

2009 2010 Annual Report

THE ST. LAWRENCE
PARKS COMMISSION
AN AGENCY OF THE
GOVERNMENT OF ONTARIO



**Parks of the
St. Lawrence**



ISSN 0835-7781

THE YEAR OF THE EVENT

Message from the Chair of the St. Lawrence Parks Commission and the General Manager and CEO

During the past year, we saw the Commission begin to grow as one – a dynamic, forward-thinking tourism entity in Eastern Ontario, gaining both respect and recognition from industry peers and colleagues. In addition, we have strengthened our visibility as a tourism driver with our Ministry.

We introduced many new and innovative ideas that various teams crafted to engage, enrich, educate and entertain our guests. These have generated literally hundreds of thousands in incremental revenues for the Commission.

The Commission Board and Management Team truly believe that we are poised to achieve great accomplishments in 2010 in all areas of our organization.

We are pleased to report that the St. Lawrence Parks Commission achieved a balanced budget for the fiscal year ended March 31, 2010. During 2009, we reacted early to the sluggish market by turning our visitor attraction focus towards new programming and events. The 2009/10 season was indeed ‘The Year of the Event’ as we achieved new milestones in attendance and revenues. In fact, the Commission earned over \$1.288M or 15 % of total revenue from Sunset Ceremonies, Medieval Festival, Fort Fright and Alight at Night combined. Record attendance and revenues were set at both Alight at Night (Upper Canada Village) and Fort Fright (Fort Henry) this past year. And if that wasn’t enough, we went on to secure provincial recognition from Festivals and Events Ontario (FEO) as Alight at Night and Sunset Ceremonies were awarded the coveted “TOP 100 Events” status in Ontario.

Here are a few event highlights:

	% VISITOR GAIN	% REVENUE GAIN
Fort Fright	+ 10 %	+ 46 %
Alight at Night	+ 15 %	+ 30 %
Medieval Festival*	+ 5 % *	+ 32 % *
Fort Henry Sunset Ceremonies (incl. Marines)	+ 17 %	+ 23 %

**Reflects total Medieval Festival + Village combined (for both years) due to the combo-ticketing approach in 2009.*

On the heels of this win, the Marketing team led the creation of six 2010 Celebrate Ontario funding applications to enhance our existing events and create new initiatives. It gives us great pleasure to announce that, earlier this year, Celebrate Ontario awarded the Commission \$277,000 in event funding for five of these six events for the 2010 season, divided this way: Alight at Night (\$63,200), Fort Fright (\$75,000), Medieval Festival (\$40,000), plus new events — Parks’ River Rush (\$23,500) and Upper Canada Heritage Festival (\$75,000), which will be fully developed and introduced this season. Events remain our biggest short-term opportunity to build incremental revenues and to create a sense of urgency to motivate our guests to visit; plus research confirms that our special events attract new visitor groups, thus broadening our guest base.

There were also a wide range of new initiatives tested and introduced in 2009, generating significant incremental revenues for the Commission and providing guests to our sites with new and welcomed amenities. This incremental new revenue will also augment our ability to expand our restoration efforts despite the slow-down in tourism. Here are just a few of these initiatives and the approximate new revenues generated:



*St. Lawrence Parks Commission GM & CEO
Pat Macdonald and Chair Peter Watson.*



- New parking fee at Fort Henry — \$100,000
- Kettle Corner at the Village — \$ 25,000 regular season — \$ 13,000 Alight at Night
- Montgomery House — \$ 25,000
- Ivy Lea Camper Cabin — \$ 14,500
- Homemade Fudge at The Village Store — \$ 25,000
- Cook's Tavern during Alight at Night — \$ 19,800
- Marker 72 Patio at Chrysler Park Marina — \$ 12,000 (with limited operations)
- Expanded retail in campgrounds — \$116,000

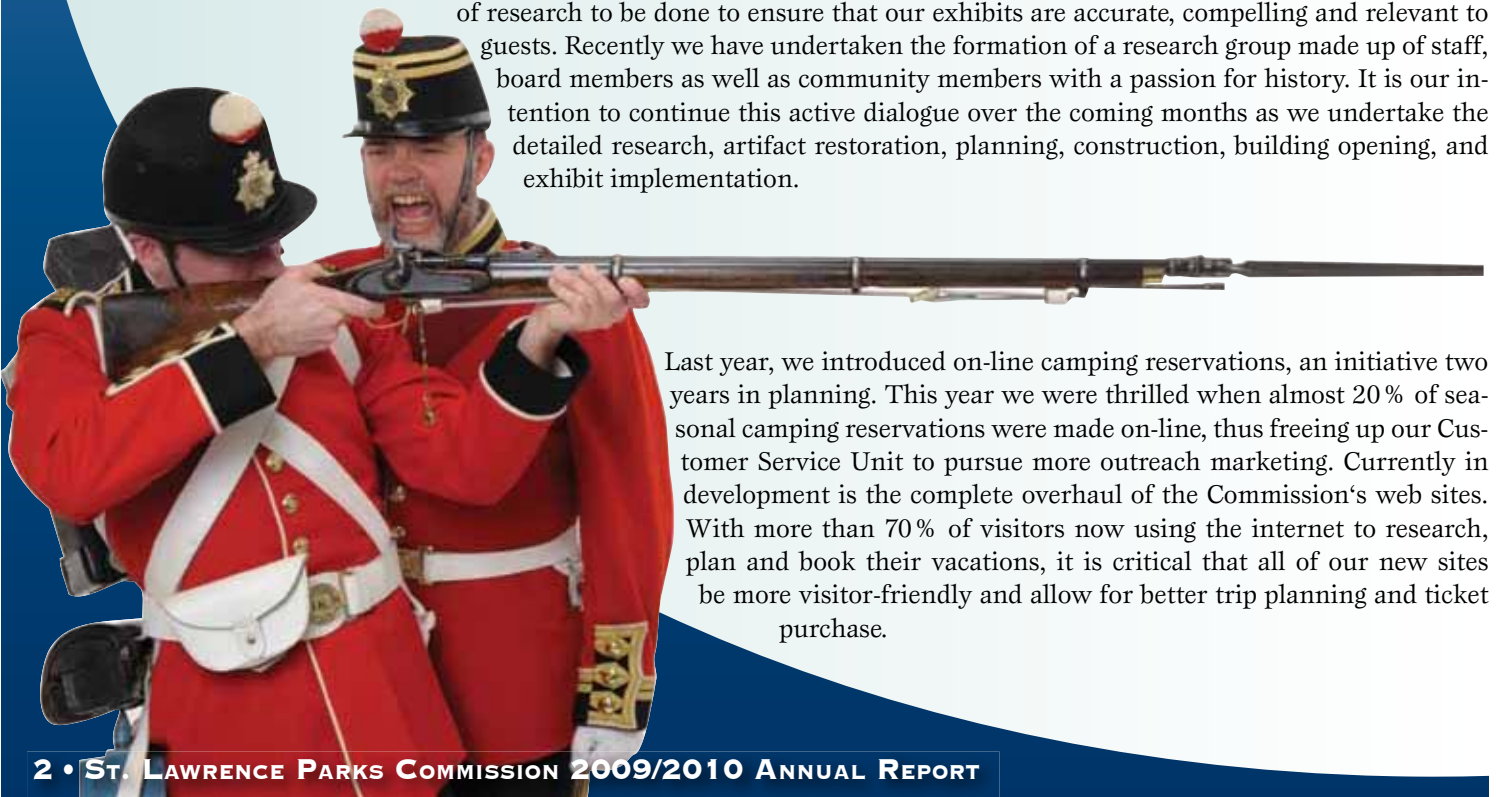
Efforts to be more appealing to our visitors and to attract an ever more diverse customer base continue with our investment in new programs and upgraded infrastruc-

ture. A new initiative called “instant camping” was introduced at Chrysler Park Marina and at Riverside-Cedar Park. This initiative provides visitors with a campsite that is set-up, eliminating the need to bring camping equipment and appealing to the first-time camper. Building on the partnership with the Catholic District School Board of Eastern Ontario, another camper cabin was constructed by students in the Youth Apprenticeship program and located at Ivy Lea Park in the 1000 Islands. This second cabin generated \$7 K in revenue for the season.

In addition, of course, we have been undertaking the intensive planning for our two new Discovery Centres at Upper Canada Village and Fort Henry, since last spring's \$23M funding announcement. The level of activity has been very high, with many members of our staff, board and community contributing ideas, comments, and feedback to these projects. In addition, we are now undertaking a large-scale artifact restoration program to renew some valuable and impressive artifacts that have been hidden away for years.

To keep all stakeholders informed of the latest progress, we conducted several community open houses and kept the website updated with the very latest Exhibit Design Reports (which can be downloaded). There is a great deal of research to be done to ensure that our exhibits are accurate, compelling and relevant to guests. Recently we have undertaken the formation of a research group made up of staff, board members as well as community members with a passion for history. It is our intention to continue this active dialogue over the coming months as we undertake the detailed research, artifact restoration, planning, construction, building opening, and exhibit implementation.

Last year, we introduced on-line camping reservations, an initiative two years in planning. This year we were thrilled when almost 20 % of seasonal camping reservations were made on-line, thus freeing up our Customer Service Unit to pursue more outreach marketing. Currently in development is the complete overhaul of the Commission's web sites. With more than 70 % of visitors now using the internet to research, plan and book their vacations, it is critical that all of our new sites be more visitor-friendly and allow for better trip planning and ticket purchase.



On the building front, we presented the proposed design concepts for the Upper Canada Village project to the community at a second open forum that met with a positive and supportive response from staff, the board and the community. We continue to work closely with Parks Canada on the selection of the location and the design concepts for the project at Fort Henry.

While we've enjoyed some solid success in attracting new funds for capital investment, and we will benefit from the \$277,000 in Celebrate Ontario funding, we continue to struggle with maintaining sufficient funds to support programming initiatives. While operating costs, including salaries and wages, cost for utilities and other services continue to grow year over year, our provincial transfer payment does not grow and we face continued pressures to grow our revenues at quite an aggressive pace.

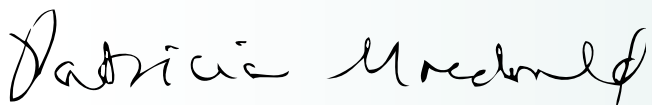
In 2009, we introduced a parking fee at Fort Henry. This single initiative raised \$100,000 in incremental revenue, with minimal investment. We will be implementing the same \$5 parking fee at Upper Canada Village in 2010 with a similar revenue target. Our marketing team has pursued several initiatives to stretch our dollars, including cash sponsorships, ad sales in marketing collateral pieces, retail sales promotions, leveraging media budgets and in-kind contributions of goods and services. While these initiatives do generate revenue, it is not sufficient to sustain our operations.

In closing, we want to recognize our board, management team and staff for their continued efforts to generate new ideas, implementing them and delivering a memorable experience to our thousands of visitors. We would also like to thank the Ministry of Tourism staff for their ongoing support throughout this challenging time of transition.

Most sincerely,



Peter Watson, Chair



Pat Macdonald, General Manager and CEO



SLPC BOARD OF COMMISSIONERS

Peter Watson
(Gananoque)
Chairman
Original appointment September 17, 2004
Term expires September 5, 2010

Ron Eamer
(Williamstown)
Vice-Chairman
Original appointment April 6, 2005
Term expires September 5, 2010

Richard Fawthrop
(Cornwall)
Commissioner
Original appointment June 6, 2007
Term expires June 5, 2012

Norman Gaylord
(Cardinal)
Commissioner
Original appointment May 30, 2007
Term expires May 29, 2010

Ineke Garofalo
(Kingston)
Commissioner
Original appointment June 20, 2007
Term expires June 19, 2010

J. R. (Jack) McIntosh
(Winchester)
Commission
Original appointment August 8, 2005
Term expires August 7, 2010

Brian Reid
(Kingston)
Commissioner
Original appointment January 13, 2010
Term expires January 12, 2013

Jeannette Shirley
(Morrisburg)
Commissioner
Original appointment July 15 2005
Term expires July 14, 2010

Lloyd Therien
(Kingston)
Commissioner
Original appointment May 30, 2007
Term expires May 29, 2010

Isabel Turner
(Kingston)
Commissioner
Original appointment May 30, 2006
Term expires July 14, 2012

Linda Wilson
(Cornwall)
Commissioner
Original appointment June 20, 2007
Term expires June 19, 2010



Left to Right: Minister of Tourism Monique Smith, SLPC GM & CEO Pat Macdonald, SLPC Chair Peter Watson and Jim Brownell, M.P.P. for Stormont–Dundas–South Glengarry.

2009/10 SENIOR MANAGEMENT TEAM

Patricia Macdonald	General Manager & CEO
Bonnie VanMoorsel	Executive Assistant & Manager, Upper Canada Golf Course
Ron Betournay	Director, Finance & Administration
Bryan Mercer	Director, Marketing, Special Events & Retail
Faye Baker	Manager, Financial Services
Gerben Schaillee	Manager, Maintenance and Operations
Barry Hughes	Manager, Parks and Recreation
Dave Dobbie	Manager, Upper Canada Village

OUR MANDATE

The St. Lawrence Parks Commission is an Ontario provincial Operational Enterprise established in 1955. Its mandate is to provide tourism, cultural, educational and recreational opportunities for residents of Ontario and visitors to the province through the presentation and interpretation of historic attractions and the development and operation of parks, campgrounds, scenic parkways and recreational areas.

OUR MISSION

The purpose of the St. Lawrence Parks Commission is to generate lasting visitor growth, drive economic prosperity, and build community partnerships in Eastern Ontario.

It is a revenue-generating tourism business offering customer-focused entertaining and educational experiences that maximize its natural, leisure and heritage assets.

LEGISLATIVE AUTHORITY

The St. Lawrence Parks Commission operates under the authority of the *St. Lawrence Parks Commission Act*. The Commission reports to the provincial government through the Minister of Tourism. The Board of Commissioners is responsible for overseeing the business affairs of the Commission by making policy decisions and setting strategic directions; establishing land use regulations; approving budget priorities; translating government policy into agency policy; ensuring wise use of public assets, and representing the Commission within the community.

The Commission supports its operations through:

- Fees charged at its attractions and retail outlets and revenue generated via concessionaires;
- A transfer payment from the Province of Ontario; and
- Land-use lease agreements, donations, sponsorships and partnership advertising funds in support of its facilities and programming.



BUSINESS OBJECTIVES DURING THE REPORTING PERIOD – 2009/10



- Leverage organizational and programming changes while developing new net revenue-producing initiatives to achieve long-term financial stability. Manage operating units as revenue-generating, break-even or subsidized.
- Increase focus on those initiatives that can make a meaningful contribution to financial sustainability, visitor growth, customer satisfaction and/or good stewardship. Re-examine and/or eliminate extraneous or lower priority activity.
- Create and deliver new visitor experiences utilizing learning from Operational Review and customer insights, as well as \$23 M in new capital revitalization funds.
- Focus on visitor attraction and satisfaction through engaging, enriching, educating and entertaining programming, special events, and facilities.
- Realize measurable improvements in business analysis, risk management, financial performance, human resource management and information technology.
- Support the Ministry of Tourism renewal efforts to be a key catalyst for tourism growth and economic development in Eastern Ontario. SLPC current operations estimated to have \$90 M economic impact on the region.

FINANCIAL OBJECTIVES

- Develop a balanced, break-even budget that operates within current government funding levels.
- Improve bottom-line performance and generate meaningful cost savings where prudent.
- Address Operational Review recommendations for improving overall financial performance, focusing on NET revenue generation, new revenue opportunities, improved leases and concessionaire agreements, and fee-based new initiatives.
- Continue to subsidize Fort Henry and Upper Canada Village while strengthening Parks and Golf Course to net revenue-producing entities.
- Capitalize on the Crysler Park Marina's growth potential and recent vitality.



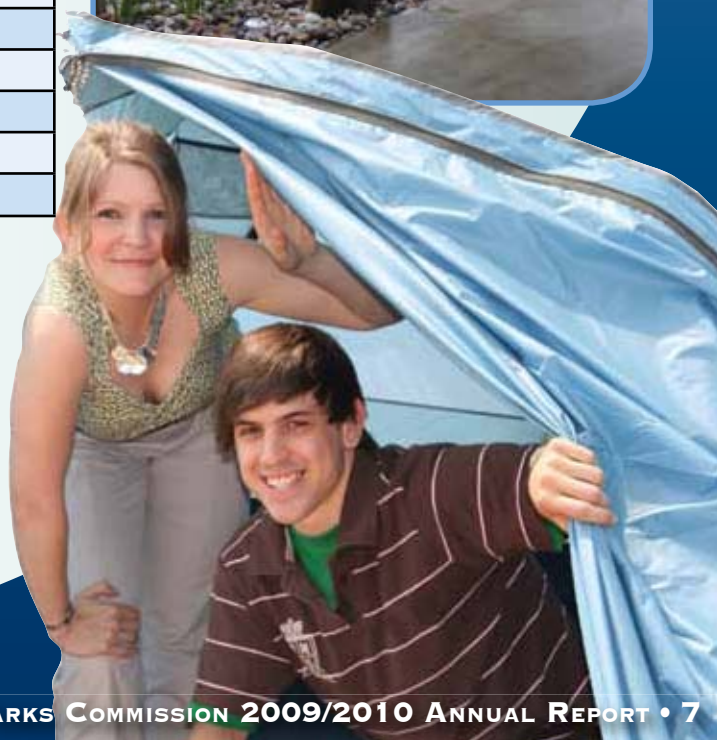
CAPITAL PROGRAM

The SLPC undertook several large capital projects in 2009/10. While many of these projects resulted in visible improvements to visitor services, some of the improvements were not so evident. Some of the highlights included a major compliance project to replace 4 PCB transformers in Upper Canada Village, water system repairs, replacement of essential maintenance equipment, heritage building restoration and stabilization, upgrades to food service facilities, golf course drainage improvements, and extension of disabled access throughout Upper Canada Village.

ATTRACTION	Compliance	Rehabilitation	Total (000's)
Upper Canada Village	428.0	292.7	720.7
Fort Henry	359.3	17.0	376.3
Parks	768.7	30.0	798.7
Upper Canada Golf Course	-	81.0	81.0
Crysler Park / System-wide	1,450.3	86.0	1,536.3
TOTAL	3,006.3	506.7	3,513.0

The chart below provides a summary of the major categories of capital projects undertaken in 2009/10:

CATEGORY	Total (000's)
Building Restoration & Maintenance	267
Equipment	940
PCB Transformer Replacement	574
Roads, Grounds, Bikepaths, Bridges	310
Campground upgrades	127
Deck & Dock Restoration	20
Heritage building stabilization	257
Electrical upgrades	346
Sewage & plumbing	207
Communications	128
Water / Well Management	150
Air Quality	66
Food service equipment upgrades	76
Disabled access	45
TOTAL	3,513



ATTRACTION ACTIVITY PERFORMANCE

ATTRACTION	2009/10	2008/09	+ / -	%
Fort Henry (admissions)	111.4	122.8	-11.4	-9.3 %
Upper Canada Village (admissions)	167.5	173.3	-5.8	-3.4 %
Heritage Park (train, rides, CF visitor centre)	16.6	24.4	-7.8	-32.0 %
Camper nights & day-use passes	115.7	119.8	-4.1	-3.4 %
Upper Canada Golf Course (rounds & rentals)	23.7	25.1	-1.4	-.6 %
Crysler Park Marina (docked footage)	590.8	489.0	+ 101.8	+ 20.8 %



FINANCIAL PERFORMANCE

Total revenue from operations of \$7.501M in 2009/10 represents an increase of \$33K over 2008/09. The SLPC received Provincial funding of \$9.56M to support operations and to repair and refurbish existing infrastructure.

Total operating expenses of \$15.3M in 2009/10 realized a decrease of 4.5 % (\$720K) over 2008/09.

As a result, the SLPC closed 2009/10 with an operating loss of \$20K.



The St. Lawrence Parks Commission
Financial Statements
March 31, 2010

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Auditors' Report

Raymond Chabot Grant Thornton LLP
2505 St-Laurent Blvd.
Ottawa, Ontario K1H 1E4

To The St. Lawrence Parks Commission, the Minister of Tourism
and Culture and the Auditor General of Ontario

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Fax: 613-236-6104
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Pursuant to the St. Lawrence Parks Commission Act which provides that The St. Lawrence Parks Commission, an agency of the Crown, shall be audited by the Auditor General of Ontario or an auditor appointed by the Lieutenant Governor in Council, we have audited the statement of financial position of The St. Lawrence Parks Commission as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Note 3 indicates that, in accordance with past provincial policy, the Commission had not capitalized assets before April 1, 1994. Moreover, assets acquired before April 1, 2009 with provincial government funding have not been capitalized. In these respects, the financial statements are not in accordance with Canadian generally accepted accounting principles. The effects of these departures from generally accepted accounting principles on the financial statements have not been determined.

In our opinion, except for the effects of the failure to record capital assets and amortization as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Ontario
June 2, 2010

The St. Lawrence Parks Commission


Financial Position

March 31, 2010
(In thousands of dollars)


	2010 \$	2009 \$
ASSETS		
Current assets		
Cash	3,797	1,997
Short-term investments (Note 4)	2,875	2,920
Accounts receivable	134	120
Inventories	427	375
Prepaid expenses	63	53
	<u>7,296</u>	<u>5,465</u>
Capital assets (Note 5)	1,747	523
Other long-term assets	321	
	<u>9,364</u>	<u>5,988</u>
Funds held in trust		<u>100</u>
LIABILITIES		
Current liabilities		
Accounts payable	779	416
Accrued liabilities	259	273
Deferred contributions (Note 6)	2,229	461
	<u>3,267</u>	<u>1,150</u>
Severance and future employee benefits (Note 7)	1,099	1,089
Deferred contributions - capital assets (Note 8)	1,269	
	<u>5,635</u>	<u>2,239</u>
NET ASSETS		
Internally restricted (Note 9)	2,864	2,864
Unrestricted	865	885
	<u>3,729</u>	<u>3,749</u>
	<u>9,364</u>	<u>5,988</u>
Funds held in trust		<u>100</u>
Commitments (Note 14)		

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

On behalf of the Board,



Director



Director

The St. Lawrence Parks Commission

Operations

Year ended March 31, 2010
(In thousands of dollars)

	2010	2009
	\$	\$
OPERATING REVENUES		
Entrance fees	3,061	2,976
Campsites	1,915	1,787
Gross profit from retail operations (Note 10)	752	705
Golf course	660	650
Concession and site rentals	315	301
Sponsorships	306	516
Marina docking and storage	333	263
Investment income	70	205
Miscellaneous	89	65
	<u>7,501</u>	<u>7,468</u>
OPERATING EXPENDITURES (NOTE 11)		
Salaries, wages and benefits (Notes 12 and 13)	10,726	11,100
Services	2,558	2,875
Supplies and equipment	1,656	1,648
Transportation and communication	182	199
Amortization of capital assets	181	198
Miscellaneous	10	13
	<u>15,313</u>	<u>16,033</u>
Operating deficit before the following:	<u>(7,812)</u>	<u>(8,565)</u>
OTHER REVENUES (EXPENDITURES) (NOTE 11)		
Provincial government funding		
Operational	7,792	9,013
Refurbishment	1,711	3,423
Revitalization	55	
	<u>9,558</u>	<u>12,436</u>
Refurbishment		
Expenditures	(1,597)	(3,423)
Amortization of capital assets	(114)	
	<u>(1,711)</u>	<u>(3,423)</u>
Revitalization		
Expenditures	(48)	
Amortization of capital assets	(7)	
	<u>(55)</u>	<u></u>
Excess (deficiency) of revenues over expenditures	<u>(20)</u>	<u>448</u>

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

The St. Lawrence Parks Commission

Changes in Net Assets

Year ended March 31, 2010

(In thousands of dollars)

	2010			2009
	Internally restricted (Note 9)	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	2,864	885	3,749	3,301
Excess (deficiency) of revenues over expenditures		(20)	(20)	448
Balance, end of year	2,864	865	3,729	3,749

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

The St. Lawrence Parks Commission

Cash Flows

Year ended March 31, 2010
(In thousands of dollars)

	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	(20)	448
Non-cash items		
Amortization of capital assets	181	198
Amortization of deferred contributions	(121)	
Changes in working capital items		
Accrued interest receivable	45	47
Accounts receivable	(14)	2,381
Inventories	(52)	(14)
Prepaid expenses	(10)	17
Accounts payable	363	(1,704)
Accrued liabilities	(14)	96
Deferred contributions	1,768	(1,975)
Cash flows from (used in) operating activities	2,126	(506)
INVESTING ACTIVITIES		
Other long-term assets	(321)	
Acquisition of capital assets	(1,405)	(190)
Cash flows used in investing activities	(1,726)	(190)
FINANCING ACTIVITIES		
Increase in severance and future employee benefits	10	26
Deferred contributions - capital assets	1,390	
Cash flows from financing activities	1,400	26
Net increase (decrease) in cash	1,800	(670)
Cash, beginning of year	1,997	2,667
Cash, end of year	3,797	1,997

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

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010

(In thousands of dollars)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The St. Lawrence Parks Commission (the Commission), a Provincial Corporation without share capital and Crown Agency, is subject to and governed by an Ontario Statute, the St. Lawrence Parks Commission Act. The Commission operates several parks, historical sites and other facilities situated on Crown lands in Eastern Ontario, including Upper Canada Village and Fort Henry, intended to provide tourism and recreation opportunities to both residents of, and visitors to, the Province.

The Commission is a corporation established under the laws of Ontario and is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the Income Tax Act (Canada).

2 - ACCOUNTING CHANGES

New CICA Recommendations for Not-for-profit Organizations

On April 1, 2009, in accordance with the applicable transitional provisions, the Commission applied the recommendations of the Canadian Institute of Chartered Accountants (CICA) in the introduction to accounting standards that apply to not-for-profit organizations and several sections in the 4400 series as well as consequential changes to other sections of the CICA Handbook. These modifications, effective for fiscal years beginning on or after January 1, 2009, mainly affect the following, in particular:

- Inclusion of not-for-profit organizations within the scope of Section 1540 "Cash Flow Statements";
- Elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets
- Amendments to clarify that revenues and expenses must be recognized and presented on a gross basis when the not-for-profit organization is acting as a principal in the transactions in question;
- Inclusion of additional guidance with respect to the appropriate use of the scope exemption in Section 4430 "Capital Assets Held by Not-for-profit Organizations", for smaller entities;
- Inclusion of disclosure standards for the not-for-profit organization that classifies its expenses by functions and allocates expenses to a number of functions to which the expenses relate.

These changes have led to the amounts invested in capital assets no longer being presented as a separate component net assets.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010

(In thousands of dollars)

2 - ACCOUNTING CHANGES (Continued)

Capital Assets

On April 1, 2009, the Commission voluntarily changed its accounting policy for the treatment of capital assets purchased with Provincial government funding. In previous periods, the Commission had expensed such assets in the year of purchase; going forward, the Commission will capitalize these purchases. Management believes that this newly adopted policy more appropriately reflects the nature of these transactions and improves the usefulness of the financial statements to users. As a result of this accounting change, the Commission's March 31, 2010 financial statements include capital assets with a net book value of \$1,269 resulting from Provincial government funding (Note 8). As management considers it not practicable to determine the retrospective value of these assets at the end of previous periods, comparative figures for 2009 and prior years have not been restated to reflect this policy change.

3 - ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of fair value.

Capital management and economic dependence

The Commission's objectives when managing capital are to safeguard its ability to continue as a going concern, to meet its financial obligations, and to manage its capital by obtaining funding from the Province of Ontario, by generating revenues from its various activities, and by controlling expenditures to closely match revenues. In order to maintain or to adjust its capital structure, the Commission may have to modify its forecast expenditures for the realization of certain of its activities. Other than as stipulated by the Province of Ontario and as are disclosed herein in these financial statements, the Commission is not subject to any externally imposed capital requirements.

To satisfy itself as to the viability of operations, management regularly assesses and considers current and forecast activities of the Commission. Ongoing reviews include consideration and determination of current and future business opportunities, Provincial financing commitments, and forecasts of cash requirements. Based on these evaluations, management considers the Commission as a going concern. However, as a significant source of the Commission's income is derived from funding received from the Province of Ontario, its ability to continue viable operations is dependent upon maintaining such funding.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Commission may undertake in the future. Actual results may differ from these estimates.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010

(In thousands of dollars)

3 - ACCOUNTING POLICIES (Continued)

Inventories

Inventories consist primarily of retail items and are valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. The total carrying amount of inventories carried at cost is \$427 (2009 - \$375). No inventories are carried at net realizable value or at fair value less selling costs. During the year \$784 (2009 - \$830) of inventory was recognized as an expense.

Financial assets and liabilities

The Commission has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the CICA Handbook with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Subsequently, financial assets and liabilities are measured and recognized as follows:

Held-for-trading financial assets

Cash is classified as a held-for-trading financial asset and is measured at fair value.

Available-for-sale financial assets

Short-term investments are classified as available-for-sale financial assets and are measured at their fair value.

Loans and receivables

Accounts receivable are classified as loans and receivables. They are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts.

Other financial liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial instruments are measured at amortized cost using the effective interest method.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010
(In thousands of dollars)

3 - ACCOUNTING POLICIES (Continued)

Revenue recognition

The Commission follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are reported as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Retail revenue is recognized when goods have been sold and collection is reasonably assured.

Entrance fees, campsites, golf course, concession and site rentals, marina docking and storage, and sponsorships revenues, are recognized when services have been rendered and collection is reasonably assured.

Investment income is recognized based on the number of days the investment was held during the year and is calculated using the effective interest method.

Capital assets

Capital assets, including land, acquired before April 1, 1994 are carried at nominal value. Capital assets acquired after March 31, 1994 funded through operating revenues are capitalized at cost. Capital assets acquired with Provincial government funds before April 1, 2009 have been expensed rather than capitalized and these assets have been capitalized in the 2010 fiscal year in accordance with the accounting policy change in Note 2.

Capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

	<u>Periods</u>
Machinery, equipment, and tools	5 years
Vehicles	5 - 10 years
Computer systems and licenses	3 - 5 years
Office furniture and equipment	3 - 4 years
Structures	5 years

Capital grants received by the Commission are deferred and amortized at rates that offset amortization recorded on a related capital asset.

Salaries, wages and benefits

These financial statements reflect salaries, wages and benefit costs allocated by the Province of Ontario for those members of the Ontario Public Service (OPS) who are involved with Commission operations.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010

(In thousands of dollars)

3 - ACCOUNTING POLICIES (Continued)

Severance accrual

OPS regular employees are entitled to one week of severance pay for each year of service, up to a maximum of six months pay, when employment ceases because of death, retirement, layoff after one year of continuous service, or for any reason after five years of continuous service other than dismissal for cause and abandonment of position. Fixed term employees with more than five seasons of continuous service are entitled to such payment only if terminated by the employer. The Commission has accrued the obligation owing to regular employees. Any potential obligation for fixed term employees is recorded only upon termination.

Workplace Safety and Insurance Board

The Province provides benefits to OPS employees on workers' compensation through the Workplace Safety and Insurance Board (WSIB). Adjustments to the estimated WSIB obligation, if any, are recognized in the year in which supportive computations are made available to the Commission by the WSIB.

Pension Plan

The Province provides pension benefits to its full-time OPS employees through participation in the Public Service Pension Plan (PSP Plan) and the Ontario Public Service Employees' Union Pension Trust (OPSEU Pension Trust). These plans are multiemployer defined benefit pension plans. As the Commission has insufficient information to apply defined benefit plan accounting, the plans have been accounted for as defined contribution pension plans, and the Commission's annual contributions are expensed. According to the Public Service Pension Act any deficiencies of the pension fund are to be paid out of the Consolidated Revenue Fund of the Province of Ontario, and as such no attempt has been made to calculate any amount owing regarding the unfunded liability (if any) with respect to these pension plans.

4 - SHORT-TERM INVESTMENTS

Short-term investments consist of Guaranteed Investment Certificates expiring in September, 2010, bearing interest at rates ranging from 0.65% to 1.30% (2009 - 3.0% to 3.9%).

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010
(In thousands of dollars)

5 - CAPITAL ASSETS

	2010		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Machinery, equipment and tools	296	192	104
Vehicles	944	517	427
Computer systems and licenses	388	201	187
Office furniture and equipment	698	258	440
Structures	430	171	259
Construction in progress	330		330
	<u>3,086</u>	<u>1,339</u>	<u>1,747</u>
	2009		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Machinery, equipment and tools	187	169	18
Vehicles	805	513	292
Computer systems and licenses	176	173	3
Office furniture and equipment	275	164	111
Structures	216	117	99
	<u>1,659</u>	<u>1,136</u>	<u>523</u>

6 - DEFERRED CONTRIBUTIONS

	2010	2009
	\$	\$
Prepaid admissions and camping	<u>613</u>	<u>270</u>
Ministry of Tourism and Culture - funding for refurbishment		
Balance, beginning of year	150	1,251
Contributions	3,362	2,296
Expenditures	<u>(2,613)</u>	<u>(3,397)</u>
Balance, end of year	<u>899</u>	<u>150</u>
Ministry of Tourism and Culture - funding for Fort Henry refurbishment		
Balance, beginning of year	30	56
Expenditures	<u>(1)</u>	<u>(26)</u>
Balance, end of year	<u>29</u>	<u>30</u>

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010

(In thousands of dollars)

6 - DEFERRED CONTRIBUTIONS (Continued)

Ministry of Tourism and Culture - funding for revitalization

Contributions	1,100	
Expenditures	(421)	
Balance, end of year	679	

Other deferred contributions

9	11
2,229	461

7 - SEVERANCE AND FUTURE EMPLOYEE BENEFITS

	2010	2009
	\$	\$
Severance accrual	907	828
WSIB benefit accrual	192	261
	1,099	1,089

8 - DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2010	2009
	\$	\$
Ministry of Tourism and Culture - funding for refurbishment		
Capital additions	1,017	
Amortization of capital assets	(114)	
Balance, end of year	903	
Ministry of Tourism and Culture - funding for revitalization		
Capital additions	373	
Amortization of capital assets	(7)	
Balance, end of year	366	
	1,269	

During the year, with an objective of improving the quality of attractions, the Province of Ontario announced a commitment of \$23,000 to the Commission, to be used for various site revitalization and construction projects. Funds received to date have been accounted for under the "revitalization" caption in these financial statements. As construction progresses, the Commission anticipates receipt over the next two years, of a further \$21,900 in contributions (\$14,200 in 2011 and \$7,700 in 2012).

9 - INTERNALLY RESTRICTED NET ASSETS

During 2007, to fund future capital expenditures, the Board of Commissioners approved a transfer of \$2,864 from unrestricted net assets to internally restricted net assets.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010

(In thousands of dollars)

10 - GROSS PROFIT FROM RETAIL OPERATIONS

Retail gross profit is comprised of:

	<u>2010</u>	<u>2009</u>
	\$	\$
Sales from retail operations	1,536	1,535
Cost of goods sold	<u>784</u>	<u>830</u>
Gross profit from retail operations	<u><u>752</u></u>	<u><u>705</u></u>

11 - TRANSACTIONS WITH THE PROVINCE OF ONTARIO

In the normal course of operations, the costs of post-retirement non-pension employee benefits have been paid by the Management Board Secretariat of the Province of Ontario and are not included in the statement of operations of the Commission. Further transactions with the Province of Ontario are as shown below, and are measured at their exchange amount as established and accepted by the parties.

Included in accounts receivable is \$Nil (2009 - \$23) due from the Ministry of Finance regarding payroll expenses. Included in accounts payable is \$203 (2009 - \$178) due to the Ministry of Finance in connection with payroll expenses.

During the year, the Commission paid a total of \$10,545 (2009 - \$11,244) in payroll expenses to the Ministry of Finance which is included in "Salaries, wages, and benefits".

Included in "Services" expenditures is \$48 (2009 - \$24) paid to the Ministry of Finance for various services including advertising and pay stub printing, \$Nil (2009 - \$4) paid to the Ontario Tourism Marketing Partnership for advertising, and \$3 (2009 - \$3) paid to the Ontario Provincial Police for security services.

During the year, the Commission paid the Ministry of Transportation \$207 (2009 - \$197) for the maintenance of the 1000 Islands Parkway which is included in "Supplies and equipment" expenditures, and paid \$30 (2009 - \$28) to the Ministry of Finance for general liability insurance and provincial licenses.

Included in "Construction in progress" is \$44 (2009 - \$Nil) paid to the Ontario Realty Corporation for project management services.

During the year, the Commission recognized funding totaling \$9,558 (2009 - \$12,436) from the Ministry of Tourism and Culture, which is included in "Provincial government funding".

12 - PENSION PLAN

The Commission's contribution to the PSP Plan and the OPSEU Pension Trust for the year ended March 31, 2010 was \$403 (2009 - \$397) and is included in salaries, wages and benefits.

13 - REMUNERATION OF MEMBERS

Total remuneration of members of the Commission was \$37.6 (2009 - \$39.5).

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2010
(In thousands of dollars)

14 - COMMITMENTS

a) The Commission has entered into long-term lease agreements expiring on various dates between 2011 and 2014 which require lease payments of \$355. The minimum lease payments for the next four years are \$140 in 2011, \$102 in 2012, \$63 in 2013, and \$50 in 2014.

b) The Commission entered into a long-term maintenance contract with the Ministry of Transportation in 1983. An annual payment is made for the maintenance of the 1000 Islands Parkway of \$150, adjusted for inflation, until written notification of termination is made by the Commission, which requires a minimum of eight months to come into effect. There is a commitment of \$208 for the forthcoming financial year.

c) The Commission has entered into a long-term agreement with Parks Canada to provide funding for Conservation Program Maintenance Projects to be expended during the period from 2011 to 2017. The agreement requires total funding of \$2,800 with payments of \$400 per year beginning in 2011 and each year thereafter.

15 - SUBSEQUENT EVENT

In April, 2010, the Commission was notified of \$7,100 in funding from the Ministry of Energy and Infrastructure of Ontario under the Infrastructure Stimulus Fund for the rehabilitation of the Long Sault Parkway roadway and bridges. The Infrastructure Stimulus Fund, a joint investment project between the Governments of Canada and Ontario, complements existing federal and provincial infrastructure funding by focusing on short-term objectives for economic stimulus.

16 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Commission is exposed to, and manages, various financial risks resulting from both its operations and its investments activities, and does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Main financial risk exposure is as follows:

Credit risk

The financial instruments that potentially expose the Commission to credit risk are primarily trade accounts receivable. Credit risk relating to accounts receivable is generally diversified since the Commission negotiates with a large number of establishments.

Interest rate risk

The majority of the Commission's short-term investments are at fixed rates and the Commission is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. As they are non-interest bearing, the other financial assets and liabilities of the Commission do not comprise an interest rate risk.

Concentration risk

All of the Commission's cash and short-term investments are held at the same financial institution.