THE NATIONAL BATTLEFIELDS COMMISSION

Financial statements

March 31, 2018

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, 2018, 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.

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

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

The original version was signed by:
Michèle Gagné, Secretary

The original version was signed by:
Bernard Laquerre, Director of administration

Québec City, Canada
June 20, 2018

Independent auditors' report

To the Minister of Canadian Heritage

We have audited the accompanying financial statements of **The National Battlefields Commission** which comprise the statement of financial position as at March 31, 2018, the statement of operations and departmental net financial position, statement of change in departmental net debt and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The National Battlefields Commission** as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP [1]

Québec City, Canada
June 20, 2018

[1]CPA auditor, CA, public accountancy permit No. A109180

The National Battlefields Commission

Statement of Financial Position

As at March 31

(in dollars)

	2018	2017
Liabilities		
Accounts payable and accrued liabilities (note 4)	**$ 1,038,147**	$ 1,170,551
Vacation pay and compensatory leave	**88,168**	113,718
Accounts payable and accrued liabilities to other government departments	**158,674**	129,673
Employee future benefits (note 9)	**159,081**	173,043
Total net liabilities	**1,444,070**	1,586,985
Financial assets		
Due from Consolidated Revenue Fund	**697,247**	1,212,279
Accounts receivable (note 5)	**399,576**	87,945
Total net financial assets	**1,096,823**	1,300,224
Departmental net debt	**347,247**	286,761
Non-financial assets		
Tangible capital assets (note 6)	**17,306,274**	18,257,634
Total non-financial assets	**17,306,274**	18,257,634
Departmental net financial position	**$ 16,959,027**	$ 17,970,873

Contractual obligations (note 10)

Contingencies (note 13)

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

Approved by the Board:

The original version was signed by:
Michèle Gagné, Secretary

The original version was signed by:
Jean Pierre Robert, Chairperson

Québec City, Canada
June 20, 2018

The National Battlefields Commission

Statement of Operations and Departmental Net Financial Position

Year ended March 31

(in dollars)

	2018 Planned results	2018	2017
Expenses (note 8)			
Conservation and Development	**$ 2,375,539**	**$ 2,415,323**	$ 2,358,137
Public Education and Services	**1,075,665**	**1,151,080**	1,056,015
Internal Services	**7,064,149**	**7,526,001**	6,505,251
Total expenses	**10,515,353**	**11,092,404**	9,919,403
Revenues			
Parking	**1,090,000**	**1,607,220**	1,249,178
Educational activities and welcoming of visitors	**570,000**	**628,494**	572,276
Rent	**127,000**	**267,522**	207,263
Other revenues	**120,000**	**357,380**	232,706
Total revenues	**1,907,000**	**2,860,616**	2,261,423
Cost of operations	**8,608,353**	**8,231,788**	7,657,980
Excess of costs on income of the Commission Trust Fund (Excess of income on costs of the Commission Trust Fund) (note 7)	**6,962**	**(104,820)**	(38,727)
Net cost of operations before government funding and transfer	**8,615,315**	**8,126,968**	7,619,253
Government funding and transfer			
Net cash provided by Government		**7,341,084**	6,578,830
Decrease (increase) in due from Consolidated Revenue Fund		**(515,032)**	504,511
Services provided without charge by other government departments (note 11)		**289,070**	272,003
Cost of operations after government funding and transfer		**1,011,846**	263,909
Departmental net financial position - beginning of year		**17,970,873**	18,234,782
Departmental net financial position - end of year		**$ 16,959,027**	$ 17,970,873

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)

	2018	2017
Cost of operations after government funding and transfer	**$ 1,011,846**	$ 263,909
Change due to tangible capital assets		
Acquisition of tangible capital assets	**196,972**	1,103,653
Amortization of tangible capital assets	**(1,148,332)**	(1,151,209)
Loss on disposal of tangible capital assets	**—**	(219,808)
Total change due to tangible capital assets	**(951,360)**	(267,364)
Increase (decrease) in departmental net debt	**60,486**	(3,455)
Departmental net debt - beginning of year	**286,761**	290,216
Departmental net debt - end of year	**$ 347,247**	$ 286,761

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)

	2018	2017
Operating activities		
Net cost of operations before government funding and transfer	**$ 8,126,968**	$ 7,619,253
Non-cash items:		
Amortization of tangible capital assets	**(1,148,332)**	(1,151,209)
Loss on disposal of tangible capital assets	**—**	(219,808)
Services provided without charge by other government departments (note 11)	**(289,070)**	(272,003)
Changes in Statement of Financial Position:		
Increase in accounts receivable	**311,631**	39,831
Decrease (increase) in accounts payable and accrued liabilities	**132,404**	(555,490)
Decrease (increase) in accounts payable and accrued liabilities to other government departments	**(29,001)**	11,148
Decrease (increase) in vacation pay and compensatory leave	**25,550**	(5,107)
Decrease in future employee benefits	**13,962**	8,562
Cash used in operating activities	**7,144,112**	5,475,177
Capital investing activities		
Acquisition of tangible capital assets	**196,972**	1,103,653
Cash used in capital investing activities	**196,972**	1,103,653
Net cash provided by Government of Canada	**$ 7,341,084**	$ 6,578,830

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

The National Battlefields Commission
Notes to the financial statements
Year ended March 31, 2018

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.

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 Quebéc 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 2017-2018 Department Plan.

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

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

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

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

(b) Net cash provided by Government – The Commission operates within the Consolidated Revenue Fund which is administered by the Receiver General for Canada. All cash received by the Commission is deposited to the Consolidated Revenue Fund, and all cash disbursements made by the Commission are paid from the Consolidated Revenue Fund. 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 Consolidated Revenue Fund are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the Consolidated Revenue Fund. Amounts due from the Consolidated Revenue Fund represent the net amount of cash that the Commission is entitled to draw from the Consolidated Revenue Fund without further authorities to discharge its liabilities. This amount is not considered to be a financial instrument.

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

(e) Expenses – Expenses are recorded on the accrual basis.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge by another government department for employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government of Canada. The Commission's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The Commission's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(ii) Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The cost of these benefits is accrued as the employees render the service necessary to earn them. The directorate uses assumptions and its best estimates to calculate the value of the 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 $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:

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 material	**3 to 5 years**
Computer software	**3 to 5 years**

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

(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.

Adoption of new accounting standards

On April 1, 2017, the Commission adopted the following five new standards:

Standards	Adoption
PS 2200, Related party disclosures	Prospective
PS 3210, Assets	Prospective
PS 3320, Contingent assets	Prospective
PS 3380, Contractual rights	Prospective
PS 3420, Inter-entity transactions	Prospective

Section PS 2200 defines a related party and establishes the standards relating to disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when the transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated and they have, or could have, a material financial effect on the financial statements.

Section PS 3210 provides guidance for applying the definition of assets set out in Section PS 1000, Financial Statement Concepts, and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed.

Section PS 3320 defines and establishes disclosure standards on contingent assets. Disclosure of information about contractual rights is required including description about their nature and extent and the timing.

Section PS 3380 defines and establishes disclosure standards on contractual rights. Disclosure of information about contractual rights is required including description about their nature and extent and the timing.

Section PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The adoption of these standards had no impact on the Commission’s cost of operations and financial position. The impacts, if any, will be limited to disclosures in the notes to the financial statements.

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

	2018	2017
	(in dollars)	
Net cost of operations before government funding and transfer	**$ 8,126,968**	$ 7,619,253
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	**(1,148,332)**	(1,151,209)
Loss on disposal of tangible capital assets	**—**	(219,808)
Services provided without charge by other government departments	**(289,070)**	(272,003)
Decrease (increase) in vacation pay and compensatory leave	**25,550**	(5,107)
Decrease in future employee benefits	**13,962**	8,562
Provision in accounts payable and accrued liabilities	**(100,000)**	—
Cost related to the Commission Trust Fund	**(711)**	(420)
Non-tax income	**2,820,814**	2,201,507
Income from the Commission Trust Fund	**105,531**	39,147
Total items affecting net cost of operations but not affecting authorities	**1,427,744**	600,669
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	**196,972**	1,103,653
Total items not affecting net cost of operations but affecting authorities	**196,972**	1,103,653
Current year authorities used	**$ 9,751,684**	$ 9,323,575

(b) Authorities provided and used

		2018		2017
		(in dollars)		
Authorities provided:				
Canadian Heritage:				
Operating and capital expenditures	**$**	**7,007,815**	$	6,958,736
Unused parliamentary authorities		**(250,821)**		(323,089)
		6,756,994		6,635,647
Statutory contributions to employee benefit plans		**477,747**		486,422
Expenditures corresponding to sub-section 29.1(1) of the Financial Administration Act		**2,516,943**		2,201,506
Current year authorities used	**$**	**9,751,684**	$	9,323,575

4. Accounts payable and accrued liabilities

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

		2018		2017
		(in dollars)		
Current accounts payable	**$**	**596,365**	$	830,301
Accrued compensatory time		**—**		2,250
Accrued salaries		**419,882**		330,257
Commodity taxes collected		**21,900**		7,743
Total accounts payable and accrued liabilities	**$**	**1,038,147**	$	1,170,551

5. Accounts receivable

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

		2018		2017
		(in dollars)		
Receivables - external parties (non-tax income)	**$**	**303,872**	$	—
Receivables - external parties (Québec sales tax)		**76,860**		69,550
Receivables - other government departments and agencies		**18,844**		18,395
Total receivables	**$**	**399,576**	$	87,945

6. Tangible capital assets

	Cost				Accumulated amortization				Net book value	
Asset Class	**Opening balance**	**Acquisitions**	**Disposals and write-offs**	**Closing balance**	**Opening balance**	**Amortization**	**Disposals and write-offs**	**Closing balance**	**2018**	**2017**
Land	**$ 724,710**	**$ —**	**$ —**	**$ 724,710**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 724,710**	$ 724,710
Buildings	**11,007,082**	**43,810**	**—**	**11,050,892**	**6,041,665**	**384,636**	**—**	**6,426,301**	**4,624,591**	4,965,417
Works and infrastructure	**17,626,860**	**26,067**	**—**	**17,652,927**	**5,858,781**	**581,862**	**—**	**6,440,643**	**11,212,284**	11,768,079
Machinery and equipment	**1,340,415**	**32,095**	**—**	**1,372,510**	**992,159**	**57,043**	**—**	**1,049,202**	**323,308**	348,256
Vehicles	**1,359,288**	**86,339**	**113,562**	**1,332,065**	**999,342**	**89,910**	**113,562**	**975,690**	**356,375**	359,946
Computer material	**342,890**	**8,661**	**—**	**351,551**	**277,014**	**28,701**	**—**	**305,715**	**45,836**	65,876
Computer software	**245,137**	**—**	**—**	**245,137**	**219,787**	**6,180**	**—**	**225,967**	**19,170**	25,350
Total	**$ 32,646,282**	**$ 196,972**	**$ 113,562**	**$ 32,729,792**	**$ 14,388,748**	**$ 1,148,332**	**$ 113,562**	**$ 15,423,518**	**$ 17,306,274**	$ 18,257,634

Amortization expense for the year ended March 31, 2018 is $1,148,332 ($1,151,209 in 2017).

The net book value of tangible capital assets that are not subject to amortization because they are currently under construction is $29,566 for the year ended March 31, 2018 ($451,182 in 2017).

The loss on disposal of tangible capital assets for the year ended March 31, 2018 is nil ($219,808 in 2017).

7. The National Battlefields Commission Trust Fund

When the National Battlefields Commission was created, a Trust fund was established for the receipt of moneys from individuals, municipal corporations, provincial governments and others, for the purpose of acquiring and preserving the great historic battlefields in 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. The income and cost are included in the Statement of Operations and Departmental Net Financial Position of the Commission and are detailed as follows:

	2018	2017
	(in dollars)	
Costs		
Amortization of tangible capital assets	**$ 33,170**	$ 33,170
Professional services	**711**	420
Total costs	**33,881**	33,590
Income		
Interest	**5,911**	3,548
Miscellaneous	**99,620**	35,599
Total income	**105,531**	39,147
Adjustments for items not affecting authorities:		
Amortization of tangible capital assets	**33,170**	33,170
Excess of income on costs	**(104,820)**	(38,727)
Balance at beginning of the year	**814,423**	775,696
Balance at end of year, deposited with the Receiver General for Canada	**$ 919,243**	$ 814,423

The tangible capital assets are recorded at a cost of $211,570 as at March 31, 2018 and 2017 and are amortized on a straight-line basis over estimated useful lives of 5 to 20 years. Their accumulated amortization is $107,965 as at March 31, 2018 ($74,795 as at March 31, 2017) with a net carrying amount of $103,605 as at March 31, 2018 ($136,775 as at March 31, 2017).

8. Information on expenses

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

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

- The service of infrastructures and projects, which maintains the site, its furnishings, buildings and infrastructures, 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 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.

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

- The heritage sector includes welcoming visitors and users to the Park, the dissemination of information to the public and reservations for educational interpretation activities for 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

	2018	2017
	(in dollars)	
Salaries and employee benefits	**$ 4,645,009**	$ 4,245,112
Payment in lieu of property taxes	**2,591,712**	1,357,681
Amortization of tangible capital assets	**1,148,332**	1,151,209
Professional services	**854,505**	810,578
Utilities, materials and supplies	**695,165**	786,753
Maintenance and repairs	**672,443**	798,403
Publicity	**273,004**	339,442
Transportation and communication	**119,415**	117,584
Rental	**79,902**	91,933
Other subsidies and payments	**12,917**	900
Loss on disposal of tangible capital assets	**—**	219,808
Total expenses	**$ 11,092,404**	$ 9,919,403

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 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 2017-2018 expense amounts to $325,346 ($338,890 in 2016-2017). For Group 1 members, the expense represents approximately 1.01 times (1.12 times in 2016-2017) the employee contributions and, for Group 2 members, approximately 1.00 times (1.08 times in 2016-2017) 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) Severance benefits and workers' compensation benefits

The Commission provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accrual of severance benefits under the employee severance pay program ceased for these employees as of October 29, 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. Employees had until April 29, 2013 to make their intentions known, 90% of employees opted for an immediate or short-term payment representing 79% of the total severance. These changes have been reflected in the calculation of the accrued severance benefit obligation.

Benefits will be paid from future authorities and other sources of funding.

To calculate the severance benefit obligation which totals $86,787 as at March 31, 2018 ($97,045 as at March 31, 2017), the Commission uses a discount rate based on the current yield curve structure of zero coupon Government of Canada bonds, a 0% probability of employee departure before the age of 55 (30 years of service and 55 years of age) or before the age of 60 which is the assumed retirement age for most employees. As at March 31, 2017, the Commission used as assumptions a 2.00% future salary growth rate, a 2.31% discount rate and the same probabilities for departures. The change in discount rate methodology follows the guidelines of the Treasury Board of Canada Secretariat.

For workers' compensation benefits, the Commission has recognized an obligation totaling $72,370 as at March 31, 2018 ($75,998 as at March 31, 2017). To calculate this liability, the Commission uses 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. In 2017, the Commission used a 2.00% future salary escalation rate and a discount rate of 2.31% as assumptions for the final payments of the compensation.

	2018	2017
	(in dollars)	
Accrued benefit obligation - beginning of year	**$ 173,043**	$ 181,605
Expense for the year	**(2,278)**	(542)
Benefits paid during the year	**(11,684)**	(8,020)
Accrued benefit obligation - end of year	**$ 159,081**	$ 173,043

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 2018-2019, these obligations include the grass and tree maintenance contracts, and advertising campaigns for summer activities. In subsequent years, these contracts are related to the repair and maintenance of equipment. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2019	2020	2021	2022	2023 and thereafter	Total
Total contractual obligations	$ 311,285	$ 43,959	$ 39,819	$ 20,358	$ 401	$ 415,822

11. Related party transactions

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

Common services provided without charge by a government department

During the year, the Commission received services without charge from a common service organization, related to 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:

	2018	2017
	(in dollars)	
Employer contributions to the health and dental insurance plans	**$ 289,070**	$ 272,003

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

12. 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 $39,803 in 2017-2018 ($59,916 in 2016-2017), which represents 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.