

**THE NATIONAL BATTLEFIELDS
COMMISSION**

FINANCIAL STATEMENTS

March 31, 2011

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, 2011, and all information contained in these statements rests with the management of the Commission. 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.

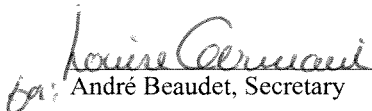
Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *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; and through conducting an annual assessment of the effectiveness of the system of internal control over financial reporting (ICFR).

An assessment for the year ended March 31, 2011 was completed.

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 Office of the Auditor General, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the financial statements of 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.


André Beaudet, Secretary


Jacques Mathieu, Deputy Chairman

Quebec, Canada
July 22, 2011



INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

I have audited the accompanying financial statements of The National Battlefields Commission, which comprise the statement of financial position as at 31 March 2011, and the statement of operations, statement of equity of Canada and statement of cash flow 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.

Auditor's Responsibility

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 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 auditor's 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 auditor considers 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The National Battlefields Commission as at 31 March 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

22 July 2011
Montréal, Canada

THE NATIONAL BATTLEFIELDS COMMISSION

Statement of Financial Position

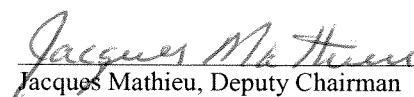
As at March 31

	2011	2010
ASSETS		
Financial Assets		
Cash	\$906,763	\$617,475
Accounts receivable (note 4)	16,705	13,547
Total financial assets	923,468	631,022
Non-financial assets		
Tangible capital assets (note 5)	13,680,990	13,993,692
Deferred charges	88,680	101,168
Total non-financial assets	13,769,670	14,094,860
	\$14,693,138	\$14,725,882
LIABILITIES AND EQUITY OF CANADA		
Liabilities		
Accounts payable and accrued liabilities	\$747,418	\$470,933
Vacation pay and compensatory leave	80,867	70,112
Government departments	161,478	159,002
Employee future benefits (note 8)	546,198	491,604
	\$1,535,962	\$1,191,651
Equity of Canada	13,157,177	13,534,231
	\$14,693,138	\$14,725,882

Contractual obligations (note 9)

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


André Beaudet, Secretary


Jacques Mathieu, Deputy Chairman

Quebec, Canada
July 22, 2011

THE NATIONAL BATTLEFIELDS COMMISSION

Statement of Operations

For the Year Ended March 31

	2011	2010
Expenses (note 7)		
Conservation and Development of the Plains	\$2,321,114	\$2,170,457
Public Education and Services	1,085,416	1,004,876
Internal Services	7,265,002	7,091,961
Total expenses	10,671,532	10,267,294
Revenues		
Parking	1,255,944	1,025,557
Educational activities and welcoming of visitors	409,949	411,238
Rent	180,525	186,799
Other revenues	485,066	229,655
Total revenues	2,331,484	1,853,249
Cost of operations	\$8,340,048	\$8,414,045
(Excess of income on costs) excess of cost on income (note 6)	(10,938)	14,616
Net cost of operations	\$8,329,110	\$8,428,661

Statement of Equity of Canada

For the Year Ended March 31

Equity of Canada, beginning of year	\$13,534,231	\$14,016,363
Net cost of operations	(8,329,110)	(8,428,661)
Net cash provided by Government	7,357,077	7,807,512
Change in net position in the Consolidated Revenue Fund	289,288	(125,760)
Services provided without charge by other government departments (note 10)	305,691	264,777
Equity of Canada, end of year	\$13,157,177	\$13,534,231

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

	2011	2010
Operating activities		
Net cost of operations	\$8,329,110	\$8,428,661
Non-cash items:		
Amortization of tangible capital assets	(884,420)	(886,576)
Services provided without charge by other government departments (note 10)	(305,691)	(264,777)
Amortization of deferred charges	(12,488)	(12,488)
Variations in Statement of Financial Position:		
Net change in non-cash working capital balances	(289,288)	125,760
Change in liability for employee severance benefits, vacation and compensatory leave	(51,864)	(2,973)
Cash used in operating activities	6,785,359	7,387,607
Capital investing activities		
Acquisition of tangible capital assets	571,718	419,905
Cash used in capital investing activities	571,718	419,905
Net cash provided by Government of Canada	\$7,357,077	\$7,807,512

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, except as disclosed in Note (12) – Net Debt Indicator.

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.
- 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 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.

- f. 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. 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 material	3 to 5 years
Computer Software	3 to 5 years

- h. Deferred charges – Restoration charges related to assets that are not the property of the Commission are recorded at cost and amortized on a straight-line basis over the term of the contract.
- i. Measurement uncertainty – The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee 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

	2011	2010
Net cost of operations	\$8,329,110	\$8,428,661
Adjustments for items affecting net cost of operations but not affecting authorities:		
Less:		
Amortization of tangible capital assets	884,420	886,576
Amortization of deferred charges	12,488	12,488
Services provided without charge by other Government departments	305,691	264,777
Changed in liability for employee severance benefits, vacation and compensatory leave	51,864	2,973
Cost related to The National Battlefields Commission Trust Fund	1,172	27,266
Add:		
Non-tax income	2,231,338	1,787,374
Income from National Battlefields Commission Trust Fund	12,110	12,650
	9,316,923	9,034,605
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add:		
Acquisitions of tangible capital assets	571,718	419,905
	571,718	419,905
Current year authorities used	\$9,888,641	\$9,454,510

(b) Authorities provided and used

	2011	2010
Authorities Provided		
Canadian Heritage:		
Operating and capital expenditures	\$7,514,163	\$7,529,829
Lapsed appropriation	(374,278)	(367,716)
	7,139,885	7,162,113
Statutory-Contribution to employee benefit plans	517,418	505,023
Expenditures corresponding to perceived revenues pursuant to sub-section 29.1(1) of the FAA	2,231,338	1,787,374
Current year authorities used	\$9,888,641	\$9,454,510

4. Accounts Receivable

	2011	2010
Receivables from other Federal Government departments and agencies	\$16,705	\$13,547
	\$16,705	\$13,547

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	Adjustments	Disposals and write-offs	Closing balance	Opening balance	Amortization	Adjustments	Disposals and write-offs	Closing balance	2011	2010	
Land	\$724,710				\$724,710						\$724,710	\$724,710	
Buildings	12,452,885	167,218	(17,281)		12,602,822	5,134,505	463,457	6,000		5,603,962	6,998,860	7,318,380	
Works and infrastructure	8,844,288	103,333		12,000	8,935,621	3,179,644	325,397		12,000	3,493,041	5,442,580	5,664,644	
Machinery and equipment	1,105,371	77,960	19,956		1,203,287	1,067,776	16,449	(6,000)		1,078,225	125,062	37,595	
Vehicles	1,037,053	86,652	(2,675)	42,284	1,078,746	788,690	77,117		42,284	823,523	255,223	248,363	
Computer Material	0	92,363			92,363	0	1,448			1,448	90,915	0	
Computer Software	13,500	44,192			57,692	13,500	552			14,052	43,640	0	
Total	\$24,177,807	\$571,718	\$0	\$54,284	\$24,695,241	\$10,184,115	\$884,420	\$0	\$54,284	\$11,014,251	\$13,680,990	\$13,993,692	

Amortization expense for the year ended March 31, 2011 is \$884,420 (\$886,576 in 2010).

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:

	2011	2010
Cost		
Professional services	\$1,172	\$27,266
	1,172	27,266
Revenues		
Interest	4,610	1,650
Miscellaneous	7,500	11,000
	12,110	12,650
(Excess of income on costs) excess of cost on income	(10,938)	14,616
Balance at beginning of the year	721,979	736,595
Balance at end of year, deposited with the Receiver General for Canada	\$732,917	\$721,979

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 horticultural which is responsible for the scenery, horticultural and arboriculture activities;
- The service of landscaping and environment is responsible for sustainable development;;
- The service of surveillance and security, which ensures to it that regulations regarding peace and public order are respected; enforces traffic and parking and regulations; ensures the safety of site users; and provides for surveillance of the Commission's premises and properties.

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

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

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

SUMMARY OF EXPENSES BY MAJOR TYPE

	2011	2010
Salaries and employee benefits	\$4,116,150	\$3,909,590
Payment in lieu of taxes	2,152,817	2,531,992
Utilities, materials and supplies	998,891	785,351
Amortization of tangible capital assets	884,420	886,576
Maintenance	797,327	741,599
Professional services	698,935	594,090
Publicity	652,420	579,562
Rental	247,581	55,713
Transportation and communication	110,503	170,333
Amortization of deferred charges	12,488	12,488
	\$10,671,532	\$10,267,294

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 2010-2011 expense amounts to \$ 363,227 (\$364,626 in 2009-2010), which represents approximately 1.9 times (1.9 times in 2009-2010) 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:

	2011	2010
Accrued benefit obligation, beginning of year	\$491,604	\$480,631
Expense for the year	54,594	65,955
Benefits paid during the year	0	(54,982)
Accrued benefit obligation, end of year	\$546,198	\$491,604

THE NATIONAL BATTLEFIELDS COMMISSION

Notes to the Financial Statements

For the Year Ended March 31

9. 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:

	2012	2013	2014	2015	2016 and thereafter	Total
Contractual Obligations	\$32,244	\$23,090	\$12,438	\$6,786	\$2,790	\$77,348
Total	\$32,244	\$23,090	\$12,438	\$6,786	\$2,790	\$77,348

10. 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.

	2011	2010
Employer's contribution to the health and dental insurance plans	\$223,714	\$201,484
Audit services	65,000	53,600
Legal services	14,977	7,693
Payroll services	2,000	2,000
Total	\$305,691	\$264,777

11. Non-monetary transactions

The Commission has granted exclusive rights and public exposure to certain sponsors in exchange primarily for advertising. These non-monetary transactions with unrelated parties were recorded equally in revenues and expenses. They were estimated to total \$100,146 in 2010-2011 (\$65,875 in 2009-2010), which represents the fair value of the assets and services received.

12. Net Debt indicator

The presentation of the net debt indicator and a statement of change in net debt required under Canadian generally accepted accounting principles.

Net debt is the difference between a government's liabilities and its financial assets and is meant to provide a measure of the future revenues required to pay for past transactions and events. A statement of change in net debt would show changes during the period in components such as tangible capital assets, prepaid expenses and inventories. Departments are financed by the Government of Canada through appropriations and operate within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by departments is deposited to the CRF and all cash disbursements made by departments are paid by the CRF. Under this government business model, assets reflected on the departmental financial statements, with the exception of the Due from the CRF, are not available to use for the purpose of discharging the existing liabilities of the department. Future appropriations and any responsible revenues generated by the department's operations would be used to discharge existing liabilities.

	2011	2010
Liabilities		
Accounts payable and accrued liabilities	\$747,418	\$470,933
Vacation pay and compensatory leave	80,867	70,112
Accounts payable and accrued liabilities to other Government departments	161,478	159,002
Employee future benefits (note 8)	546,198	491,604
Total Financial Liabilities	\$1,535,961	\$1,191,651
Financial Assets		
Cash	\$906,763	\$617,475
Accounts receivable (note 4)	16,705	13,547
Total Financial Assets	923,468	631,022
Net Debt Indicator	\$612,493	\$560,629