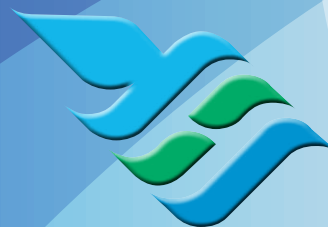


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ANNUAL REPORT

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**Parks of the
St. Lawrence**

**THE ST. LAWRENCE
PARKS COMMISSION**

AN AGENCY OF THE
GOVERNMENT OF ONTARIO

ISSN 0835-7781



TRADING CERTAINTY AND COMFORT FOR DISCOVERY

MESSAGE FROM THE CHAIR OF THE ST. LAWRENCE PARKS COMMISSION AND THE GENERAL MANAGER AND CEO

St. Lawrence Parks Commission (SLPC) experienced a truly incredible year in 2014/15. We achieved our goals of strengthening and improving the quality of existing programming and special events, developing new activities and improving cost structure efforts to further waste reduction. In 2014/15, the Parks business unit continued its fast-paced growth with net financial performance reaching \$1.2M, more than triple the net financial performance of 2011. In its fourteenth year, Upper Canada Village's winter lights festival Alight at Night hosted 40K visitors over 22 nights of operation setting attendance records for highest season and highest single night. This marked an increase of over 13% (4,635 visitors) over its highest ever season. Consistent program innovation and investment continues to breathe new energy into this event.

Throughout the year, our team has been fully committed to our Strategic Framework driving margin based decisions and preserving the core of operations (Upper Canada Village and Fort Henry) while taking significant steps forward in the plan to establish self-sufficiency through product enrichment.

In 2014/15, SLPC generated revenue from operations of \$8.541M, saw an improvement of \$709K in expenses over 2013/14 and significantly surpassed the business plan target with a balance of \$1.937M for reinvestment in our diverse portfolio of experiences. Reinvestment in SLPC attractions is one of the cornerstones for achieving business goals and driving growth and improved margins. During 2014/15, SLPC reinvested over \$680K from its internally restricted reserve for strategically chosen projects. Projects are selected based on their capacity to generate acceptable margins and for their ability to deliver on the business plan. Some of these projects included: website redevelopment and social media strategy, construction of additional camper cabins in Parks and continued investment in special event development for Upper Canada Village's PumpkInferno and Fort Henry's Fort Fright.

Fort Henry National Historic Site of Canada achieved its business plan target showing a 5.4% improvement in net financial performance over the 2013/14 season. The award-winning fall event Fort Fright was completely redesigned in 2014 and showed year-over-year growth of 11%. The Huffington Post recognized Fort Fright as one of Canada's 10 Creepiest Halloween Places, and Sun Media Corp. named it one of the Top 10 Haunted Houses in North America. Fort Henry's Beer and Food Truck Festival proved profitable; and there was a significant increase in venue rental events at Fort Henry. The Discovery Centre surpassed targets with a focus on promoting it as an ideal venue for meetings, weddings and other events.

Upper Canada Village met its business plan target of a 9.2% net financial improvement over 2013/14. New partnerships were forged with Haunted Walks Inc. and Eddie May Mysteries Dinner Theatre to present and expand evening programming offerings on select Saturday nights during July and August. The refinement of existing events continued with the addition of an Iron Pan Competition to the popular Food Lovers' Field Days in August. The competition featured chefs from across the region in a timed event enthusiastically watched by a large group of spectators. An innovative franchising initiative was developed with Science North for the critically acclaimed and award-winning fall event PumpkInferno. This unique partnership saw more than 50% of the PumpkInferno exhibits taking to the road for a special showcase at Dynamic Earth (a division of Science North) in Sudbury. This exciting new initiative will ensure an ongoing renewal of exhibits at both PumpkInferno at Upper Canada Village as well as at its new Sudbury location, plus open the door for future sales in other non-competitive markets. Other season highlights included the sell-out of the youth program Time Travellers Try-A-Camp and a 7% increase in the sale of Passport to the Past season passes.

SLPC continues to embrace the Kaizen business philosophy of continuous improvement and waste elimination and remains focused on identifying new opportunities for cost structure improvement. Two projects worthy of mention relate to energy savings at Fort Henry and Upper Canada Village. Significant cost structure improvement will be realized at Fort Henry through the development of a partnership with St. Lawrence College's Energy Audit Course and Utilities Kingston. The implementation of recommendations for energy efficiencies, including moving the Fort Henry administration office to the unused retail space in the Discovery Centre will result in savings of \$320K over eight years. At Upper Canada Village, various projects such as incandescent light bulb replacement, efficient heating, ventilation and air conditioning at the Operations Building will realize savings of \$500K over eight years. These initiatives will help to relieve the pressure on operating budgets and rising costs for utilities.

SLPC's Parks performance is leading the industry with growth of 19% in visits since 2010, an incredible achievement as competitors are experiencing declining performance. Strategic investments made over the past three years to improve camper amenities and services are meeting our customer needs and wants and delivering significantly improved margin performance. The development of an in-house firewood supply program enabled the Parks business unit

to double its profit margin on the sale of firewood alone. Three new camper cabins were added at Riverside-Cedar Campground and McLaren Campground and six new high-end sunset campsites were created at Brown's Bay Park to showcase the stunning views in the 1000 Islands. The Long Sault Parkway benefited from the installation of a new area profile sign in a highly visible location on Highway 401 which helped to pull traffic off the highway and onto the Parkway. Phase 2 of the project to refurbish the 38-kilometre long 1000 Islands Recreational Trail, which runs parallel to the 1000 Islands Parkway between the Town of Gananoque and the City of Brockville, was successfully executed. Shortly after its completion, SLPC had the opportunity to join in the 7th Annual Great Waterfront Trail Adventure, a five-day recreational bike tour from Brighton to Cornwall. This event is designed to showcase "WOW"- Wonderful Ontario Waterfront - communities. SLPC was proud to participate and to have this tour cross its properties. The Long Sault Hydroplane Regatta event was moved to a more favourable June date and showed a 50% growth.

Crysler Park Marina has set a strong pace of improved net financial performance. Since 2011, net performance has more than doubled and, in 2014/15, the Marina showed a net profit of \$315K. Investments to provide clients with all services and storage facilities on site remain an important focus. A new hydraulic lift that lifts boats in and out of the water, along with the construction of another indoor boat storage facility, are delivering what our customers are asking for.

Upper Canada Golf Course met its business plan target to improve net financial performance by over 600% over 2013/14 with a net profit of almost \$54K. Increased tournament activity and the addition of new members contributed to the improved performance. Efforts to continue to grow the membership base included a new Fall Incentive Program Open House, which hosted over 70 attendees and offered a chance to play the course on a test basis before signing on as a member. The food and beverage operation was improved with longer hours, expanded market and the offering of meal service during Upper Canada Village's PumpkInferno and Alight at Night events, all designed to improve performance.

SLPC's successes are garnered through hard work and the development and fostering of numerous partnerships. Strong partnerships and strategic alliances with tourism organizations, private tourism business operators, brand businesses, municipalities and media all support SLPC's performance and success. Celebrate Ontario provided important funding to both Upper Canada Village's PumpkInferno and Fort Henry's Fort Fright, allowing these events to maintain their leading edge positions in the market.

In 2014/15, SLPC received over \$5.55M in capital funding from the Ministry of Tourism, Culture and Sport that was directed towards high priority health and safety projects for the benefit of both staff and visitors and towards projects necessary to comply with legislative and regulatory requirements. SLPC has identified \$31.9M in deferred maintenance capital projects which are included in the MTCS Asset Management System. SLPC and the ministry have a process in place to address, over time, capital projects related to SLPC's extensive capital holdings.

Staff and visitor safety is a major focus within all SLPC operations and activities. The past year, 2014/15, saw an increased emphasis on staff engagement, root cause analysis of reported injuries, training and corrective actions and implementation of the Life Safety capital plan. The encouraging results were an 'across the board' decrease in staff and visitor incidents.

SLPC is committed to continuous improvement which connects us with our customers by finding and eliminating non-value-added activities, those things the customer doesn't want to pay for, in all aspects of our business. The key to success is to understand that continuous improvement is all about people. In support of this focus, Lean Kaizen training was again provided to SLPC and ministry staff.

All-hands meetings, soliciting input from employees through all-staff surveys, recognition through the awarding of the Hero's Cup, staff events by the Wellness Committee (Charity Walk, Hoedown) and an all-staff Orientation Day are some important ways the SLPC team remains connected and committed to vision, strategy and implementation. Employee engagement is critical and plays an important role in identifying opportunities for change, growth and improvement.

Our thanks to the Ministry of Tourism, Culture and Sport for its investment in SLPC and to its staff for their continued support throughout the year. We would also like to recognize our Board of Commissioners, our Senior Leadership Team and staff for their dedication and commitment to the customer experience and stewardship of some of Ontario's most treasured assets throughout our portfolio.

Sincerely,



Ian Wilson
Chair



Darren Dalgleish
General Manager & CEO



SLPC BOARD OF COMMISSIONERS 2014/15

Chair:

Ian Wilson
Kingston
April 18, 2012 - April 17, 2018
2014/15 Remuneration: \$787.50

Commissioners:

Carmen Cousineau
Cornwall
March 23, 2011 - March 22, 2017
2014/15 Remuneration: \$450.00

Linda Ann Daly
Kingston
April 24, 2013 - April 23, 2016
2014/15 Remuneration: \$450.00

Vincent Durant
Kingston
September 12, 2012 - September 11, 2015
2014/15 Remuneration: \$600.00

Margaret Fancy
Mallorytown
October 23, 2013 - October 22, 2016
2014/15 Remuneration: \$600.00

John E. Fischl
Maitland
September 15, 2010 - September 14, 2016
2014/15 Remuneration: \$1,000.00

James Garrah
Gananoque
October 30, 2013 - October 29, 2016
2014/15 Remuneration: \$600.00

SENIOR LEADERSHIP TEAM 2014/15

Darren Dalglish
General Manager & CEO

Bonnie VanMoorsel
Executive Assistant to the CEO

Bryan Mercer
Director, Marketing

Al Adibi
Manager, Finance and Human Resources

Geoff Waycik
Manager, Historical Attractions

Lou Seiler
Manager, Parks and Recreational Facilities

OUR MANDATE

The SLPC was established in 1955 and is an Operational Enterprise of the Government of Ontario. 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. The SLPC supports the Ministry of Tourism, Culture and Sport's efforts to strengthen Ontario's tourism industry. As a key economic driver in Eastern Ontario, the SLPC will focus efforts on new product development and program enhancements that will draw new and returning customers to the region.



OUR MISSION

The purpose of SLPC is to generate lasting visitor growth, drive economic prosperity, and build community partnerships in Eastern Ontario.

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

LEGISLATIVE AUTHORITY

SLPC operates under the authority of the St. Lawrence Parks Commission Act; and reports to the provincial government through the Minister of Tourism, Culture and Sport. The Board of Commissioners' governance responsibilities include overseeing the business affairs of the SLPC 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 SLPC within the community.

The SLPC supports its operations through:

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



BUSINESS OBJECTIVES FOR THE REPORTING PERIOD 2014/15

CORE PRINCIPLES, VALUES AND BELIEFS

- Success must be achieved through excellence in the presentation and promotion of quality attractions and facilities and high private sector-calibre retail establishments which complement rather than compete with the private sector.
- SLPC has a vital role to play in the development of tourism in Eastern Ontario, not only through excellence in the presentation and promotion of its attractions and facilities but also by helping to develop regional programs which are responsive to the demands of the tourism markets.
- Its greatest future strength must be built upon leadership and motivated people, with Commissioners, staff and communities working together.
- SLPC is committed to responding to the needs of its visitors through service and courtesy.
- SLPC is dedicated to communicating effectively with visitors, staff, community leaders, associations, private tourism operators and the Ministry of Tourism, Culture and Sport.
- SLPC believes that the development and implementation of a unique corporate image will heighten public awareness of SLPC as a unified corporate entity with distinct programs and facilities and serve as a cornerstone for marketing and a source of pride for staff.
- SLPC is committed to responsible and ethical management of its attractions, facilities and services.
- SLPC is committed to the principles of its corporate vision. It will guide corporate planning and new initiatives and it will also assist in setting priorities for existing programs and set the stage for cooperative activities with the private sector and other stakeholders.

OBJECTIVES

- To encourage and promote the tourism industry in Eastern Ontario on a year-round basis for the economic benefit of the people of the region and the province as a whole.
- To acquire, preserve, develop and maintain historic and recreational resources within SLPC's jurisdiction for the benefit of the people of Ontario and enjoyment of visitors to the province.
- To manage historic sites, campgrounds, parkways, recreation areas and other facilities which enhance SLPC's contribution to tourism development, recreation, learning and heritage conservation.
- To provide SLPC's services and facilities at a high standard of excellence for the recreational and learning enjoyment of its visitors.

STRATEGIC DIRECTION – MOVING FORWARD

SLPC will continue to be guided by the Strategic Framework of “Alive in Five”, focused by five Pillars, to achieve our strategic business sustainability goals. Successful execution of all of the framework elements will ensure that SLPC is collectively and directly contributing to its strategic business plan. SLPC will build on its successes to achieve financial sustainability and the ultimate goal of fulfilling its stewardship commitment of our lands and heritage attractions.

PILLAR I - DEVELOP A HEALTH, SAFETY AND ENVIRONMENTAL CULTURE

SLPC is striving to develop a “safety-first” culture that will create a healthy work environment where employees and visitors feel safe at all times and leave a minimal environmental footprint in every location where we operate. SPI (Safety Performance Index) and root cause analysis of reported injuries will inform our safety progress. The SLPC's newly-developed Multi-year Accessibility Plan will ensure the SLPC meets Ontario's

accessibility laws and removes accessibility barriers. The establishment of the SLPC Wellness Committee will encourage and promote habits of wellness among SLPC employees.

PILLAR II - ACHIEVE OPERATIONAL EXCELLENCE

SLPC will continue to improve overall performance by moving from a revenue-focused model to a margin-focused model. Through the aggressive employment of Lean Kaizen, SLPC will develop and implement sustainable, continuous improvement practices to constantly reduce costs and eliminate waste, and to improve quality and increase flexibility across all SLPC divisions. Continued focus on budget adherence through variance analysis, metrics and accountability will improve overall financial performance. Further, the SLPC will maintain a continuous effort to outpace inflation with cost structure improvements.

PILLAR III - EXPAND PRODUCT AND SERVICES OFFERING “PRESERVE THE CORE, ENRICH THE PRODUCT MIX”

SLPC will focus on increased profitability of major attractions and enrich our product mix while aligning resources with consumer demand. SLPC will continue to offer existing and potential clients a broad range of competitive products and services and be perceived as industry innovators through exceptional creativity, depth and capacity with a focus on high-yield programming and special events. Reinvestment of operational gains to grow and enhance programs and product mix will contribute to organizational and financial sustainability. The preservation of our core heritage sites is paramount and new product will be considerate of heritage impact such that new offerings are non-dilutive to our core product.

PILLAR IV - RETAIN AND DEVELOP OUR CUSTOMER BASE

Special events, thematic daily/weekend programming, perceived “value for money” and strengthened SLPC brand will attract new visitors and returning customers and increase group sales. SLPC believes in both organic growth and deeper market penetration, and we will tailor our offerings accordingly.

PILLAR V - BUILD A TALENTED AND COMMITTED WORKFORCE

SLPC will excel at attracting, developing and retaining competent and flexible personnel to support an ever-evolving, high-performing organization; through effective leadership and employee engagement, SLPC’s focus will be to build a culture of continuous improvement and personal accountability. Investment in the educational development of our staff will continue in all professional and personal development categories. Bi-annual Lean/Kaizen certification training for 50 people per year will continue until all staff is versed.

STRATEGIC FOCUS

SLPC will focus on preserving the core products while enriching its product mix. The organization will continue to grow business in a manner consistent with regional economic benefit while positioning the SLPC brand first in the marketplace. Key factors in SLPC’s strategy are outlined in bullet format:

ALIVE IN FIVE

- Operate decentralized – 5 Business Unit Model
- Outpace inflation through cost-structure improvement and waste elimination
- Portfolio Enrichment
- Intense marketing and brand / product awareness

Continue to challenge “Would the customer be willing to pay for it?”

PRODUCT RATIONALIZATION – RETAIL STRATEGY DEPLOYMENT

- Optimum utilization of retail space.

RECIPROCAL PROGRAM – ROBUST DEPLOYMENT

- Marina seasonal boaters (min. 25') – free golf membership
- Marina referral program – 10 complimentary green fees
- Seasonal Campers – half-off green fees at golf course
- Continue to promote “2 Worlds 1 Price” to capitalize on program success.

ORGANIZATIONAL ALIGNMENT & DEVELOPMENT

- Staffing and site operations to align with visitation



PRICING STRATEGY

- Upper Canada Village and Fort Henry – increase in regular admission rates
- Fort Henry – alignment of day program and Sunset Ceremony rates.
- Parks – inflationary increase on seasonal rates; rate parity at Farran Park.
- Highly successful reciprocal program continues.
- Offer sales incentives to sell more products.
- Volume of user influence affecting all of the above.

BRAND STRENGTHENING

- Vertically integrate new or enhanced events aligned with existing core attraction brands (e.g. PumpkInferno at Upper Canada Village; rebranded Sunset Ceremonies at Fort Henry), increasing product awareness.
- Buy media that most efficiently reaches direct demographics and adds visual impact; more push on Social Media outlets, integrate messages in growing diversity markets.
- Business unit marketing plans crafted with direct input from staff, bottom up requirements.
- Year 3 of reciprocal program, widening consumer offers, including season passes.
- Continue signage redesign and replacement in Parks, parkette signs changed to ‘Text Stop’ signs, an initiative to reduce distracted driving by identifying existing areas where drivers can pull off the road and safely send messages while the car is parked.
- Reinforce ‘customer experiences’ associated with the key brands: heritage, camping, golfing, boating, events, etc.

Over the past three years, SLPC has successfully implemented new initiatives and structural changes to develop a sustainable business model that will provide a solid foundation for continued growth. SLPC will continue to build on this foundation of the framework, driving profit-based decision that will preserve the core and enrich our product mix and growth initiatives.

ATTRACTION ACTIVITY PERFORMANCE

ATTRACTION	2014/15	2013/14
Fort Henry (admissions/rentals)	79.4	91.5
Upper Canada Village (admissions/rentals)	178.4	188.9
Parks (nights/admissions)	120.6	121.8
Upper Canada Golf Course (rounds/rentals)	22.3	18.6
Crysler Park Marina (docked footage)	755.1	769

*Please note amounts are in thousands

FINANCIAL PERFORMANCE

OPERATIONS

In 2014/15, SLPC generated \$8.541M in revenue from operations. In addition, SLPC received provincial government operating funds in the amount of \$7.353M. SLPC reported operating expenses of \$14.083M, realizing an improvement of \$709K over 2013-14 in expenses. Poor spring weather resulted in a slow start and impacted attendance. SLPC disbursed \$682K from its internally restricted reserve for strategic priority projects (e.g., Website Redevelopment, Mega Storage Buildings, Pumpkinferno, Fort Fright, Camper Cabins, etc.).

CAPITAL INVESTMENT

SLPC is steward of 7,000 acres of land over a 200 km stretch from Kingston to the Quebec border. Operations include two historic attractions, 13 parks and campgrounds, two parkways, a long distance recreational trail, a wildlife sanctuary, a golf course, a marina, and gift and retail stores. For accounting purposes, SLPC's amortized capital assets, excluding land and roads, are valued at \$38.8M.

To address upkeep of these extensive capital holdings over time, SLPC and the ministry have a process in place. The age and condition of these assets are tracked via the Ministry of Tourism, Culture and Sport's Asset Management Information System (AMIS). Capital repair projects are then prioritized. Approximately \$2.9M in repairs are related to AMIS priorities one to three and about \$29M in repairs are related to other high-priority projects.

In 2014/15, SLPC received \$5.55M in capital funding from the ministry, and directed funds to projects necessary to comply with legislative and regulatory requirements, a number of high-priority projects that were vital to ensuring the safety of staff and visitors to our recreational and heritage sites, and capital work necessary for ongoing operations related to improvements and/or revenue generation. A sample of completed projects include building/equipment maintenance and repairs, septic system repair, 1000 Islands bike path, forestry rehabilitation, dock repairs, drainage repairs, carpentry work, lighting, maintenance of waste disposal and treatment systems, structural repairs to heritage buildings, electrical and HVAC (heating, ventilation and air conditioning) upgrades to meet building code requirements, road maintenance and repair, washroom upgrades, Fort Henry structural maintenance, Discovery Centre Guest Service enhancements, new capital equipment/machinery, parks washroom upgrades, building/equipment maintenance and repairs, improved accessibility, road maintenance and repair, heritage building stabilization, program equipment renewal, office equipment, and IT infrastructure related projects.

The St. Lawrence Parks Commission
Financial Statements
March 31, 2015

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Independent Auditor's Report

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

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

Telephone: 613-236-2211
Fax: 613-236-6104
www.rcgt.com

We have audited the accompanying financial statements of The St. Lawrence Parks Commission, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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 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.

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

Basis for qualified opinion

Note 2 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 public sector accounting standards. The effects of these departures from Canadian public sector accounting standards on the financial statements have not been determined. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this misstatement.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The St. Lawrence Parks Commission as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
June 25, 2015

The St. Lawrence Parks Commission

Financial Position

March 31, 2015

(In thousands of dollars)

	2015	2014
	\$	\$
ASSETS		
Current		
Cash	7,515	7,608
Trade and other receivables (Note 3)	3,602	841
Inventories (Note 4)	440	491
Prepaid expenses	198	57
	<u>11,755</u>	<u>8,997</u>
Long-term		
Tangible capital assets (Note 5)	38,838	38,495
Deferred land costs	41	41
	<u>50,634</u>	<u>47,533</u>
LIABILITIES		
Current		
Trade and other operating liabilities	2,842	924
Deferred contributions (Note 6)	2,582	3,010
Accrued liabilities	278	473
	<u>5,702</u>	<u>4,407</u>
Long-term		
Deferred contributions - tangible capital assets (Note 7)	36,150	36,088
Due to Province (Note 8)	300	300
Severance and future employee benefits (Note 9)	815	1,008
	<u>42,967</u>	<u>41,803</u>
NET ASSETS		
Unrestricted	3,558	2,557
Internally restricted (Note 10)	4,109	3,173
	<u>7,667</u>	<u>5,730</u>
	<u>50,634</u>	<u>47,533</u>

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

On behalf of the Board,



Director



Director

The St. Lawrence Parks Commission Operations

Year ended March 31, 2015
(In thousands of dollars)

	2015		2014
	Unrestricted	Internally restricted (Note 10)	Total
	\$	\$	\$
OPERATING REVENUES			
Entrance receipts	3,133		3,133
Camping	2,860		2,860
Gross profit from retail operations (Note 11)	742		742
Golf course	443		443
Concession and site rentals	395		395
Sponsorships	327		327
Marina docking and storage	528		528
Investment income	69		69
Miscellaneous	44		44
	<u>8,541</u>	<u>-</u>	<u>8,541</u>
OPERATING EXPENDITURES			
Salaries, wages and benefits (Note 13)	9,734	40	9,774
Services	2,414	193	2,607
Supplies and equipment	1,073	98	1,171
Transportation and communication	70	7	77
Amortization of tangible capital assets	92	344	436
Miscellaneous	18		18
	<u>13,401</u>	<u>682</u>	<u>14,083</u>
Operating deficit before the following:	<u>(4,860)</u>	<u>(682)</u>	<u>(5,542)</u>
OTHER REVENUES (EXPENDITURES)			
Provincial government funding			
Operational	7,333	20	7,353
Refurbishment	4,412		4,412
Revitalization	1,614		1,614
Other funding		324	324
	<u>13,359</u>	<u>344</u>	<u>13,703</u>
Refurbishment			
Expenditures	(3,184)		(3,184)
Amortization of tangible capital assets	(1,248)		(1,248)
	<u>(4,432)</u>	<u>-</u>	<u>(4,432)</u>
Revitalization			
Expenditures			(7)
Amortization of tangible capital assets	(1,614)		(1,614)
	<u>(1,614)</u>	<u>-</u>	<u>(1,614)</u>
Other expenditures		(178)	(178)
Provincial government operational funding	7,313	166	7,479
Excess (deficiency) of revenues over expenditures	<u>2,453</u>	<u>(516)</u>	<u>1,937</u>

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

The St. Lawrence Parks Commission

Changes in Net Assets

Year ended March 31, 2015

(In thousands of dollars)

	2015		2014
	Unrestricted	Internally restricted (Note 10)	Total
	\$	\$	\$
Balance, beginning of year	2,557	3,173	5,730
Excess (deficiency) of revenues over expenditures	2,453	(516)	1,937
Allocation - capital expenditures	1,001	(1,001)	-
Transfer - 2015 net operations	(2,453)	2,453	-
Balance, end of year	3,558	4,109	7,667

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

The St. Lawrence Parks Commission

Cash Flows

Year ended March 31, 2015
(In thousands of dollars)

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	1,937	1,296
Non-cash items		
Amortization of tangible capital assets	3,476	3,139
Amortization of deferred contributions - tangible capital assets	(3,035)	(2,862)
Loss (gain) on disposal of fixed assets	(139)	
Changes in working capital items		
Trade and other receivables	(2,761)	(224)
Inventories	51	39
Trade and other operating liabilities	1,918	(143)
Deferred contributions	(428)	(2,037)
Prepaid expenses	(141)	(10)
Accrued liabilities	(195)	(22)
Cash flows from operating activities	683	(824)
CAPITAL ACTIVITIES		
Other long-term assets		19
Acquisition of tangible capital assets	(3,877)	(5,512)
Disposal of fixed assets	197	
Deferred land costs		(41)
Cash flows used in capital activities	(3,680)	(5,534)
FINANCING ACTIVITIES		
Deferred contributions - tangible capital assets	3,097	5,009
Change in severance and future employee benefits	(193)	17
Cash flows from financing activities	2,904	5,026
Net decrease in cash	(93)	(1,332)
Cash, beginning of year	7,608	8,940
Cash, end of year	7,515	7,608

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

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015

(In thousands of dollars)

1 - GOVERNING STATUTES

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 exempt from federal and provincial income taxes under paragraph 149(1)(d) of the Income Tax Act (Canada).

2 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The Commission's financial statements are prepared in accordance with Canadian public sector accounting standards in the Chartered Professional Accountants of Canada (CPA) Handbook. The Commission has elected to apply the accounting standard recommendations applicable solely to government not-for-profit organizations in Sections PS 4200 to PS 4270 of the CICA Public Sector Accounting Handbook.

Accounting estimates

The preparation of financial statements 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.

Financial assets and liabilities

In 2013, the Commission applied the recommendations of new Sections PS 1201, Financial Statement Presentation, and PS 3450, Financial Instruments, of the CPA Canada Public Sector Accounting Handbook. These new sections required prospective application and, accordingly, comparative amounts are presented in accordance with the accounting policies which the Commission applied before adoption of these new sections.

Initial measurement

The Commission recognizes a financial asset or a financial liability on the statement of financial position when, and only when, it becomes a party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at cost.

Subsequent measurement

At each reporting date, the Commission measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for any investments in listed securities which are measured at fair value. Additionally, because the Commission defines and implements a risk management or investment strategy to manage and evaluate the performance of investments on a fair value basis, these investments are included in the category of financial instruments measured at fair value by designating that fair value measurement shall apply.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015

(In thousands of dollars)

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

The Commission determines whether there is any objective evidence of impairment of the financial assets, for both financial assets subsequently measured at amortized cost and financial assets subsequently measured at fair value. Any financial asset impairment is recognized in the statement of operations and, in the case of a financial asset classified to the fair value category, the reversal of any net remeasurements is presented in the statement of remeasurement gains and losses when an impairment is recognized.

Inventory valuation

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

Tangible capital assets

Amortization

Tangible capital assets, including land, acquired before April 1, 1994 are carried at nominal value. Capital assets acquired with Provincial government funds before April 1, 2009 have been expensed rather than capitalized. Tangible capital assets acquired with Provincial government funds after April 1, 2009 have been capitalized at cost.

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

	<u>Periods</u>
Buildings and other structures	20 - 40 years
Landhold improvements	15 years
Exhibits	10 years
Machinery, equipment, and tools	5 years
Vehicles	5 - 10 years
Computer systems and licenses	3 - 5 years
Office furniture and equipment	3 - 5 years
Structures	5 years

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

Write-down

When the Commission recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the statement of operations.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015
(In thousands of dollars)

2 - SUMMARY OF 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, sponsorship, and marina docking and storage 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.

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.

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.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015

(In thousands of dollars)

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Pension Plan

The Province provides pension benefits to its eligible 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 multi-employer 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.

3 - TRADE AND OTHER RECEIVABLES

	2015	2014
	\$	\$
Trade accounts receivable	3,499	782
Receivable from the Ministry of Finance	110	66
	3,609	848
Doubtful accounts	7	7
	3,602	841

4 - INVENTORIES

The total carrying amount of inventories at cost is \$440 (2014 - \$491). No inventories are carried at net realizable value or at fair value less selling costs. Year-end inventory values are comprised of:

	2015	2014
	\$	\$
Retail stores	310	342
Maintenance parts and replacements	107	117
Firewood	23	32
	440	491

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015

(In thousands of dollars)

5 - TANGIBLE CAPITAL ASSETS

	2015		2014
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Buildings and other structures	17,254	1,456	15,798
Landhold improvements	11,851	1,513	10,338
Exhibits	7,132	2,406	4,726
Machinery, equipment and tools	3,091	1,127	1,964
Vehicles	3,308	1,875	1,433
Computer systems and licenses	2,236	1,261	975
Office furniture and equipment	1,439	1,170	269
Structures	4,463	1,446	3,017
Construction in progress	318		318
	<u>51,092</u>	<u>12,254</u>	<u>38,838</u>
			<u>38,495</u>

6 - DEFERRED CONTRIBUTIONS

	2015	2014
	\$	\$
Prepaid admissions and camping	<u>1,283</u>	<u>1,114</u>
Ministry of Tourism, Culture and Sport - funding for refurbishment		
Balance, beginning of year	1,896	3,412
Contributions	5,669	4,450
Expenditures	<u>(6,266)</u>	<u>(5,966)</u>
Balance, end of year	<u>1,299</u>	<u>1,896</u>
Ministry of Tourism, Culture and Sport - funding for revitalization		
Balance, beginning of year		402
Contributions		458
Expenditures		<u>(860)</u>
Balance, end of year	<u>-</u>	<u>-</u>
Other deferred contributions		
	<u>2,582</u>	<u>3,010</u>

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015

(In thousands of dollars)

7 - DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS

	2015	2014
	\$	\$
Ministry of Tourism, Culture and Sport - funding for refurbishment		
Balance, beginning of year	9,863	7,053
Tangible capital additions	3,097	3,850
Amortization	<u>(1,248)</u>	<u>(1,040)</u>
Balance, end of year	<u>11,712</u>	<u>9,863</u>
Ministry of Tourism, Culture and Sport - funding for revitalization		
Balance, beginning of year	22,126	22,833
Tangible capital additions		858
Amortization	<u>(1,614)</u>	<u>(1,565)</u>
Balance, end of year	<u>20,512</u>	<u>22,126</u>
Ministry of Tourism, Culture and Sport - infrastructure stimulus funding		
Balance, beginning of year	4,005	4,183
Amortization	<u>(178)</u>	<u>(178)</u>
Balance, end of year	<u>3,827</u>	<u>4,005</u>
Celebrate Ontario		
Balance, beginning of year	94	132
Tangible capital additions	55	
Amortization	<u>(50)</u>	<u>(38)</u>
Balance, end of year	<u>99</u>	<u>94</u>
	<u>36,150</u>	<u>36,088</u>

8 - DUE TO PROVINCE

On February 6, 2013, the Commission received one-time funding to support a land sales initiative program being currently undertaken with Ontario Infrastructure and Lands Corporation. This funding is provided on an interest free basis, and on the understanding that it will be repaid upon completion of the sale(s).

There were no costs incurred during the fiscal year relating to the land sales initiative. Costs incurred in the previous fiscal year amount to \$41 and have been capitalized as deferred land costs, which are to be recognized in operations against related proceeds on sale.

9 - SEVERANCE AND FUTURE EMPLOYEE BENEFITS

	2015	2014
	\$	\$
Severance accrual	689	854
WSIB benefit accrual	<u>126</u>	<u>154</u>
	<u>815</u>	<u>1,008</u>

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015

(In thousands of dollars)

10 - INTERNALLY RESTRICTED NET ASSETS

A portion of net assets has been internally restricted by the Board of Commissioners to fund future capital expenditures. In the current year, the Board of Commissioners approved expenditures of \$516 from these restricted net assets, also the transfer of \$1,001 to the operating fund for capital projects.

The Board of Commissioners has approved the transfer of the 2015 net results of operations of \$2,453 to the Commission's Internally Restricted Reserve fund, for investment in programs and projects that will best contribute to the financial sustainability of future and ongoing operations.

11 - GROSS PROFIT FROM RETAIL OPERATIONS

Retail gross profit is comprised of:

	2015	2014
	\$	\$
Sales from retail operations	1,525	1,712
Cost of goods sold	783	894
Gross profit from retail operations	<u>742</u>	<u>818</u>

12 - 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 trade and other receivables is \$110 (2014 - \$66) due from the Ministry of Finance regarding payroll expenses. Included in trade and other operating liabilities is \$302 (2014 - \$194) due to the Ministry of Finance in connection with payroll expenses.

During the year, the Commission paid a total of \$10,921 (2014 - \$10,832) in gross payroll expenses to the Ministry of Finance.

Included in Services expenditures is \$44 (2014 - \$45) paid to the Ministry of Finance for various services including advertising and pay stub printing, and \$10 (2014 - \$10) paid to the Ontario Provincial Police for security services.

During the year, the Commission paid the Ministry of Transportation \$229 (2014 - \$201) for the maintenance of the 1000 Islands Parkway which is included in Supplies and equipment expenditures, and paid \$27 (2014 - \$27) to the Ministry of Finance for general liability insurance and provincial licenses.

Included in Construction in progress and in subsequently capitalized amounts is \$Nil (2014 - \$61) paid to the Ontario Infrastructure and Lands Corporation for project management services.

During the year, the Commission recognized funding totaling \$13,380 (2014 - \$12,246) from the Ministry of Tourism, Culture and Sport, which is included in Provincial government funding.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015

(In thousands of dollars)

13 - PENSION PLAN

The Commission's contribution to the PSP Plan and the OPSEU Pension Trust for the year ended March 31, 2015 was \$514 (2014 - \$518) and is included in salaries, wages and benefits.

14 - REMUNERATION OF MEMBERS

Total remuneration of members of the Commission was \$4. (2014 - \$7)

15 - COMMITMENTS

- a) The Commission has entered into long-term lease agreements expiring on various dates between 2015 and 2019 which require lease payments of \$119. The minimum lease payments for the next four years are \$44 in 2016, \$34 in 2017, \$26 in 2018, and \$15 in 2019.
- 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 \$234 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.
- d) The Commission has entered into an agreement with Parks Canada to provide funding for the purpose of conducting procurement, project management, contract management and financial management of the Fort Henry National Historic site. A payment of \$400 has been committed for the 2015-2016 fiscal year.

16 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risks

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 Commission is exposed to credit risk regarding the financial assets recognized on the statement of financial position. The Commission has determined that the financial asset with greater credit risk exposure is trade accounts receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Commission.

The credit risk regarding cash and cash equivalents is considered to be negligible because the counterparty is a reputable bank with an investment grade external credit rating.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2015
(In thousands of dollars)

16 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Commission is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed and variable interest rates.

Concentration risk

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

Carrying amount of financial assets by categories

The Commission's financial assets, totaling \$11,117 (\$8,449 as at March 31, 2014), have all been classified as financial assets measured at amortized cost, less any reduction for impairment.