

ANNUAL REPORT

2015 | 2016



**Parks of the
St. Lawrence**

**THE ST. LAWRENCE
PARKS COMMISSION**

AN AGENCY OF THE
GOVERNMENT OF ONTARIO

COMING ALIVE IN FIVE

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

St. Lawrence Parks Commission (SLPC) reported another extremely successful year in 2015-16, with over \$9.5 million in revenue from operations — an improvement of \$987,000 over 2014-15. Continued focus on investment in new tourism development initiatives and enhancements to existing offerings as well as structural cost improvement, efficiency and waste elimination strategies using the Lean Kaizen method kept SLPC on its path towards achieving financial self-sufficiency. SLPC continued its commitment to the 'Alive in Five' Strategic Framework, driving margin based decisions and preserving the core of its operations while simultaneously asking, "Would the customer be willing to pay for that?"

New initiatives were introduced based on careful business analysis of customer service gaps and opportunities for new net profit streams and solid ROI potential. Incremental fee adjustments were implemented throughout all operations and focused waste elimination activities continued, producing a balanced budget and a favourable net financial performance of \$2.304 million for reinvestment.

The SLPC's five business units, namely Upper Canada Village, Fort Henry, Parks and Beaches, Chrysler Park Marina, and Upper Canada Golf Course, focused efforts on delivering balanced operating budgets. This, in turn, would provide for reinvestment of favourable net gains to keep growing overall profitability and positively contribute to the SLPC's fiscal sustainability.

During 2015-16, SLPC attractions saw a number of successes as visitors continued to react positively to the diverse visitor experiences offered. Upper Canada Village's winter festival Alight at Night continued to break visitation records with almost 50,000 visitors in its 15th season. The main season program also performed strongly with growth in Season Pass sales and sell-outs in both Try-A-Camp and Time Travellers Camp — the first time in three years for the Time Travellers program. The miniature train experienced its most successful operational year to date, with 25,500 riders and near perfect uptime. New events such as Spring Planting Weekend, showcasing the Village's gardens and fields, and Breaking Down the Barriers to History, an exciting initiative to improve accessibility and services for persons with disabilities, were well received and complimented other themed weekends and special events. In its fourth season, fall event PumpkInferno saw an increase in attendance and revenue, reaching 37,000 visitors and over half a million dollars in revenue.

SLPC has successfully built two franchise participants who now have fully functioning PumpkInferno events which will be supported each year by exhibit fabrication at Upper Canada Village. By using funds from the sale of past exhibits to new franchisees, Upper Canada Village was able to re-invest in nine new exhibits and several enhancements for this event while a grant from Celebrate Ontario funded the addition of an interactive Pumpkin Park family zone.

Solid daily programming, exceptional retail performance (up 42 per cent over 2014), increased group tours and the Pan Am/Parapan Am Cultural Festival contributed to the achievement of Fort Henry's financial targets. Expansion of facility rentals continued to be a focus of growth at Fort Henry. In 2015, 37 functions were hosted in the Great Hall, Fort Henry saw a 52 per cent increase in registration for Cannonball Rush, which was combined with BeerFest and Food Truck Festival. This year marked the return of the United States Marine Corps Silent Drill Squad and Drum and Bugle Corps, netting \$37,000. The shift back to Wednesday only Sunset Ceremonies resulted in an average 25 per cent improvement in attendance over 2014-15 performance.

The Parks and Beaches Business Unit experienced another stellar year of financial performance achieving \$1.311 million in net return. A new camping reservation system was introduced, an existing structure — the Long Sault Parkway Operations Building — was successfully converted to The Family Lodge, unique rental accommodation, and Phase 1 of the boardwalk project at Upper Canada Migratory Bird Sanctuary commenced. The expansion of the highly successful \$7 weekday beach promotion increased day-use sales by 12 per cent; and a senior's discount at the Cedar portion of Riverside-Cedar Campground resulted in



increased camping sales of 16 per cent. The introduction of the “Green Team”, an expert mowing team on the Long Sault Parkway exemplified Lean Kaizen principles, resulting in efficient use of manpower and equipment, significantly decreased downtime due to fewer breakdowns and repairs, and improved customer satisfaction by transforming the look of the parkway.

Crysler Park Marina faced two significant challenges this year. A devastating microburst in the middle of the high season forced the marina to close for four days and rendered F dock (44 slips) inoperable for the remainder of the season. The cost to repair the damage was \$410,000. A major ramp extension project was undertaken to mitigate the extremely low water levels — levels not seen for 25 years — to allow for lift operations. The marina’s experienced and dedicated team worked diligently to overcome these business challenges. Results include the completion of the new mega storage building offering 40,000 sq. ft. of indoor storage space on time and under budget. The mega storage building has achieved 90 per cent of its capacity in its first year, which is well ahead of schedule. Despite these many challenges, Chrysler Park Marina achieved its business plan target and improved performance over 2014-15.

At Upper Canada Golf Course tournament activity increased by 150 players and the newly added golf boards proved to be a very innovative and popular rental product. Although the aggressive budget was not achieved, the golf course did improve performance over the previous year allowing it to earn a profit for the third consecutive year.

Staff and visitor safety at SLPC remained paramount as evidenced by significant decreases in the number of incidents by 49 per cent and 44.4 per cent, respectively. Supervisors continued to be proactive in their approach to health and safety; ensuring staff received training, performing root cause analyses, and improving hazard awareness to ensure preventive measures were implemented, stopping accidents before they occur.

Lean Kaizen initiatives were prevalent across SLPC, focusing on revenue loss protection, cost structure improvement and safety. Wood processing upgrades resulted in a reduction in manpower and the installation of a dock leveller at Central Stores facilitated access and improved safety. The expanded stock and firewood delivery service yielded reduced mileage costs and improved staff efficiency while numerous automation initiatives reduced the amount of paper used, processing times and bank service fees. The replacement of the water pump servicing Upper Canada Village and administration improved efficiency and reduced energy costs. A fourth Lean Kaizen method program trained an additional 21 staff in principles and methodology.

Moving forward into 2016-17, safety of staff and visitors will continue to remain a top priority. SLPC is also exploring exciting new initiatives with the intent of debuting many of them for the 2016 season. SLPC will continue to explore renewable energy technologies to supplement its own requirements. Staffing realignment and the addition of new positions will solidify the organizational structure, allowing SLPC to achieve its commitments and remain flexible to shifting market demands. Automation will play a key role in achieving efficiencies and reducing costs.

We extend 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 2015/16

Chair:

Ian Wilson
Kingston
April 18, 2012 - April 17, 2018
2015/16 Remuneration: \$1,575

Commissioners:

Carmen Cousineau
Cornwall
March 23, 2011 - March 22, 2017
2015/16 Remuneration: \$600

Linda Ann Daly
Kingston
April 24, 2013 - April 23, 2016
2015/16 Remuneration: \$600

Vincent Durant
Kingston
September 12, 2012 - September 11, 2015
2015/16 Remuneration: \$300

Margaret Fancy
Mallorytown
October 23, 2013 - October 22, 2016
2015/16 Remuneration: \$600

John E. Fischl
Maitland
September 15, 2010 - September 14, 2016
2015/16 Remuneration: \$750

James Garrah
Gananoque
October 30, 2013 - October 29, 2016
2015/16 Remuneration: \$750

SENIOR LEADERSHIP TEAM 2015/16

Darren Dalglish
General Manager & CEO

Bonnie VanMoorsel
Executive Assistant to the CEO

Mia Robertson
Acting, Administrative Assistant to the CEO

Bryan Mercer (Retired)
Director, Marketing

Steph Brown
Director, Marketing & Customer Experience

Al Adibi
Manager, Finance and Human Resources

Shannon Moulton
Human Resources Coordinator

Geoff Waycik
Manager, Historical Attractions

Jennifer Tarini
Manager, Fort Henry National Historic Site of Canada

Lou Seiler
Manager, Parks and Recreational Facilities





OUR MANDATE

The SLPC was established in 1955 and is a Board-governed agency 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 Commission supports its operations through:

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

BUSINESS OBJECTIVES FOR THE REPORTING PERIOD 2015/16

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 the 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 the SLPC's contribution to tourism development, recreation, learning and heritage conservation.
- To provide the 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. Safety Performance Index and root cause analysis of reported injuries will inform our safety progress. The SLPC's Multi-year Accessibility Plan will ensure the SLPC meets Ontario's accessibility laws and removes accessibility barriers. 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 such that new offerings are non-dilutive to our core product. The SLPC adheres to the Ontario Heritage Act and related standards and guidelines relating to identification and conservation of properties with heritage value.

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 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:

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 and ask the question, “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 Upper Canada Golf Course
- Continue to promote “2 Worlds 1 Price” (Upper Canada Village and Fort Henry) 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	2015-16	2014-15
Fort Henry (admissions/rentals)	101.4	90.5
Upper Canada Village (admissions/rentals)	220.2	184.8
Parks (nights/admissions)	144.1	120.6
Upper Canada Golf Course (rounds/rentals)	15.5	17.3
Crysler Park Marina (docked/stored linear footage)	1,646.7	1,653.9

Note: amounts above are in thousands

FINANCIAL PERFORMANCE

OPERATIONS

In 2015-16, SLPC generated \$9.528 million in revenue from operations, realizing an improvement of \$987K over 2014-15. SLPC received a provincial government operating grant in the amount of \$7.122 million from the Ministry of Tourism, Culture and Sport. Other grant funding included a Pan Am grant for \$235,482, a Celebrate Ontario grant \$159,750 and the Student Experience Program for \$63,250. SLPC disbursed \$826,000 from its internally restricted reserve for strategic priority projects (e.g. Chrysler Park Marina mega storage building, Skywood Eco Adventure Park, Fort Frost, tree houses for overnight lodging, camper cabins, Pumpkinferno expansion, and technology automation projects).

CAPITAL INVESTMENT

SLPC is steward of 7,000 acres of land over a 200 km stretch from Kingston to the Québec 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 \$40.9 million. 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 \$9.1 million in repairs is related to top AMIS priorities and approximately \$31.6 million in repairs is related to other high-priority projects.

In 2015-16, SLPC received \$4.9 million in capital funding from the ministry, and directed funds to a number of high priority projects. This included projects necessary to comply with legislative and regulatory requirements; 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 marina storm damage repair, Fort Henry structural maintenance, washroom upgrades, septic system repairs, road maintenance and repair, forestry rehabilitation, dock repairs, drainage repairs, carpentry work, security lighting, structural repairs to heritage buildings, electrical and HVAC (heating, ventilation and air conditioning) upgrades to meet building code requirements, Discovery Centre Guest Service enhancements, new capital equipment/machinery, building/equipment maintenance and repairs, improved accessibility, program equipment renewal, and information technology infrastructure-related projects.

The St. Lawrence Parks Commission
Financial Statements
March 31, 2016

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Independent Auditor's Report

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

Raymond Chabot Grant Thornton LLP

2505 St-Laurent Blvd.
Ottawa, Ontario K1H 1E4

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, 2016 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 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. The effects of these departures on the 2016 and 2015 financial statements have not been determined.

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, 2016 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 23, 2016

The St. Lawrence Parks Commission

Financial Position


March 31, 2016

(In thousands of dollars)

	2016	2015
	\$	\$
ASSETS		
Current assets		
Cash	6,628	7,515
Trade and other accounts receivable (Note 3)	1,936	3,602
Inventories (Note 4)	375	440
Prepaid expenses	115	198
	<u>9,054</u>	<u>11,755</u>
Long-term		
Tangible capital assets (Note 5)	40,899	38,838
Deferred land costs	41	41
	<u>49,994</u>	<u>50,634</u>
LIABILITIES		
Current liabilities		
Trade and other operating liabilities	1,604	2,842
Deferred contributions (Note 6)	1,385	2,582
Accrued liabilities	339	278
	<u>3,328</u>	<u>5,702</u>
Long-term		
Deferred contributions - tangible capital assets (Note 7)	36,151	36,150
Due to Province (Note 8)	300	300
Severance and future employee benefits (Note 9)	959	815
	<u>40,738</u>	<u>42,967</u>
NET ASSETS		
Unrestricted	3,558	3,558
Internally restricted (Note 10)	5,698	4,109
	<u>9,256</u>	<u>7,667</u>
	<u>49,994</u>	<u>50,634</u>

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

On behalf of the Board,


 Commissioner


 Commissioner

The St. Lawrence Parks Commission

Operations

Year ended March 31, 2016

(In thousands of dollars)

	2016		2015
	Unrestricted	Internally restricted (Note 10)	Total
	\$	\$	\$
OPERATING REVENUES			
Entrance receipts	3,648		3,648
Camping	3,230		3,230
Gross profit from retail operations (Note 11)	802		802
Golf course	422		422
Concession and site rentals	389		389
Sponsorships	321		321
Marina docking and storage	544		544
Investment income	67		67
Miscellaneous	105		105
	<u>9,528</u>	<u>-</u>	<u>9,528</u>
OPERATING EXPENDITURES			
Salaries, wages and benefits (Note 13)	10,672	19	10,691
Services	2,536	261	2,797
Supplies and equipment	1,227	25	1,252
Transportation and communication	101	3	104
Amortization of tangible capital assets	66	518	584
Miscellaneous	15		15
	<u>14,617</u>	<u>826</u>	<u>15,443</u>
Operating deficit before the following:	<u>(5,089)</u>	<u>(826)</u>	<u>(5,915)</u>
OTHER REVENUES (EXPENDITURES)			
Provincial government funding			
Operational	7,567	32	7,599
Refurbishment (provincial government funding)	4,425		4,425
Revitalization (provincial government funding)	1,614		1,614
Other funding		257	257
	<u>13,606</u>	<u>289</u>	<u>13,895</u>
Refurbishment			
Expenditures	(3,166)		(3,166)
Amortization of tangible capital assets	(1,433)		(1,433)
	<u>(4,599)</u>	<u>-</u>	<u>(4,599)</u>
Revitalization			
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	7,393	111	7,504
Excess (deficiency) of revenues over expenditures	<u>2,304</u>	<u>(715)</u>	<u>1,589</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, 2016

(In thousands of dollars)

	<u>2016</u>		<u>2015</u>
	<u>Unrestricted</u>	<u>Internally restricted (Note 10)</u>	<u>Total</u>
	\$	\$	\$
Balance, beginning of year	3,558	4,109	7,667
Excess (deficiency) of revenues over expenditures	2,304	(715)	1,589
Transfer - 2016 net operations	(2,304)	2,304	-
Balance, end of year	<u>3,558</u>	<u>5,698</u>	<u>9,256</u>
			<u>7,667</u>

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

The St. Lawrence Parks Commission

Cash Flows

Year ended March 31, 2016
(In thousands of dollars)

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	1,589	1,937
Non-cash items		
Amortization of tangible capital assets	3,809	3,476
Amortization of deferred contributions - tangible capital assets	(3,283)	(3,035)
Gain on disposal of tangible capital assets	(78)	(139)
Changes in working capital items		
Trade and other accounts receivable	1,666	(2,761)
Inventories	65	51
Prepaid expenses	83	(141)
Trade and other operating liabilities	(1,238)	1,918
Deferred contributions	(1,197)	(428)
Accrued liabilities	61	(195)
Cash flows from operating activities	1,477	683
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(5,925)	(3,877)
Disposal of tangible capital assets	133	197
Cash flows used in capital activities	(5,792)	(3,680)
FINANCING ACTIVITIES		
Deferred contributions - tangible capital assets	3,284	3,097
Change in severance and future employee benefits	144	(193)
Cash flows from financing activities	3,428	2,904
Net decrease in cash	(887)	(93)
Cash, beginning of year	7,515	7,608
Cash, end of year	6,628	7,515

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

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2016

(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

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 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.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2016

(In thousands of dollars)

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

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, 2016

(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, 2016

(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 ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
Trade accounts receivable	1,943	3,499
Receivable from the Ministry of Finance		110
	1,943	3,609
Doubtful accounts	7	7
	1,936	3,602

4 - INVENTORIES

The total carrying amount of inventories at cost is \$375 (2015 - \$440). No inventories are carried at net realizable value or at fair value less selling costs. Year-end inventory values are comprised of:

	2016	2015
	\$	\$
Retail stores	265	310
Maintenance parts and replacements	110	107
Firewood	-	23
	375	440

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2016

(In thousands of dollars)

5 - TANGIBLE CAPITAL ASSETS

	2016		2015
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Buildings and other structures	18,786	2,416	16,370
Landhold improvements	12,140	2,045	10,095
Exhibits	7,132	2,796	4,336
Machinery, equipment and tools	3,762	1,570	2,192
Vehicles	3,685	2,227	1,458
Computer systems and licenses	2,698	1,671	1,027
Office furniture and equipment	1,476	1,307	169
Structures	7,246	1,994	5,252
Construction in progress			318
	56,925	16,026	40,899
			38,838

6 - DEFERRED CONTRIBUTIONS

	2016	2015
	\$	\$
Prepaid admissions and camping	1,385	1,283
Ministry of Tourism, Culture and Sport - funding for refurbishment		
Balance, beginning of year	1,299	1,896
Contributions	4,937	5,669
Expenditures	(6,236)	(6,266)
Balance, end of year	-	1,299
	1,385	2,582

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2016

(In thousands of dollars)

7 - DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS

	2016	2015
	\$	\$
Ministry of Tourism, Culture and Sport - funding for refurbishment		
Balance, beginning of year	11,712	9,863
Tangible capital additions	3,226	3,097
Amortization	<u>(1,433)</u>	<u>(1,248)</u>
Balance, end of year	<u>13,505</u>	<u>11,712</u>
Ministry of Tourism, Culture and Sport - funding for revitalization		
Balance, beginning of year	20,512	22,126
Amortization	<u>(1,614)</u>	<u>(1,614)</u>
Balance, end of year	<u>18,898</u>	<u>20,512</u>
Ministry of Tourism, Culture and Sport - infrastructure stimulus funding		
Balance, beginning of year	3,827	4,005
Amortization	<u>(178)</u>	<u>(178)</u>
Balance, end of year	<u>3,649</u>	<u>3,827</u>
Celebrate Ontario		
Balance, beginning of year	99	94
Tangible capital additions	58	55
Amortization	<u>(58)</u>	<u>(50)</u>
Balance, end of year	<u>99</u>	<u>99</u>
	<u>36,151</u>	<u>36,150</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 (\$Nil in 2015) relating to the land sales initiative. Costs incurred in the 2014 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

	2016	2015
	\$	\$
Severance accrual	760	689
WSIB benefit accrual	<u>199</u>	<u>126</u>
	<u>959</u>	<u>815</u>

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2016

(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 a deficiency of revenues over expenditures of \$715 from these restricted net assets.

The Board of Commissioners has approved the transfer of the 2016 net results of operations of \$2,304 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:

	2016	2015
	\$	\$
Sales from retail operations	1,609	1,525
Cost of goods sold	807	783
Gross profit from retail operations	802	742

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 \$Nil (2015 - \$110) due from the Ministry of Finance regarding payroll expenses. Included in trade and other operating liabilities is \$276 (2015 - \$302) due to the Ministry of Finance in connection with payroll expenses.

During the year, the Commission paid a total of \$11,316 (2015 - \$10,921) in gross payroll expenses to the Ministry of Finance.

Included in Services expenditures is \$46 (2015 - \$44) paid to the Ministry of Finance for various services including advertising, pay stub printing and telephone chargebacks, and \$11 (2015 - \$10) paid to the Ontario Provincial Police for security services.

During the year, the Commission paid the Ministry of Transportation \$230 (2015 - \$229) for the maintenance of the 1000 Islands Parkway which is included in Supplies and equipment expenditures, and paid \$27 (2015 - \$27) to the Ministry of Finance for general liability insurance and provincial licenses.

During the year, the Commission recognized funding totaling \$13,653 (2015 - \$13,380) 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, 2016

(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, 2016 was \$514 (2015 - \$514) and is included in salaries, wages and benefits.

14 - REMUNERATION OF MEMBERS

Total remuneration of members of the Commission was \$5 (2015 - \$4).

15 - COMMITMENTS

- a) The Commission has entered into long-term lease agreements expiring on various dates between October 2016 and February 2020 which require lease payments of \$122. The minimum lease payments for the next five years are \$47 in 2017, \$39 in 2018, \$27 in 2019, and \$9 in 2020.
- 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 \$231 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 up to \$400 per year beginning in 2011 and each year thereafter, subject to the appropriation of funds by the Legislative Assembly of Ontario of funds for that purpose and to any Government of Ontario constraint measures or re-allocation of funds.

16 - FINANCIAL INSTRUMENTS

Financial risks

The Commission's 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, 2016

(In thousands of dollars)

16 - FINANCIAL INSTRUMENTS (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 \$8,564 (\$11,117 as at March 31, 2015), have all been classified as financial assets measured at amortized cost, less any reduction for impairment.

17 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.



June 23, 2016

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

Dear Sir or Madam:

This representation letter is provided in connection with your audit of the financial statements of the St. Lawrence Parks Commission (hereinafter the "Organization") as at March 31, 2016 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards (CPSAS).

We confirm the following, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation of the financial statements in accordance with CPSAS; in particular, the financial statements are fairly presented in accordance with CPSAS.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of CPSAS.
- All events subsequent to the date of the financial statements and for which CPSAS require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- All cases (pending or current) before the courts, in whatever jurisdiction, and all known actual or pending litigation, judicial complaint and claims, to which the Organization is or could be party, including those that have not been discussed with the Organization's outside counsel whose effects should be considered when preparing the financial statements are correctly accounted for and disclosed in accordance with CPSAS.
- All contingent liabilities have been properly disclosed in the financial statements. We are not aware of any Contaminated Sites that would require disclosure according to section PS3260 of the handbook.

Information provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements. The adjusting journal entries which have been proposed by you, are approved by us and will be recorded in the books of the Organization.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Organization and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Organization's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.

Yours truly,



Mr. Al Adibi, Finance and Human Resources Manager



Mr. Darren Dalglish, General Manager & CEO