

The National Battlefields Commission

**Financial statements
March 31, 2019**



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, 2019, 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.

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:
Julie Carignan, Financial Resources Assistant

Original signed by:
Bernard Laquerre, Director of Administration

Québec City, Canada
June 14, 2019

Independent auditor's report

To the Minister of Canadian Heritage and Multiculturalism

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, 2019, 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, 2019, 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.

Management's responsibility 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.

Management is responsible for overseeing the Commission's financial reporting process.

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.

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 entity'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 entity'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 entity 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 management, 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 14, 2019

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

The National Battlefields Commission

Statement of Financial Position

As at March 31

(in dollars)

	<u>2019</u>	<u>2018</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 809,567	\$ 1,038,147
Vacation pay and compensatory leave	99,968	88,168
Accounts payable and accrued liabilities to other government departments	201,459	158,674
Employee future benefits (note 9)	86,423	159,081
Total net liabilities	<u>1,197,417</u>	<u>1,444,070</u>
Financial assets		
Due from Consolidated Revenue Fund	811,054	697,247
Accounts receivable (note 5)	199,975	399,576
Total net financial assets	<u>1,011,029</u>	<u>1,096,823</u>
Departmental net debt	<u>186,388</u>	<u>347,247</u>
Non-financial assets		
Tangible capital assets (note 6)	16,787,938	17,306,274
Total non-financial assets	<u>16,787,938</u>	<u>17,306,274</u>
Departmental net financial position	<u>\$ 16,601,550</u>	<u>\$ 16,959,027</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, Acting Secretary

Original signed by:
Jean Robert, President

Québec City, Canada
June 14, 2019

The National Battlefields Commission

Statement of Operations and Departmental Net Financial Position

Year ended March 31

(in dollars)

	<u>2019</u>	<u>2019</u>	<u>2018</u>
	Planned results (unaudited)		
Expenses (note 8)			
Conservation and Development	\$ 2,375,539	\$ 2,563,970	\$ 2,415,323
Public Education and Services	1,075,665	1,258,977	1,151,080
Internal Services	7,888,669	7,699,797	7,526,001
Total expenses	<u>11,339,873</u>	<u>11,522,744</u>	<u>11,092,404</u>
Revenues			
Parking	1,200,000	1,502,268	1,607,220
Educational activities and welcoming of visitors	600,000	681,039	628,494
Rent	85,000	144,336	267,522
Other revenues	172,000	130,745	357,380
Total revenues	<u>2,057,000</u>	<u>2,458,388</u>	<u>2,860,616</u>
Cost of operations	<u>9,282,873</u>	<u>9,064,356</u>	<u>8,231,788</u>
Excess of income on costs of the Trust Fund (note 7)	<u>(1,038)</u>	<u>(255,487)</u>	<u>(104,820)</u>
Net cost of operations before government funding and transfer	<u>9,281,835</u>	<u>8,808,869</u>	<u>8,126,968</u>
Government funding and transfer			
Net cash provided by Government		8,083,645	7,341,084
Increase (decrease) in due from Consolidated Revenue Fund		113,807	(515,032)
Services provided without charge by other government departments (note 11)		<u>253,940</u>	<u>289,070</u>
Cost of operations after government funding and transfer		<u>357,477</u>	<u>1,011,846</u>
Departmental net financial position - beginning of year		<u>16,959,027</u>	<u>17,970,873</u>
Departmental net financial position - end of year		<u>\$ 16,601,550</u>	<u>\$ 16,959,027</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>2019</u>	<u>2018</u>
Cost of operations after government funding and transfer	\$ 357,477	\$ 1,011,846
Change due to tangible capital assets		
Acquisition of tangible capital assets	615,802	196,972
Amortization of tangible capital assets	(1,134,138)	(1,148,332)
Loss on disposal of tangible capital assets	—	—
Total change due to tangible capital assets	(518,336)	(951,360)
Increase (decrease) in departmental net debt	(160,859)	60,486
Departmental net debt - beginning of year	347,247	286,761
Departmental net debt - end of year	\$ 186,388	\$ 347,247

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>2019</u>	<u>2018</u>
Operating activities		
Net cost of operations before government funding and transfer	\$ 8,808,869	\$ 8,126,968
Non-cash items:		
Amortization of tangible capital assets	(1,134,138)	(1,148,332)
Services provided without charge by other government departments (note 11)	(253,940)	(289,070)
Changes in Statement of Financial Position:		
Increase (decrease) in accounts receivable	(199,601)	311,631
Decrease in accounts payable and accrued liabilities	228,580	132,404
Increase in accounts payable and accrued liabilities to other government departments	(42,785)	(29,001)
Increase (decrease) in vacation pay and compensatory leave	(11,800)	25,550
Decrease in future employee benefits	72,658	13,962
Cash used in operating activities	<u>7,467,843</u>	<u>7,144,112</u>
Capital investing activities		
Acquisition of tangible capital assets	615,802	196,972
Cash used in capital investing activities	<u>615,802</u>	<u>196,972</u>
Net cash provided by Government of Canada	<u>\$ 8,083,645</u>	<u>\$ 7,341,084</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, 2019

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 2018-2019 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 2018-2019 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, 2019

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 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.

(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, 2019

(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 Commission recognizes, at present value, the cost of severance benefits to be paid as at October 29, 2012, adjusted for benefits paid since that date. Management 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) 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 severance benefits and workers' compensation 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

Year ended March 31, 2019

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>2019</u>	<u>2018</u>
	(in dollars)	
Net cost of operations before government funding and transfer	\$ 8,808,869	\$ 8,126,968
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1,134,138)	(1,148,332)
Services provided without charge by other government departments	(253,940)	(289,070)
Decrease (increase) in vacation pay and compensatory leave	(11,800)	25,550
Reversal of a provision (provision) in accounts payable and accrued liabilities	100,000	(100,000)
Decrease (increase) in future employee benefits	72,658	13,962
Cost related to the Commission Trust Fund	(14,606)	(711)
Non-tax income	2,405,780	2,820,814
Income from the Commission Trust Fund	270,093	105,531
Total items affecting net cost of operations but not affecting authorities	1,434,047	1,427,744
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	615,802	196,972
Total items not affecting net cost of operations but affecting authorities:	615,802	196,972
Current year authorities used	\$ 10,858,718	\$ 9,751,684

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2019

(b) Authorities provided and used

	<u>2019</u>	<u>2018</u>
	(in dollars)	
Authorities provided:		
Canadian Heritage:		
Operating and capital expenditures	\$ 7,849,830	\$ 7,007,815
Unused parliamentary authorities	(77,486)	(250,821)
	<u>7,772,344</u>	6,756,994
Statutory-Contribution to employee benefit plans	519,194	477,747
Expenditures corresponding to sub-section 29.1(1) of the FAA	<u>2,567,180</u>	2,516,943
Current year authorities used	<u><u>\$ 10,858,718</u></u>	<u><u>\$ 9,751,684</u></u>

4. Accounts payable and accrued liabilities

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

	<u>2019</u>	<u>2018</u>
	(in dollars)	
Current accounts payable	\$ 461,329	\$ 596,365
Accrued salaries	320,847	419,882
Commodity taxes collected	27,391	21,900
Total accounts payable and accrued liabilities	<u><u>\$ 809,567</u></u>	<u><u>\$ 1,038,147</u></u>

5. Accounts receivable

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

	<u>2019</u>	<u>2018</u>
	(in dollars)	
Receivables - external parties (non-tax income)	\$ 142,470	\$ 303,872
Receivables - external parties (Québec sales tax)	45,588	76,860
Receivables - other government departments and agencies	11,917	18,844
Total receivables	<u><u>\$ 199,975</u></u>	<u><u>\$ 399,576</u></u>

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2019

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	2019	2018
Land	\$ 724,710	\$ —	\$ —	\$ 724,710	\$ —	\$ —	\$ —	\$ —	\$ 724,710	\$ 724,710
Buildings	11,050,892	287,320	—	11,338,212	6,426,301	378,521	—	6,804,822	4,533,390	4,624,591
Works and infrastructure	17,652,927	38,869	—	17,691,796	6,440,643	570,647	—	7,011,290	10,680,506	11,212,284
Machinery and equipment	1,372,510	207,878	—	1,580,388	1,049,202	60,794	—	1,109,996	470,392	323,308
Vehicles	1,332,065	36,935	33,780	1,335,220	975,690	86,489	33,780	1,028,399	306,821	356,375
Computer material	351,551	44,800	—	396,351	305,715	30,781	—	336,496	59,855	45,836
Computer software	245,137	—	—	245,137	225,967	6,906	—	232,873	12,264	19,170
Total	\$ 32,729,792	\$ 615,802	\$ 33,780	\$ 33,311,814	\$ 15,423,518	\$ 1,134,138	\$ 33,780	\$ 16,523,876	\$ 16,797,938	\$ 17,306,274

Amortization expense for the year ended March 31, 2019 was \$1,134,138 (\$1,148,332 in 2018).

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, 2019 (\$29,566 in 2018).

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2019

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. The income and cost are included in the Statement of Operations and Departmental Net Financial Position of the Commission and are detailed as follows:

	<u>2019</u>	<u>2018</u>
	(in dollars)	
Costs		
Amortization of tangible capital assets	\$ 33,170	\$ 33,170
Professional services	14,606	711
Total costs	<u>47,776</u>	<u>33,881</u>
Income		
Interest	—	5,911
Miscellaneous	270,093	99,620
Total income	<u>270,093</u>	<u>105,531</u>
Adjustments for items not affecting authorities:		
Amortization of tangible capital assets	33,170	33,170
Excess of income on costs of the Trust Fund	<u>(255,487)</u>	<u>(104,820)</u>
Balance at beginning of the year	919,243	814,423
Balance at end of year, deposited with the Receiver General for Canada	<u>\$ 1,174,730</u>	<u>\$ 919,243</u>

The tangible capital assets were recorded at a cost of \$211,570 as at March 31, 2019 and 2018 and were amortized on a straight-line basis over estimated useful lives of 5 to 20 years. Their accumulated amortization was \$141,135 as at March 31, 2019 (\$107,965 as at March 31, 2018) with a net carrying amount of \$70,435 as at March 31, 2019 (\$103,605 as at March 31, 2018).

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2019

8. Information on expenses

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

Conservation includes the following services:

- The service of infrastructures and projects, 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 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

	2019	2018
	(in dollars)	
Salaries and employee benefits	\$ 4,508,806	\$ 4,645,009
Payment in lieu of property taxes	2,578,691	2,591,712
Amortization of tangible capital assets	1,134,138	1,148,332
Professional services	1,079,493	854,505
Maintenance and repairs	1,019,287	672,443
Utilities, materials and supplies	654,921	695,165
Publicity	328,370	273,004
Transportation and communication	140,742	119,415
Rental	61,648	79,902
Other subsidies and payments	16,648	12,917
Total expenses	\$ 11,522,744	\$ 11,092,404

The National Battlefields Commission

Notes to the financial statements

Year ended March 31, 2019

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 2018-2019 expense amounted to \$362,086 (\$325,346 in 2017-2018). For Group 1 members, the expense represented approximately 1.00 times (1.01 times in 2017-2018) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2017-2018) 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 are paid from future authorities.

To calculate the severance benefit obligation which totalled \$7,753 as at March 31, 2019 (\$86,787 as at March 31, 2018), the Commission used 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, 2019, the Commission used as assumptions a 2.20% future salary escalation rate, a 1.66% discount rate and the same probabilities for departures. The change in discount rate methodology follows the guidelines of the Treasury Board of Canada Secretariat.

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For workers' compensation benefits, the Commission recognized an obligation totaling \$78,670 as at March 31, 2019 (\$72,370 as at March 31, 2018). 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, 2019, the Commission used a 2.20% future salary escalation rate and a discount rate of 1.66% as assumptions for the final payments of the compensation.

	<u>2019</u>	<u>2018</u>
	(in dollars)	
Accrued benefit obligation - beginning of year	\$ 159,081	\$ 173,043
Expense for the year	13,363	(2,278)
Benefits paid during the year	(86,021)	(11,684)
Accrued benefit obligation - end of year	<u>\$ 86,423</u>	<u>\$ 159,081</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 2019-2020, 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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024 and thereafter</u>	<u>Total</u>
Total contractual obligation	\$ 229,063	\$ 177,704	\$ 171,801	\$ 2,830	\$ 1,526	\$ 582,924

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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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>2019</u>	<u>2018</u>
	(in dollars)	
Employer contributions to the health and dental insurance plans	\$ 253,940	\$ 289,070

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 \$52,609 in 2018-2019 (\$39,803 in 2017-2018), 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.