

2003 2004

ANNUAL REPORT



**Parks of the
St. Lawrence**

**THE ST. LAWRENCE
PARKS COMMISSION**

AN AGENCY OF THE
GOVERNMENT OF ONTARIO



ISSN 0835-7781

Honourable Minister,

The St. Lawrence Parks Commission faced a number of challenges in the 2003/2004 fiscal year.

Continued global unrest and the SARS outbreak in Toronto negatively impacted both customer visitation levels and related revenues at the Commission. However, all things considered, the Commission fared relatively well when compared to other attractions and recreational operations across Ontario, especially those in the Toronto and Niagara areas.

While overall customer transaction levels declined 3.5% from the previous year, revenues also declined approximately 7.4% or \$497,000 compared to budget. The revenue shortfall is primarily attributed to declines experienced within the higher yielding international originating segments of our customer base at both Upper Canada Village and Fort Henry National Historic Site. Parks and Recreation day-use activity also declined approximately 20%, largely due to unfavourable weather conditions. Fortunately, camping performed on par with 2002/2003.

An early seasonal assessment of market conditions fueled the implementation of a staff recommended and Board approved expense reduction program designed to diminish the impact of the anticipated revenue shortfall. Other uncontrollable factors such as legislated compliance costs for water treatment and the required provision for employee future benefits, added to the financial pressures of the Commission.

These factors combined left the Commission facing a significant operating deficit and we are grateful to the Ministry for providing additional in-year funding in order for us to continue to offer a high quality range of products and services to the people of Ontario and visitors from around the world.

We are also grateful to the Ontario Tourism Marketing Partnership Corporation for their in-year support and additional Tourism Recovery funding that was granted to us in March of 2004. These funds will allow us to greatly strengthen our existing marketing efforts and complete new initiatives that we would not normally be able to consider within our existing budget.

The St. Lawrence Parks Commission continues to assume a leading role in tourism and recreation development within Eastern Ontario and has many achievements to be proud of during the 2003/2004 year. Highlights are featured for your review within the content of this report.

We are fortunate to have a very capable and committed Board, Management Team and staff at The St. Lawrence Parks Commission. Working closely with the Ministry of Tourism and Recreation I am confident that we will successfully meet any future challenges that may lie ahead.

Sincerely,



Gordon Brown
Chairman



COMMISSIONERS (2003/2004)

Gordon Brown - Chairman
(Gananoque)

Commissioner appointment
07/97 to 07/03

Chairman appointment 05/98 to 07/00

Chairman reappointment 07/00 to 07/03

Chairman reappointment 07/03 to 07/04

Heather Ford - Vice-Chair (Kingston)

Commissioner appointment
07/98 to 07/01

Commissioner reappointment
07/01 to 07/04

Vice-Chair appointment 11/02 to 07/04

Commissioners:

Judith Bobka (Cornwall)
12/01 to 12/04

George Brown (Cardinal)
05/99 to 04/02
reappointment 05/02 to 04/05

Jim Brownell (Long Sault)
11/00 to 11/03

Margaret DesRochers (Prescott)
08/03 to 07/06

Karen Gorrell (Morrisburg)
05/99 to 04/02
reappointment 05/02 to 04/05

Lorne Mallory (Brockville)
07/01 to 07/04

Christopher McCarney (Gananoque)
12/01 to 12/04

Paul Seal (Gananoque)
11/00 to 11/03

William L. Thake (Westport)
09/03 to 09/06

Bruce Wylie (Brockville)
08/03 to 08/06



MANAGEMENT TEAM

Michael S. Paradis, P.Eng.
General Manager

Faye Baker
Manager, Financial Services

Dave Dobbie
Manager, Upper Canada Village

Bruce Fitz-Gibbon
Director, Corporate Services

Wanda Fortier
Manager, Human Resources

Barry Hughes
Manager, Parks and Recreation

John Robertson
Manager, Fort Henry

Bonnie VanMoorsel
Executive Assistant /
Manager of
Customer Service and
Office Administration

STATEMENT FROM THE GENERAL MANAGER

2003/2004 was a remarkable year for The St. Lawrence Parks Commission, because of its challenges and its successes in the face of a difficult year.

What got us through it all is what always rises to the challenge and that is our people. Staff at all levels both at the Commission and in the Ministry of Tourism and Recreation, with whom we work so closely, made it all happen.

From the Amethyst Award Decade of Achievement presented to John Robertson, Manager of Fort Henry by the Premier of Ontario the Honourable Dalton McGuinty; the Discovery Team Spirit Award presented to the Fort Henry Operations staff by the Deputy Minister of Tourism and Recreation Bill Allen; to the Certificates of Recognition awarded to the Commission by the Economic Developer's Council of Ontario for efforts in web site design and the Upper Canada Village brochure design, excellence was and remains our strength and our future.

My thanks to staff and board members for your continuing commitment and professionalism during a very challenging tourism season.

Michael S. Paradis, P. Eng.
General Manager



FROM LEFT TO RIGHT:

(Back Row): Bonnie VanMoorsel, Faye Baker, Dave Dobbie, Barry Hughes, John Robertson

(Front Row): Bruce Fitz-Gibbon, Wanda Fortier, Mike Paradis

MANDATE

The St. Lawrence Parks Commission is an Ontario provincial operational enterprise established in 1955. It 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 Commission operates under the authority of the St. Lawrence Parks Commission Act. It reports to the government through the Minister of Tourism and Recreation.

The Commission supports its operations through:

- fees charged at its attractions, concessions and retail outlets;
- a transfer payment from the Government; and
- lease agreements, donations, sponsorships and partnership advertising funds in support of its facilities and programming.

The Commission's "territory" extends 280 kilometres from the Bay of Quinte to the Québec border. It includes 4,000 hectares of parkland along the St. Lawrence River (10,000 acres and approximately 65 miles of shoreline) which is a major "playground" for visitors and residents of Eastern Ontario. The Commission maintains more than \$250 million of physical assets including 200 km of roadways and trails, 175 buildings and structures including \$100 million of services and equipment.

The attractions include:

Parks and campgrounds along the St. Lawrence corridor with 12 major day-use sites and campgrounds with over 1,300 tent and trailer locations, many with full services. The day-use sites are extensive including beaches, playgrounds, snack bar, sports facilities, boat launching, fishing and recreation trails.

Upper Canada Migratory Bird Sanctuary with 8 km of nature trails, a visitor interpretive centre, youth group camping and campground.

Crysler Farm Battlefield Park and Memorial Building where visitors find Loyalist and pioneer memorials, botanical gardens and the national monument and memorial building commemorating the Battle of Chrysler's Farm on November 11, 1813.

Crysler Park Marina on the St. Lawrence River, near Upper Canada Village, where boaters find modern docking facilities, groceries, fuel, dockside services, a marine shop, a swimming pool, winter storage and shrink wrapping service and ground transportation to Chrysler Park.

Upper Canada Golf Course near Upper Canada Village, offering a challenging championship 18-hole course, power and pull cart rentals, golfing supplies, as well as a licensed lounge and dining room.

Upper Canada Village widely recognized and honoured as one of the top historic attractions in North America. The Village recreates a living 1860s community complete with costumed interpreters, authentic architecture and artifacts, numerous family activities, a large craft and gift shop (selling substantial quantities of Canadian-made and local artisan products), restaurants and associated recreational facilities.

Fort Henry, a national historic site, originally built in the 19th century, featuring a military museum, educational programs, costumed performers/interpreters – including the internationally renowned Fort Henry Guard, hospitality and entertainment services and a Garrison Store selling a variety of crafts and gifts. The St. Lawrence Parks Commission under agreement with the Federal Government operates Fort Henry.

In addition, the Commission operates a variety of other facilities including the scenic **Long Sault Parkway and 1000 Islands Parkway**, bike paths, cross-country ski trails and an airstrip for light aircraft.

The Commission is responsible for Grenville Park, Farran Park, Lakeview Park and Charlottenburgh Park. These are maintained or operated by municipal or private sector partners under agreements with the Commission.



Fort Henry Guard perform at Fort Henry National Historic Site (Kingston).



John Robertson, Manager of Fort Henry National Historic Site, is honoured with The Amethyst Awards – A Decade of Achievement award. This special award acknowledged John's accomplishments over the past decade

CORPORATE HIGHLIGHTS - 2003/2004 IN REVIEW

Continuing global instability and the SARS outbreak in Toronto contributed to a major decline in tourism and travel to Ontario during 2003. Overseas visits plummeted by almost 30% while visits from the USA were down nearly 20%. The estimated loss of international tourism revenues for Ontario for the period of February to July 2003 topped \$700 million. Toronto was the hardest hit with losses reaching over \$500 million. In response to the dramatic impact on tourism revenues, the government announced the commitment of \$128 million in tourism recovery funding aimed at assisting the tourism sector over a three-year recovery period.

Overall, The St. Lawrence Parks Commission saw a decline in combined activity of 3.5% compared to 2002 activity levels. This decline resulted in a total loss in revenue of approximately \$497,000 or 7.4% less than original budget forecast. While both historic sites, Upper Canada Village and Fort Henry, experienced declines in total visitation of 11% and 17.4% respectively, performance was much stronger in comparison to other attractions across Ontario, especially in the Toronto area. The regular admission categories experienced declines of 21% at Fort Henry and almost 14% at Upper Canada Village. These declines were attributed to a combination of the reduced travel from the USA and in the FIT (fully independent traveller) segment. Group business declined 44% and 24% at Upper Canada Village and Fort Henry respectively.

Although some cancellations were received early in the season due to fears about SARS, the education segment performed well at Fort Henry with a 14% increase in school tours and a 31% increase in education programs. Upper Canada Village had a 10% decline in school tours predominantly from Quebec, but education programs were up almost 17% in activity.

In Parks and Recreation day-use activity declined approximately 20% largely due to unfavourable weather conditions, while camping performed on par with 2002/2003 activity levels. A wet spring combined with a shift in business mix contributed to a 6.8% decline in activity levels at Upper Canada Golf Course, over the 2002 season. In 2003 the corporate pass category of membership was eliminated. Efforts to replace revenues generated under the former corporate membership with other segments were slower than expected and contributed significantly to the revenue shortfall compared to budget forecast. Chrysler Park Marina performed strongly this season with an overall 7% increase in activity. Shifts in activity were seen with a 15.6% decline in transient dockage but a 9% increase in seasonal dockage. The decline in transient activity is attributed to fewer boaters from the province of Quebec and due to the heightened presence of security on the St. Lawrence River.

In light of the dramatic changes in the travel trade industry and international travel patterns, the Commission developed a new strategy for how to reach the group tour market in the most effective way. Part of this strategy involves focusing on top clients more closely and targeting companies in a very specific way to tailor a program or visit to their needs and price points. This strategy will better position the Commission in the longer term.

John Roberston, Manager of Fort Henry National Historic Site won the Amethyst "Decade of Achievement" award. Among his many achievements, John was saluted for ensuring that Fort Henry was named the number one attraction of national and international interest by Attractions Canada in 2001; overseeing the successful transition of Fort Henry's Guards from an all-male unit into one that included women; and implementing a sponsorship program that has raised more than \$2.5 million for Fort Henry over the past six years.

The St. Lawrence Parks Commission was the recipient of two Certificates of Recognition at the February 4 Economic Developer's Council of Ontario annual conference in Toronto. A Certificate of Recognition was presented in the Tourism - Specialty Brochure/Map/Guide category for the 2003 Upper Canada Village lure brochure and in the Tourism Technology category for the development of the Commission's attraction web sites.

Jancis Sommerville, Marketing Officer for Upper Canada Village, provided the art direction, editorial and photography for the brochure, which was designed by in-house graphic designer Carol Manson.

The Customer Service Unit processed 8,300 camping reservations for a total of over 32,500 camping nights during the 2003 season (mid-May to mid-October). Recognizing the need to respond to customer demand for on-line booking capabilities, the Commission established a team to meet with Ontario Parks to evaluate the opportunity and to develop a plan for on-line reservations.

HUMAN RESOURCES

The St. Lawrence Parks Commission employs 45 full-time/regular part-time and 493 unclassified employees. Fiscal challenges were par for the course during 2003 which necessitated workforce adjustments. In addition, a ministerial and provincial hiring freeze was imposed by the government.

The efforts of the Human Resources Division focused on learning and development. The HR team members developed and delivered Leadership Training (including components on organizational behaviour, leadership competencies, performance management, goal-setting, business writing, presentation skills, team-building skills, labour relations, selection and recruitment and health and safety) to 18 potential future managers of The St. Lawrence Parks Commission. The development of new and existing managers was also realized as the Commission sponsored a number of existing managers on the Province's Management Compensation Plan (MCP) Foundations Pilot Program. As it meets the objectives of its succession plan, the Commission is securing its future through its people.

On the labour relation's front, members of the former Local 404 merged with the larger Local 453. On the health and safety front, the Commission's proactive internal responsibility safety program continued to thrive through its active Joint Occupational Health and Safety Committees (Crysler Park and Fort Henry), Occupational Health and Safety training and workplace inspections. Policies, procedures and programs such as Confined Spaces, Death and Critical Injuries, Emergency Preparedness, Transportation of Dangerous Goods, First Aid, WHMIS, Electrical Lockout and Tagout were added or revised to the Commission's list of compliancy initiatives.

2003/2004 FINANCIAL OVERVIEW

2003/2004 was a challenging year financially for The St. Lawrence Parks Commission. Initial government funding was substantially less than the transfer payment requested to subsidize the Commission's operations. An expenditure reduction plan was implemented in May to offset the shortfall in government funding. In addition, the negative impact that SARS and an unstable global economy had on tourism in Ontario, resulted in an underachievement in revenue. In July, based on activity levels to that time, the Commission forecast that annual revenue generated from operations would fall short of the original budget by approximately \$500,000. At year-end the Commission's total reported gross revenue of \$6,179,572 from operations was \$496,994 or 7.4% less than budget. With operating expenditures of \$12,482,874, total government funding of \$5,335,100 and an operating reserve of \$180,000, the Commission was facing an operating shortfall of approximately \$800,000. The Ministry of Tourism and Recreation, working diligently on behalf of the agency, was able to secure year-end funding to offset the operating loss and in addition, facilitated a refund of the pension liability assessment that reduced the initial transfer payment for 2003/2004. As a result at March 31, 2004, the Commission recognized a profit from operations of \$267,549.



Carol Manson (Graphic Designer), Gord Brown (Chairman) and Jancis Sommerville (UCV Marketing Officer) with EDCO Certificate of Recognition.



Fort Henry's winning streak continued with the Operations Committee receiving the 2003 "Spirit Award". Operations Committee members include: LEFT TO RIGHT – front row Mark Bennett, Ric Compeau, Dawn Di Domenico, Will Baird. (back row) Ron Ridley, Sandy Cornwall, Bryan Mercer, Heather South.

CAPITAL INVESTMENT

In 2003/2004, the Commission received \$675,500 for high priority health and safety related capital projects. This funding is directed to the maintenance and repair of the Commission's diverse and extensive capital assets including building and structural repairs, repair and maintenance of a wide variety of operating equipment, electrical and plumbing upgrades and water, well and sewage system repairs and upgrades to comply with government legislation. In year, the Commission received an additional \$140,000 for emergency electrical upgrades and for the replacement of the fire hydrant system in Upper Canada Village.

FORT HENRY RESTORATION

The Province of Ontario has committed \$5,000,000 in support of the major restoration project at Fort Henry. In 2003/2004 the Commission received \$1,000,000 in capital grant funding for this project, bringing the province's contribution to \$2,500,000 to date. In 2003/2004 construction began on the replacement of the Advanced Battery roof for an estimated cost of \$2,000,000.

Work on two major projects progressed well during the year and included extensive repairs to the rampway leading to the lower Fort which was completed prior to the opening of the operating season, and the reconstruction of the Advanced Battery Roof which commenced in January. This two million dollar project is expected to be completed by April 2004.

While conducting excavations relative to grounding requirements for lightning protection, the foundation of the Officers' Barracks from the 1812 Fort was discovered. The exact location of this structure was unknown and this information will add to the interpretation of the site.

Other important projects completed included the reconstruction of the #2 gun carriage and platform, and the main flagpole replacement. Three coins were placed in the base of the flagpole upon installation in July: an 1804 five shilling coin that was located under the previous flagpole, a 2002 Queen Elizabeth 11 Golden Jubilee coin, and a 2003 Queen's Coronation set. The British High Commission donated the two latter coins.

FORT HENRY TRUST FUND

In 1999 the Government of Canada, through Parks Canada, established an endowment fund of \$5,000,000 to assist in the restoration of the cultural resources at Fort Henry. In 2003/2004 the fund earned \$140,000 in interest and recorded expenditures of \$26,000 resulting in a fund balance at March 31, 2004 of \$5,766,000.

PUBLIC SECTOR DISCLOSURE ACT

The Public Sector Disclosure Act, 1996 requires organizations that receive public funds to annually disclose the names, positions, salaries and taxable benefits of employees paid \$100,000 or more in a year.

The St. Lawrence Parks Commission employees paid \$100,000 or more in 2003:

NAME	POSITION	SALARY	TAXABLE BENEFITS
Paradis, Michael S.	General Manager	\$145,006.62	\$268.11
Fitz-Gibbon, Bruce F.	Director, Corporate Services	\$102,288.87	\$190.74
Hughes, Barry F.	Manager, Parks and Recreation	\$109,605.24	\$202.83
Robertson, L. John	Manager, Fort Henry	\$113,778.81	\$204.96

UPPER CANADA VILLAGE OVERVIEW

The year 2003/2004 saw a decline in activity in most market segments. SARS and other ongoing international travel unrest, aggressive domestic competition and poor weather all contributed to significant losses in school groups and group bookings as well as in the leisure travel in general. Upper Canada Village fared well with an overall 11% decrease in activity, modest when compared to other Ontario historic sites, attractions and museums that were hit much harder. The Village's group tour business was hardest hit with close to a 50% drop in visitation. The Village's specialty youth programs performed very well in 2003/2004. The number of participants in the Pioneer Pals Day Camp program almost doubled while the Time Travellers (overnight) Camp filled to capacity with 60 youth on the waiting list. In March 2004, Upper Canada Village added a log house to be used as an activity centre for youth programs. A Montgomery family from Kitley Township donated the 1830s home. This addition will free up space in existing Village facilities for additional Time Travellers Camp participants.

SEASON HIGHLIGHTS

APRIL 2003

EXTENSIVE REPAIR WORK AT CHRIST CHURCH

Christ Church underwent extensive woodwork repairs in preparation for the 2004 season. The entire steeple was replaced, the chimney has been rebuilt and new flashing has been added to the roof. The entire Church was also repainted for the opening of the season.

OTMPC FAM

The Commission coordinated a familiarization tour of the 1000 Islands – St. Lawrence Seaway Corridor on April 23 and 24 for Ontario Tourism Marketing Partnership Corporation staff, including Nicole Leaper (Publications), Rey Stephen (Media Relations), Andrea Monaghan (Direct Sales) and David Ambtman (FCB Ad Agency). As part of their tour, the group was led by interpreter Carol Darling on a guided tour of Upper Canada Village on Thursday afternoon. Corporate, Parks and Village Marketing staff had an opportunity to spend time with the group over lunch at the Upper Canada Golf Course.

MAY 2003

SHOPPERS DRUG MART ONTARIO-WIDE PROMOTION

Upper Canada Village participated in a new Shoppers Drug Mart Ontario-wide promotion. Shoppers Drug Mart partnered with TicketOps to sell attraction admission tickets at its Ontario store locations, at special discounted rates.

GLOBUS TOURS

A new group tour product at Upper Canada Village had its first run on May 19. Globus Tours will bring in one and sometimes two tour groups a week over the entire season for a "behind the scenes" tour of the Village. Each group participates in a gardening tour and a music session and spends about two hours on site. Globus Tours brings together tourists from the U.S., Canada and Europe. So far, the tour format at the Village has been well received by participants and the tour directors.

JUNE 2003

For the first time since the program started three years ago, the Pioneer Pals Summer Day Camp was sold out and had a waiting list. This program targeting boys and girls between the ages of 7 and 11 (by July 1st) allows them to become modern-day explorers discovering the past through fun and adventure, while making new and "old" friends along the way.

JULY 2003

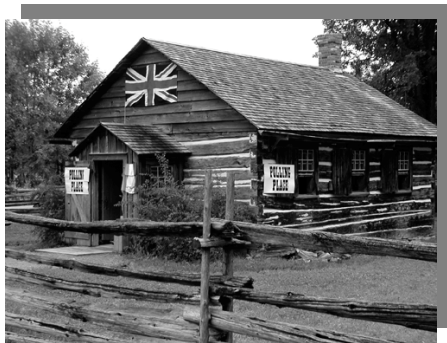
The Friends of Crysler's Farm Battlefield in cooperation with Upper Canada Village organized the third annual Military Re-enactment on July 12 and 13. More than 350 re-enactors participated in the event. While crowds were smaller due to weather, almost 700 people attended the Saturday evening battle staged in Upper Canada Village. The re-enactors organized recruitment drives in front of Cook's Tavern and Crysler Hall and visitors followed along and participated. Approximately 5,000 spectators attended the event over the weekend.



Repairs underway at Christ Church (Upper Canada Village).



British troops gather for a military re-enactment at Crysler Farm Battlefield.



School house used as a polling station as elections take place at Upper Canada Village.



Christ Church lit up for the Village's Alight at Night event.



Chairman Gordon Brown and his son pour the first bottle of maple syrup at the Crysler Park Maple Sugar Bush.

AUGUST 2003

1863 ELECTION

On August 9 and 10, Upper Canada Village held a new event, an 1863 election re-enactment, which was a huge success. Debates, speeches, heckling, some bribery and the celebratory parade through Village streets were all part of this exciting public event.

PHOTOS REQUESTED FOR BRITISH TRAVEL GUIDE

Upon request of the publisher, Upper Canada Village provided a selection of photos to AA Publishing, Britain's largest travel publishing company who is developing a new travel guide to Canada. Upper Canada Village will be featured in the publication with worldwide distribution in May 2004.

OCTOBER 2003

HORSE AND COUNTRY MAGAZINE

Horse and Country magazine visited Upper Canada Village to write a story on the Canadian horse and the Village as a destination. The story was featured in the winter issue of the magazine and detailed the role Upper Canada Village has played in preserving and promoting the Canadian horse, which was at one time listed as 'endangered' due to its declining numbers.

LOG HOME DONATION

The Montgomery family from Kitley Township donated a log home to Upper Canada Village. The "Log House" will be used as an activity centre, which will free up accommodation space in existing Village facilities for additional Time Traveller Camp participants.

DECEMBER 2003

In December the third year of the Alight at Night program was launched. In order to accommodate the needs of elderly and handicapped visitors, special needs nights were introduced. These nights were exclusively for those visitors not able to participate in the regular program. Over 25,000 people visited the 2003 Alight at Night program. Marketing assistance through the Ontario Tourism Marketing Partnership Corporation's Event Marketing fund helped to extend promotional efforts into further markets such as Montreal, Ottawa and Kingston. The Honourable Bob Kilger, MP for Stormont Dundas Charlottenburgh and Jim Brownell MPP for Stormont Dundas Charlottenburgh were on hand for the opening ceremonies.

JANUARY 2004

Alight at Night has been added to Ontario Tourism's list of province-wide locations to be shot over the year for use in future tourism publications. The Alight at Night photo shoot, on the evenings of January 11 and 12, included staged shots of the bakery, visitors, carry-all, shopping at the Village Store, and The Harvest Barn Restaurant.

FEBRUARY 2004

Groupe ECP, who is producing the Slavery in New France docu-drama, spent February 19 at Upper Canada Village shooting various winter scenes. The film will chronicle the lives of five actual slaves, most of them Aborigines. When finished, it will air on TéléQuébec (similar to TVO, but for Quebec). The plan is to translate the show and sell it to other stations in the future. The bulk of the filming will resume in May and June.

MARCH 2004

Building upon the success of the March/April 2003 operation, the Crysler Park Maple Sugar Bush opened for the second season of operation on March 20, 2004. Operations were streamlined with overhead costs being significantly reduced. Over 700 school children participated in the Sugar Bush education program which was offered over six days during March 2004.

FORT HENRY NATIONAL HISTORIC SITE HIGHLIGHTS 2003/2004

Fort Henry National Historic Site faced the same challenges and market conditions as most other Ontario attractions. SARS, the Iraq war, airline troubles and an economic slowdown contributed to below forecast attendance in 2003. While May and June activity levels were on par with 2002 largely due to the success of the school and education programs, July was the crest of attendance slippage, evident in both day programming and special events. The nine-show Sunset Ceremony Series finished 16% down in attendance over 2002 and 17% down in revenue. Postal code/zip code analysis for the day program showed strength from the Greater Toronto area and west due in part to the participation in the "Grow the Market" marketing partnership program. All United States originating visitation was down 9% over 2002.

APRIL 2003

- Fort Henry was the host site for the Minister of Tourism and Recreation's Round Table meeting in Kingston on April 17, 2003.
- Fort Henry along with several Kingston accommodations partners participated in the "Kingston - It's About Time" promotion. This promotion brought together over \$200,000 in partner funding to promote Kingston in the Greater Toronto Area market through prominent and high profile media including the Toronto Star, the London Free Press, Toronto Life, LCBO's Food and Drink and VIA Destinations magazine.

MAY 2003

- On May 18, Fort Henry opened for the 2003 Season with increased attendance and revenues over the previous year.

JUNE 2003

- The Fort Henry Guard's Goat Mascot "David IX" arrived on site. 2003 marked the 50th anniversary of the mascot and his important role at Fort Henry was commemorated in a special museum exhibit and in a dedication service held in the summer.
- Fort Henry participated in a commemorative plaque unveiling along with the Cataraqui Archeological Research Foundation, recognizing the importance of the hospital site on the grounds at Fort Henry.

JULY 2003

- On July 9, Fort Henry played host to Presidents and Directors from Chambers of Commerce from Eastern Ontario and New York State at a special "Salute to the Chambers of Commerce" Sunset Ceremony.
- The Honourable Peter Milliken, Speaker of the House and Member of Parliament for Kingston and the Islands accepted the Fort Henry Guard Club's invitation to serve as the third Honourary Commander for the Fort Henry Guard.

AUGUST 2003

- Fort Henry hosted a "Salute to the 25th Anniversary of the Canadian Coast Guard Auxiliary" on August 9.
- The Battle Color Detachment of the United States Marine Corps performed at Fort Henry during the weekend of August 16 and 17. August 1, 2003 marked the 65th anniversary of the opening of Fort Henry National Historic Site as a museum and the Fort Henry Guard. 2003 also marked the 10th anniversary of women in the ranks of the Fort Henry Guard.
- Fort Henry was privileged to be part of the official ceremony to unveil the new City of Kingston Coat of Arms by HRH Princess Anne.

NOVEMBER 2003

Restoration efforts continued with the commencement of the \$2.5 million project to replace the roofs on the Advance Battery/Commissariat Store buildings and gun carriages on the east wall.



FEBRUARY 2004

Festivals & Events Ontario named the Sunset Ceremony series as one of the Top 50 Ontario Festivals. The Top 50 Ontario Festivals represent excellence for the province's festivals and community events industry, with events vying annually for inclusion in the "Top 50". The festivals were selected through a nomination process that included a pre-determined set of criteria.

MARCH 2004

At the annual United Way Awards and Appreciation Reception, Fort Henry staff were awarded the United Way Platinum award. This award is given for 100% staff participation.

PARKS AND RECREATION

CAMPGROUNDS AND DAY-USE AREAS

At a time when other sectors of the travel and leisure industry saw record losses, The St. Lawrence Parks Commission's parks performed extremely well. Despite poor weather, the higher yield camping activity equalled last year while the lower yield day-use activity declined 20%. Extended stay camping activity grew by approximately 17% over 2002. Though day-use activity was affected, fee increases enabled the Parks division to exceed the net revenue contribution by \$40,000 over budget target. The Long Sault Parkway continued to be a popular location for large, group picnics. The Montreal Armenian community hosted a picnic with over 3,000 people attending and the Cambodian community hosted 10,000 people in July. Positive customer comments also reflected their appreciation for some of the park improvements, which included the addition of portable showers on the Long Sault Parkway.

CRYSLER PARK MARINA

While transient dockage activity declined by almost 16% in 2003, seasonal dockage activity increased by 9%. The greater security presence on the St. Lawrence River post 9/11 and reduced travel by Quebec originating visitors were found to be some of the causes for the decline. The average boat length increased from 28 feet to 32 feet a trend, which will create a demand for higher amperage electrical dockage hookups and other amenities. Ottawa based outfitter Trailhead partnered with Chrysler Park Marina and offered on site kayak rentals and lessons as a pilot project.

UPPER CANADA GOLF COURSE



Golf courses across Ontario were challenged by poor spring weather. Industry wide declines of up to 5% were an average. Overall activity performance at Upper Canada Golf Course declined by approximately 7%. A new membership structure was introduced which eliminated the very low yield corporate pass category. Efforts to increase green fee rounds were

hindered by poor weather early in the season. The sale of driving range memberships and power cart rentals were also negatively affected by poor weather and wet playing conditions early in the season. While activity levels picked up later in the season, these gains were not sufficient to make up for the lost activity in the spring. Upper Canada once again played host to the Chad Kilger Celebrity Golf Tournament. The tournament was successful in raising over \$25,000 for the Special Olympics.

LAND-USE AND PLANNING

On June 7 Canada's twelfth and newest Biosphere Reserve was officially opened in a ceremony at the Watershed/Ivy Lea Park Information/Reservation Centre. Mr. Walden, Secretary General for UNESCO, Dr. Frederick Roots, UNESCO and Sandra Lawn, Master of Ceremony and over 200 people were on hand to take part in celebrating this tremendous achievement. This Biosphere Reserve is made up of three major landscape features that create an ecological crossroads where wildlife and plants from five eastern North American forest regions are represented. Nine hundred and thirty hectares of Commission lands between Brockville and Gananoque are included in the area designated as the Biosphere Reserve.

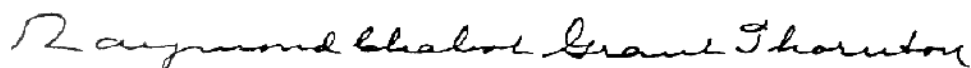
Auditors' Report

To the Members of
The St. Lawrence Parks Commission, the Minister of Tourism and Recreation, and the
Provincial Auditor

Pursuant to The St. Lawrence Parks Commission Act which provides that The St. Lawrence Parks Commission, an Agency of the Crown, shall be audited by the Provincial Auditor or an auditor designated by the Lieutenant Governor in Council, we have audited the statement of financial position of The St. Lawrence Parks Commission as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Ottawa, Canada
April 30, 2004

The St. Lawrence Parks Commission

Financial Position

March 31, 2004
(in thousands of dollars)

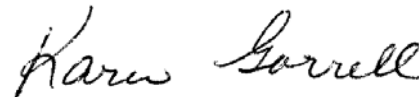
	<u>2004</u>	<u>2003</u>
	\$	\$
ASSETS		
Current assets		
Cash	1,765	2,447
Amounts receivable	1,541	694
Inventories	258	258
Prepaid expenses	<u>48</u>	<u>61</u>
	3,612	3,460
Capital assets (Note 4)	<u>202</u>	<u>276</u>
	<u>3,814</u>	<u>3,736</u>
Funds held in trust (Note 5)	<u>5,766</u>	<u>5,652</u>
LIABILITIES		
Current liabilities		
Accounts payable	356	574
Accrued liabilities	141	124
Deferred contributions (Note 6)	<u>1,454</u>	<u>1,522</u>
	1,951	2,220
Severance and future employee benefits (Note 7)	<u>997</u>	<u>1,062</u>
	<u>2,948</u>	<u>3,282</u>
NET ASSETS		
Invested in capital assets	202	276
Unrestricted	<u>664</u>	<u>178</u>
	<u>866</u>	<u>454</u>
	<u>3,814</u>	<u>3,736</u>
Funds held in trust (Note 5)	<u>5,766</u>	<u>5,652</u>

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

On behalf of the Commission,



Heather Ford, Member



Karen Gorrell, Member

The St. Lawrence Parks Commission

Operations

Year ended March 31, 2004
(In thousands of dollars)

	<u>2004</u>	<u>2003</u>
	\$	\$
Revenue		
Provincial government funding		
Operational	6,542	5,961
Capital	2,072	1,083
Entrance fees	2,147	2,321
Campsites	1,408	1,383
Golf course	651	724
Gross profit from retail operations (Note 8)	595	653
Concession and site rentals	230	220
Investment income	176	146
Marina docking and storage	193	168
Sponsorships	71	122
Miscellaneous	54	74
	<u>14,139</u>	<u>12,855</u>
Expenditures		
Salaries, wages and benefits (Notes 9 and 11)	8,467	8,434
Services	1,658	1,853
Supplies and equipment	1,277	1,297
Capital projects	2,072	1,083
Transportation and communication	209	189
Miscellaneous	44	19
	<u>13,727</u>	<u>12,875</u>
Excess (deficiency) of revenue over expenditures	<u>412</u>	<u>(20)</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, 2004
(In thousands of dollars)

			2004	2003
	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	276	178	454	474
Excess (deficiency) of revenue over expenditures	(100)	512	412	(20)
Investment in capital assets	26	(26)	-	-
Balance, end of year	202	664	866	454

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

The St. Lawrence Parks Commission

Cash Flows

Year ended March 31, 2004

(In thousands of dollars)

	<u>2004</u>	<u>2003</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	412	(20)
Non-cash items		
Amortization of capital assets	100	100
Changes in working capital items (Note 3)	<u>(1,168)</u>	<u>570</u>
Cash flows from operating activities	(656)	650
INVESTING ACTIVITIES		
Acquisition of capital assets and cash flows from investing activities	<u>(26)</u>	<u>(48)</u>
Net increase (decrease) in cash	(682)	602
Cash, beginning of year	<u>2,447</u>	<u>1,845</u>
Cash, end of year	<u>1,765</u>	<u>2,447</u>

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

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2004
(In thousands of dollars)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The St. Lawrence Parks 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 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.

2 - ACCOUNTING POLICIES

Accounting estimates

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

Short-term financial instruments

Given that they will mature shortly, the fair value of the short-term financial instruments is equivalent to their carrying amounts.

Inventory valuation

Inventories, consisting primarily of goods for resale, are valued at the lower of average cost and net realizable value.

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 the related expenses are incurred. If an amount to be received can be reasonably estimated and collection be reasonably assured, unrestricted contributions are reported as revenue when received or receivable.

Amortization of capital assets

Capital assets, including land, acquired before April 1, 1994 are carried at a \$ 1 nominal value. All capital assets acquired after March 31, 1994 are capitalized at cost.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2004
(In thousands of dollars)

2 - ACCOUNTING POLICIES (Continued)

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

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

Severance accrual

Classified employees with more than five years continuous service are entitled to one week of severance for each year of service, up to a maximum of six months pay at the end of employment, whether at normal retirement, termination, or resignation. Unclassified 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 classified employees. Any potential obligation for unclassified employees is recorded only upon termination.

Employee Future Benefit Plans

Pension Plan

The Commission provides pension benefits to its full-time employees through participation in the Public Service Pension Plan (PSP Plan) and the Ontario Public Service Employees' Union Pension Trust (OPSEU Pension Trust). These plans are multiemployer defined benefit pension plans. As the Commission has insufficient information to apply defined benefit plan accounting, the plans have been accounted for as defined contribution pension plans. The Commission's annual contributions to these Plans are expensed.

Workplace Safety and Insurance Board

The Commission provides benefits to employees on workers' compensation through the Workplace Safety and Insurance Board (WSIB). The WSIB obligation is being recognized in accordance with the Canadian Institute of Chartered Accountants' guidelines for the accounting of employee future benefits.

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, 2004
(In thousands of dollars)

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in working capital items are detailed as follows:

	<u>2004</u>	<u>2003</u>
	\$	\$
Amounts receivable	(847)	(465)
Inventories		(4)
Prepaid expenses	13	(39)
Accounts payable	(218)	(144)
Accrued liabilities	17	(6)
Deferred contributions	(68)	1,173
Severance and future employee benefits	(65)	55
	<u>(1,168)</u>	<u>570</u>

4 - CAPITAL ASSETS

	<u>2004</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
	\$	\$	\$
Machinery, equipment and tools	127	119	8
Computer systems	122	119	3
Office furniture and equipment	88	62	26
Structures	51	48	3
Vehicles	419	257	162
Heritage project	76	76	
	<u>883</u>	<u>681</u>	<u>202</u>

	<u>2003</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
	\$	\$	\$
Machinery, equipment and tools	146	136	10
Computer systems	494	485	9
Office furniture and equipment	78	50	28
Structures	51	41	10
Vehicles	419	215	204
Heritage project	76	61	15
	<u>1,264</u>	<u>988</u>	<u>276</u>

During the year, \$100 (\$100 in 2003) of amortization was included in expenditures.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2004
(In thousands of dollars)

5 - FUNDS HELD IN TRUST

Subject to the terms and conditions of a March 1999 Contribution Agreement, as amended in March 2000, the Commission received an amount of \$5 million from Parks Canada to be held in trust. As stipulated in the Agreement, this money is to be transferred to the Fort Henry Heritage Foundation upon its incorporation and upon the Foundation entering into a lease agreement for Fort Henry. Until then, the Commission may expend, from the trust accounts, amounts that will not exceed the interest on the principal, towards eligible costs for conservation of the Fort.

The funds held in trust are:

	<u>2004</u>	<u>2003</u>
	\$	\$
Balance, beginning of year	5,652	5,556
Interest earned	140	119
Conservation expenditures	<u>(26)</u>	<u>(23)</u>
Balance, end of year	<u>5,766</u>	<u>5,652</u>

6 - DEFERRED CONTRIBUTIONS

	<u>2004</u>	<u>2003</u>
	\$	\$
Prepaid fees	<u>164</u>	<u>146</u>
Ministry of Tourism and Recreation - funding for ice storm damages		
Balance, beginning of year		12
Expenditures incurred *		<u>(12)</u>
Balance, end of year	<u>-</u>	<u>-</u>
Ministry of Tourism and Recreation -funding for capital expenditures		
Balance, beginning of year		194
Contributions received	816	745
Expenditures incurred	<u>(741)</u>	<u>(939)</u>
Balance, end of year	<u>75</u>	<u>-</u>
Ministry of Tourism and Recreation - funding for Fort Henry capital expenditures		
Balance, beginning of year	1,356	-
Contributions received	1,000	1,500
Expenditures incurred	<u>(1,331)</u>	<u>(144)</u>
Balance, end of year	<u>1,025</u>	<u>1,356</u>
Fort Henry capital campaign donations	<u>30</u>	<u>20</u>
Fort Henry 50th anniversary contribution	<u>160</u>	<u>-</u>
	<u>1,454</u>	<u>1,522</u>

*The Commission received provincial funding to assist in the payment of expenses incurred as a result of the 1998 ice storm. As such expenditures would have been reimbursed by insurance were the Province not self-insured, they have not been reflected in the statement of operations.

The St. Lawrence Parks Commission

Notes to Financial Statements

March 31, 2004
(In thousands of dollars)

7 - SEVERANCE AND FUTURE EMPLOYEE BENEFITS

	<u>2004</u>	<u>2003</u>
	\$	\$
Severance accrual	675	595
Workplace Safety and Insurance Board benefit accrual	<u>322</u>	<u>467</u>
	<u>997</u>	<u>1,062</u>

8 - GROSS PROFIT FROM RETAIL OPERATIONS

Retail gross profit is comprised of:

	<u>2004</u>	<u>2003</u>
	\$	\$
Sales from retail operations	1,249	1,356
Cost of goods sold	<u>654</u>	<u>703</u>
Gross profit from retail operations	<u>595</u>	<u>653</u>

9 - PENSION PLAN

The Commission provides pension benefits for substantially all of its permanent and some seasonal employees, through participation in the PSP Plan and the OPSEU Pension Trust established by the Province of Ontario. No assessment for the Commission's share of costs was made by the Province for the year 2004 (\$Nil in 2003).

10 - REMUNERATION OF APPOINTEES

Total remuneration of Members of the Commission was \$19.4 (\$15.4 in 2003).

11 - TRANSACTIONS WITH 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.

12 - COMMITMENTS

The Commission has entered into long-term lease agreements expiring on various dates between 2005 and 2009 which require lease payments of \$237. The minimum lease payments for the next five years are \$78 in 2005, \$66 in 2006, \$50 in 2007, \$40 in 2008 and \$3 in 2009.

13 - COMPARATIVE FIGURES

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