Financial Statements of

THE ST. LAWRENCE PARKS COMMISSION

And Independent Auditor's Report thereon

Year ended March 31, 2020

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INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the financial statements of St. Lawrence Parks Commission (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Note 2 indicates that tangible capital assets, including land, acquired before April 1, 1994 are carried at nominal value. Moreover, assets acquired before April 1, 2009 with provincial government funding have been expensed rather than capitalized. In these respects, the financial statements are not in accordance with Canadian public sector accounting standards.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the total assets reported in the statements of financial position as at March 31, 2020 and March 31, 2019
- the amortization of deferred capital contributions, the amortization expense of tangible capital assets and excess of revenue over expenses reported in the statements of operations for the years ended March 31, 2020 and March 31, 2019
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years March 31, 2020 and March 31, 2019

- the excess of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2020 and March 31, 2019

Our opinion on the financial statements for the year ended and March 31, 2019 was qualified accordingly because of the possible effects of this departure from the Canadian public sector accounting standards.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 18, 2020

THE ST. LAWRENCE PARKS COMMISSION

Financial Statements

Year ended March 31, 2020

THE ST. LAWRENCE PARKS COMMISSION

Statement of Financial Position

March 31, 2020, with comparative information for 2019
(In thousands of dollars)

	2020	2019
Assets		
Current assets:		
Cash and short-term investments	$ 10,363	$ 11,457
Accounts receivable	5,182	571
Inventories	446	446
Prepaid expenses	61	114
	16,052	12,588
Tangible capital assets (note 3)	35,425	38,661
Deferred land costs (note 6)	41	41
	$ 51,518	$ 51,290
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,449	$ 4,101
Deferred contributions (note 4)	6,366	2,276
	7,815	6,377
Deferred contributions - tangible capital assets (note 5)	30,467	33,318
Due to the Province of Ontario (note 6)	300	300
Severance and future employee benefits (note 7)	1,113	981
Net assets:		
Unrestricted	3,558	3,558
Internally restricted (note 8)	8,265	6,756
	11,823	10,314
Commitments (note 14)		
Subsequent event (note 16)		
	$ 51,518	$ 51,290

See accompanying notes to financial statements.

Approved on behalf of the Board of Commissioners:

Guy Tondreau Commissioner

Commissioner

THE ST. LAWRENCE PARKS COMMISSION

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019
(In thousands of dollars)

	Unrestricted	Internally restricted (note 8)	Total 2020	Total 2019
Operating revenue:				
Entrance receipts (note 12)	$ 7,742	$ –	$ 7,742	$ 8,224
Camping	4,157	–	4,157	4,078
Gross profit from retail operations (note 9)	771	–	771	695
Golf course	482	–	482	425
Concession and site	489	–	489	443
Sponsorships	88	–	88	106
Marina docking and storage	443	–	443	490
Investment income	190	–	190	177
Miscellaneous	133	10	143	104
	14,495	10	14,505	14,742
Operating expenses:				
Salaries, wages and benefits (note 11)	14,394	–	14,394	14,056
Services	3,566	2	3,568	4,656
Supplies and equipment	1,101	2	1,103	1,583
Transportation and communication	185	–	185	251
Amortization of tangible capital assets	7	804	811	830
Program distribution to United Way KFL&A (note 12)	709	–	709	735
Miscellaneous	13	–	13	15
	19,975	808	20,783	22,126
Other revenue (expenses):				
Provincial government funding:				
Operational	7,778	9	7,787	7,390
Refurbishment - amortization of deferred capital contributions	3,871	–	3,871	4,399
Revitalization - amortization of deferred capital contributions	1,288	–	1,288	1,288
Other funding - amortization of deferred capital contributions	178	–	178	178
	13,115	9	13,124	13,255
Refurbishment:				
Expenses	(1,708)	–	(1,708)	(2,274)
Amortization of tangible capital assets	(2,163)	–	(2,163)	(2,125)
	(3,871)	–	(3,871)	(4,399)
Revitalization				
Amortization of tangible capital assets	(1,288)	–	(1,288)	(1,288)
Other expenses:				
Amortization of tangible capital assets	(178)	–	(178)	(178)
Provincial government operational funding	7,778	9	7,787	7,390
Excess (deficiency) of revenue over expenses	$ 2,298	$ (789)	$ 1,509	$ 6

See accompanying notes to financial statements.

THE ST. LAWRENCE PARKS COMMISSION

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019
(In thousands of dollars)

	Unrestricted	Internally restricted (note 8)	Total 2020	Total 2019
Balance, beginning of year	$ 3,558	$ 6,756	$ 10,314	$ 10,308
Excess (deficiency) of revenue over expenses	2,298	(789)	1,509	6
Internal transfer (note 8)	(2,298)	2,298	–	–
Balance, end of year	$ 3,558	$ 8,265	$ 11,823	$ 10,314

See accompanying notes to financial statements.

THE ST. LAWRENCE PARKS COMMISSION

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019
(In thousands of dollars)

	2020	2019
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	$ 1,509	$ 6
Items not involving cash:		
Amortization of tangible capital assets	4,440	4,421
Amortization of deferred capital contributions	(5,345)	(5,887)
Change in non-cash operating working capital:		
Accounts receivable	(4,611)	1,466
Inventories	–	87
Prepaid expenses	53	(20)
Accounts payable and accrued liabilities	(2,653)	1,173
Deferred contributions	4,090	326
Severance and future employee benefits	132	(121)
	(2,385)	1,451
Financing activities:		
Deferred capital contributions	2,494	4,248
Capital activities:		
Acquisition of tangible capital assets	(1,203)	(2,254)
Increase (decrease) in cash and short-term investments	(1,094)	3,445
Cash and short-term investments, beginning of year	11,457	8,012
Cash and short-term investments, end of year	$ 10,363	$ 11,457

See accompanying notes to financial statements.

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 of Ontario (the “Province”). The Commission is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the Income Tax Act (Canada).

2. Significant accounting policies:

The financial statements have been 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. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(a) Cash and short-term investments:

The Commission's policy is to present in cash and short-term investment bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments that are redeemable at any time without penalty.

(b) 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 persuasive evidence of an arrangement exists, when the customer has taken possession of the goods, the price to the buyer is fixed or determinable and collection is reasonably assured.

Entrance fees, campsites, golf course, concession and site rentals, sponsorship, and marina docking and storage revenues, are recognized in accordance with the agreement between the parties, when services have been rendered, fees are fixed or determinable and collection is reasonably assured.

Investment income are recorded on the transaction date and resulting revenue are recognized using the accrual method of accounting. Investment income includes interest income, which is recognized on a time apportionment basis.

2. Significant accounting policies (continued):

(c) Inventory valuation:

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

(d) Tangible capital assets:

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 recorded at cost. Amortization is provided on a straight-line basis using the following estimated useful lives:

Asset	Useful life
Buildings and other structures	20 to 40 years
Landhold improvements	15 years
Exhibits	10 years
Machinery, equipment, and tools	5 years
Vehicles	5 to 10 years
Computer systems and licenses	3 to 5 years
Office furniture and equipment	3 to 5 years
Structures	5 years

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

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 costs incurred for major capital projects are classified separately as construction in progress until the project is complete. When complete, the costs are transferred to the appropriate capital asset category and amortization commences.

(e) 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.

2. Significant accounting policies (continued):

(f) 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. Unionized employees could no longer accumulate severance after December 31, 2016. Fixed term employees with more than five seasons of continuous service are entitled to such payment only if terminated by the employer. Non-unionized employees could no longer accumulate severance after December 31, 2015. The Commission has accrued the obligation owing to regular employees. Any potential obligation for fixed term employees is recorded only upon termination. Anyone hired after January 1, 2014 is not entitled to severance.

(g) Workplace Safety and Insurance Board:

The Province provides benefits to OPS employees on workers' compensation through the Workplace Safety and Insurance Board (WSIB). The Commission accrues its obligation for this employee benefit. The costs of this benefit is actuarially determined province wide, based on historical and previous experience. 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.

(h) 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.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Commission has elected to carry all investments at fair value.

(In thousands of dollars)

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Short-term investments are measured at fair value without any adjustment for transaction costs it may occur on sale or other disposal. All changes in fair value are recorded in the statement of operations.

Financial assets are assessed for indicators of impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, the Commission determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Commission expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. Tangible capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings and other structures	$ 20,292	$ 5,213	$ 15,079	$ 15,791
Landhold improvements	13,848	4,474	9,374	9,376
Exhibits	7,139	5,706	1,433	2,161
Machinery, equipment and tools	4,607	3,412	1,195	1,516
Vehicles	5,372	3,940	1,432	1,603
Computer systems and licenses	3,313	2,866	447	648
Office furniture and equipment	1,839	1,639	200	275
Structures	12,019	5,936	6,083	7,017
Construction in progress	182	–	182	274
	$ 68,611	$ 33,186	$ 35,425	$ 38,661

Cost and accumulated amortization at March 31, 2019 amounted to $67,403 and $28,742, respectively.

(In thousands of dollars)

4. Deferred contributions:

		2020		2019
Prepaid admissions and camping	$	1,579	$	1,867
Ministry of Tourism, Culture and Sport, unspent funds		4,150		–
Kingston Penitentiary Tours destination marketing (note 12)		637		409
	$	6,366	$	2,276

5. Deferred contributions - tangible capital assets:

		2020		2019
Ministry of Tourism, Culture and Sport - funding for refurbishment:				
Balance, beginning of year	$	15,332	$	15,476
Contribution received in current year		2,494		4,248
Amortization		(3,850)		(4,392)
Balance, end of year		13,976		15,332
Ministry of Tourism, Culture and Sport - funding for revitalization:				
Balance, beginning of year		14,764		16,052
Amortization		(1,288)		(1,288)
Balance, end of year		13,476		14,764
Ministry of Tourism, Culture and Sport - infrastructure stimulus funding:				
Balance, beginning of year		3,115		3,293
Amortization		(178)		(178)
Balance, end of year		2,937		3,115
Celebrate Ontario:				
Balance, beginning of year		31		40
Amortization		(9)		(9)
Balance, end of year		22		31
Bike infrastructure program:				
Balance, beginning of year		76		96
Amortization		(20)		(20)
Balance, end of year		56		76
	$	30,467	$	33,318

(In thousands of dollars)

6. 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 was 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 (2019 - $Nil) relating to the land sales initiative. Costs incurred in the 2014 fiscal year amounted to $41 and have been capitalized as deferred land costs, which will be recognized in operations against related proceeds on sale.

7. Severance and WSIB accruals and Transition Exit initiative and Voluntary Exit Program:

As part of the government's comprehensive plan to address its fiscal challenges, the Cabinet has approved a time-limited Transition Exit Initiative Expansion and a new Voluntary Exit Program within the OPS. The aim of this initiative is to manage the Ontario Public Sector compensation costs in a way that ensures vital services to citizens are not compromised while avoiding involuntary job losses. Since 2013, the Transition Exit Initiative (TEI) has been available for regular and regular part-time OPS employees who are represented by OPSEU, AMAPCEO, PEGO, ALOC and the OCAA. Effective January 1, 2019, the TEI program was temporarily expanded to regular and regular part-time employees in the following employee groups: Crown Counsel Excluded, Excluded Category Correctional (COR Excluded), Excluded Category Unified (UN Excluded), Management Compensation Plan, and Individual Contributor. The Commission has accrued the obligation owing to eligible employees who have entered these programs and recognizes the offsetting revenue as the program is fully funded by government as the costs are incurred.

	2020	2019
Severance accrual	$ 529	$ 592
WSIB benefit accrual	389	389
Transition Exit Initiative and Voluntary Exit Program	195	–
	$ 1,113	$ 981

(In thousands of dollars)

8. 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 a deficiency of revenues over expenses of $789 from these restricted net assets.

The Board of Commissioners has approved the transfer of the 2020 net results of operations of $2,298 (2019- $1,028) 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.

9. Gross profit from retail operations:

Retail gross profit is comprised of:

	2020	2019
Sales from retail operations	$ 1,797	$ 1,806
Cost of goods sold	(1,026)	(1,111)
Gross profit from retail operations	$ 771	$ 695

10. Transactions with the Province:

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 payables and accrued liabilities is $407 (2019 - $279) due to the Ministry of Finance in connection with payroll expenses and $Nil (2019 - $862) due to the Ministry of Finance in connection with unspent capital funding.

During the year, the Commission paid a total of $14,504 (2019 - $14,350) in gross payroll expenses to the Ministry of Finance.

Included in Services expenditures is $96 (2019 - $82) paid to the Ministry of Finance for various services including advertising, pay stub printing, telephone chargebacks, legal services, environmental assessments, and licenses and $Nil (2019 - $12) paid to the Ontario Provincial Police for security services.

10. Transactions with the Province (continued):

During the year, the Commission paid the Ministry of Transportation $Nil (2019 - $207) for the maintenance of the 1000 Islands Parkway which is included in Supplies and equipment expenses, and paid $42 (2019 - $42) to the Ministry of Finance for general liability insurance and provincial licenses.

During the year, the Commission recognized funding totaling $13,115 (2019 - $13,246) from the Ministry of Tourism, Culture and Sport, which is included in Provincial government funding and includes funding recognized as deferred capital contributions.

11. Pension plan:

The Commission's contribution to the PSP Plan and the OPSEU Pension Trust for the year ended March 31, 2020 was $650 (2019 - $625) and is included in salaries, wages and benefits on the Commission’s statement of operations.

12. Program distribution:

Pursuant to an operating agreement entered into with the Corporation of the City of Kingston, covering contracted services in connection with a seasonal 2019 Kingston Penitentiary tour program offering, the Commission has reflected in these 2020 financial statements program entrance receipts of $3,071 (2019 - $2,904), both direct and allocated incurred program costs of $1,550 (2019 - $1,434) for net receipts of $1,521 (2019 - $1,470) as the Commission carries the risks and rewards of this operation. Of the net receipts, the Commission has accrued $709 (2019 - $735) paid or payable to the United Way of Kingston, Frontenac, Lennox and Addington (UWKFLA), representing one-half of the net program operating results less $65 which was the cost of the UWKFLA hosted concert in September to the Kingston Penitentiary tour program offering as per the agreement. The remaining other one-half of the net program operating results plus the $65 from the UWKFLA concert of $775 is a marketing contribution to be jointly agreed upon by the Commission and Tourism Kingston. During the year, $387 in destination marketing costs were agreed upon and spent with the remaining $387 included in deferred contributions on the Commission’s statement of financial position until the parties jointly agree and spend their share of the surplus funds.

13. Remuneration of members:

Total remuneration of members of the Commission was $10 (2019 - $6).

(In thousands of dollars)

14. Commitments:

(a) The Commission has entered into long-term lease agreements expiring on various dates between June 2019 and June 2024. Under the terms of these agreements, the minimum annual lease payments for the next four years are as follows:

2021	$	19
2022		14
2023		14
2024		10
	$	57

(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 $214 for the forthcoming financial year.

15. Risk management:

(a) 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 short-term investments is considered to be negligible because the counterparty is a reputable bank with an investment grade external credit rating.

The trade accounts receivable balances are managed and analyzed on an ongoing basis with a large amount due from the Province where the collection risk is low. Accordingly, the Commission's exposure to doubtful accounts is not significant. The balance in the allowance for doubtful accounts at March 31, 2020 is $42 (2019 - $85).

The Commission's management considers that all the above financial assets that are not impaired or past due are of good credit quality.

15. Risk management (continued):

(b) Liquidity risk:

The Commission's liquidity risk represents the risk that the Commission could encounter difficulty in meeting obligations associated with its financial liabilities. The Commission is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

The Commission manages its liquidity risk by monitoring its operating requirements. The Commission prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change to the risk exposures from 2019.

16. Subsequent event:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Commission has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Closures of all facilities operated by the Commission as of March 20, 2020
- Mandatory working from home requirements for those able to do so
- Continuous re-evaluation of the team’s work assignments
- Delays in the hiring of seasonal employees
- Revision of 2021 budget projections to estimate the financial impact of various potential scenarios for the upcoming fiscal year to consider the impact on the Commission’s liquidity
- Delays in the progress of refurbishment projects due to COVID-19 restrictive measures and extension of deadlines for the related provincial refurbishment funding
- Phased reopening of the facilities are tentative depending on the continued Provincial and Municipal social distancing restrictions. Certain facilities, including the golf courses, have reopened at a limited capacity with implemented safety measures

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

MANAGEMENT'S RESPONSIBILITY FOR ANNUAL REPORTING

The Management of the SLPC are responsible for the financial statements and all other information presented in these statements. The statements have been prepared by management in accordance with the framework identified in Note 2 in the accompanying audited financial statements.

The financial statements include amounts based on best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance that the financial information is relevant, reliable, accurate and that the Commission's assets are properly accounted for and adequately safeguarded.

The Board of the SLPC is responsible for gaining assurance that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with Management to discuss financial results, auditing matters, financial reporting issues and to satisfy itself that each group is properly discharging responsibilities. The Board reviews the financial statements before recommending approval by the Board.

The financial statements have been audited by KPMG, the Commission's appointed External Auditor and in accordance with Canadian generally accepted auditing standards on behalf of the Commission, Minister of Heritage, Sport, Tourism and Culture Industries and the Provincial Auditor General. KPMG had direct and full access to all Commission records as well as full access to the Board of Commissioners and without the presence of Management to discuss their audit and findings as to the integrity of the Commission's financial reporting.

Hollee Kew
General Manager & CEO
St. Lawrence Parks Commission

Al Adibi
Director, Corporate Services
St. Lawrence Parks Commission