government departments (note 11)	(264,777)	(253,469)
Amortization of deferred charges	(12,488)	(12,488)
Variations in Statement of Financial Position:		
Net change in non-cash working capital balances	125,760	905,079
Change in liability for employee severance benefits, vacation and compensatory leave	(2,973)	7,993
Variation of the contingencies liabilities	-	489,019
Cash used in operating activities	<u>7,387,607</u>	<u>8,900,467</u>
Capital investing activities:		
Acquisition of tangible capital assets	<u>419,905</u>	<u>549,664</u>
Cash used in capital investing activities	419,905	549,664
Net cash provided by Government of Canada	<u>\$ 7,807,512</u>	<u>\$ 9,450,131</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, natural and scientific resources of the Battlefields Park are developed in the best interest of Canadians and that the image of the Government of Canada is strengthened without compromising the historic character of the site. To achieve that goal, the Commission will acquire, preserve and develop the great historic battlefields in Quebec.

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

The Plains of Abraham, site of the Battle of 1759 between Wolfe and Montcalm;
Des Braves Park, marking the Battle of St-Foy in 1760;
The Pierre-Dugua-de-Mons Terrace, east of the Quebec Citadel, overlooking Cap-aux-Diamants;
The Plains of Abraham Discovery Pavillon on Wilfrid Laurier Avenue;
The Maison St-Laurent located at 201,203 Grande-Allée Est in Québec;
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 in accordance with the Treasury Board accounting policies stated below, which are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

- (a) Parliamentary authorities – The Commission is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the department do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Equity of Canada and 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.
- (b) Net Cash Provided by Government – The Commission operates within the Consolidated Revenue Fund (CRF) which is administered by the Receiver General for Canada. All cash received by the Commission is deposited to the CRF and all cash disbursements made by the Commission are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.
- (c) Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Commission is entitled to draw from the CRF without further appropriations to discharge its liabilities.

Revenues – Revenues are recognized in the accounts based on the services provided in the year.

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

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

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

(e) Employee future benefits

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

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

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

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

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

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

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

(j) Measurement uncertainty – The preparation of these 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 severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

THE NATIONAL BATTLEFIELDS COMMISSION

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 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

	<u>2010</u>	<u>2009</u>
Net cost of operations	\$ 8,428,661	\$ 8,652,402
Adjustments for items affecting net cost of operations but not affecting authorities:		
Less:		
Amortization of tangible capital assets	886,576	888,069
Amortization of deferred charges	12,488	12,488
Services provided without charge by other Government departments	264,777	253,469
Changed in liability for employee severance benefits, vacation and compensatory leave	2,973	(7,993)
Cost related to The National Battlefields Commission Trust Fund	27,266	9,369
Add:		
Non-tax income	1,787,374	2,344,202
Income from National Battlefields Commission Trust Fund	<u>12,650</u>	<u>61,160</u>
	9,034,605	9,902,362
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add:		
Acquisitions of tangible capital assets	<u>419,905</u>	<u>549,664</u>
	419,905	549,664
Current year authorities used	<u>\$ 9,454,510</u>	<u>\$ 10,452,026</u>

(b) Authorities provided and used:

	<u>2010</u>	<u>2009</u>
Authorities Provided		
Canadian Heritage:		
Operating and capital expenditures	\$ 7,529,829	\$ 8,045,659
Lapsed appropriation	<u>(367,716)</u>	<u>(400,450)</u>
	7,162,113	7,645,209
Statutory-Contribution to employee benefit plans	505,023	462,615
Expenditures corresponding to perceived revenues pursuant to sub-section 29.1(1) of the FAA	1,787,374	2,344,202
Current year authorities used	<u>\$ 9,454,510</u>	<u>\$ 10,452,026</u>

4. Accounts Receivable

	<u>2010</u>	<u>2009</u>
Receivables from other Federal Government departments and agencies	\$ 13,547	\$ 13,579
	<u>\$ 13,547</u>	<u>\$ 13,579</u>

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements

For the Year Ended March 31

5. Tangible capital assets

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

Capital asset class	Cost				Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2010	2009
Land	724,710			724,710					724,710	724,710
Buildings	12,142,864	310,021		12,452,885	4,676,774	457,731		5,134,505	7,318,380	7,466,090
Works and infrastructure	8,771,162	73,126		8,844,288	2,852,719	326,925		3,179,644	5,664,644	5,918,443
Machinery and equipment	1,116,489		11,118	1,105,371	1,057,706	21,188	11,118	1,067,776	37,595	58,783
Vehicles	1,044,859	36,758	44,564	1,037,053	755,811	77,443	44,564	788,690	248,363	289,048
Computer Software	13,500			13,500	10,211	3,289		13,500		3,289
Total	\$23,813,584	\$419,905	\$55,682	\$24,177,807	\$9,353,221	\$886,576	\$55,682	\$10,184,115	\$13,993,692	\$14,460,363

Amortization expense for the year ended March 31, 2010 is \$886,576 (\$888,069 in 2009).

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:

	<u>2010</u>	<u>2009</u>
Cost		
Professional services	\$ 27,266	\$ 9,369
	<u>27,266</u>	<u>9,369</u>
Revenues		
Interest	1,650	12,660
Agreement - Ground repair	-	25,000
Miscellaneous	11,000	23,500
	<u>12,650</u>	<u>61,160</u>
Excess of cost on income (excess of income on costs)	14,616	(51,791)
Balance at beginning of the year	736,595	684,804
Balance at end of year, deposited with the Receiver General for Canada	<u>\$ 721,979</u>	<u>\$ 736,595</u>

7. Information on Expenses

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

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

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

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

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

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

SUMMARY OF EXPENSES BY MAJOR TYPE

	<u>2010</u>	<u>2009</u>
Salaries and employee benefits	\$ 3,909,590	\$ 3,919,173
Payment in lieu of taxes	2,531,992	2,816,473
Amortization of tangible capital assets	886,576	888,069
Utilities, materials and supplies	785,351	859,275
Maintenance	741,599	462,052
Professional services	594,090	915,881
Publicity	579,562	610,002
Transportation and communication	170,333	175,985
Rental	55,713	451,770
Amortization of deferred charges	12,488	12,488
	<u>\$ 10,267,294</u>	<u>\$ 11,111,168</u>

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 of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Commission contribute to the cost of the Plan. The 2009-10 expense amounts to \$364,626 (\$334,008 in 2008-2009), which represents approximately 1.9 times (2 times in 2008-2009) 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 final salary. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

	<u>2010</u>	<u>2009</u>
Accrued benefit obligation, beginning of year	\$ 480,631	\$ 495,537
Expense for the year	65,955	52,100
Benefits paid during the year	(54,982)	(67,006)
Accrued benefit obligation, end of year	<u>\$ 491,604</u>	<u>\$ 480,631</u>

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements
For the Year Ended March 31

9. Contingent liabilities

Claim has been made against the National Battlefields Commission, the Attorney General of Canada and two other Federal Government agencies totalling \$ 703,468 for alleged damaged mainly regarding an individual fell off the wall of Parks Canada. The final outcome of this claim is not determinable and, accordingly, this item is not recorded in the accounts. In the opinion of management, the position of the Commission is defensible. Settlements, if any resulting from the resolution of this claim will be accounted for in the year in which a reasonable estimate of loss could be made.

10. Contractual Obligations

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

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

11. Related Party Transactions

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

	2010	2009
Employer's contribution to the health and dental insurance plans	\$ 201,484	\$ 210,740
Audit services	53,600	36,500
Legal services	7,693	4,229
Payroll services	2,000	2,000
Total	\$ 264,777	\$ 253,469

12. Non-monetary transactions

The Commission has granted exclusive rights and public exposure to certain sponsors in exchange primarily for advertising. These non-monetary transactions with unrelated parties were recorded equally in revenues and expenses. They were estimated to total \$65,875 in 2009-2010 (\$62,774 in 2008-2009), which represents the fair value of the assets and services received.

13. Comparative information

For financial year 2009-2010, Internal Services shown as a distinct program activity. Comparative figures have been reclassified to conform to the current year's presentation.