

KINGS LANDING



2017-2018 ANNUAL REPORT

Kings Landing Corporation

Annual Report
2017-2018

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Government of New Brunswick

Kings Landing Corporation
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Since its opening in 1974, Kings Landing has been a world-class authentic living history museum that currently hosts approximately 35,000 visitors each year on its 300-acre site. With 70 historic buildings, a collection of over 70,000 artefacts and more than 60 costumed, first-person characters, Kings Landing’s mission is to **attract**, **educate**, **enrich** and **entertain** tourists and New Brunswick residents by depicting life in rural New Brunswick during the 19th century.



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TRANSMITTAL LETTERS

From the Minister to the Lieutenant-Governor

The Honorable Brenda Murphy

Lieutenant-Governor of New Brunswick

May it please your Honor:

It is my privilege to submit the annual report of the Kings Landing Corporation, Province of New Brunswick, for the fiscal year April 1, 2017 to March 31, 2018.

Respectfully submitted,



Honorable Robert Gauvin
Minister of Tourism, Heritage and Culture

From the Chair of the Board of Directors to the Minister

Honorable Robert Gauvin

Minister of Tourism, Heritage and Culture

Dear Minister Gauvin:

I am pleased to present the annual report describing operations of the Kings Landing Corporation for the fiscal year April 1, 2017 to March 31, 2018.

Respectfully submitted,



Al Walker
Chair, Board of Directors
Kings Landing Corporation

A MESSAGE FROM THE BOARD CHAIR

On behalf of the Board of Directors of Kings Landing Corporation, it is my pleasure to present the Annual Report for the 2017-2018 season. This year was another successful year for Kings Landing, with growth in visitation and additional exhibits and programming.

I want to thank management, staff and the many volunteers who continue to provide an excellent historical experience for our guests.

I want to also extend my gratitude to all the board members for their time and efforts over the past year. From sitting on numerous committees to providing guidance and attending meetings with Kings Landing Corporation, your efforts continue to make Kings Landing better.

Finally, I would also like to thank the Kings Landing Foundation for your contributions. They are essential to our achieving our mandate as a Living History Museum.

Sincerely,



Al Walker

Chair, Board of Directors

Kings Landing Corporation

A MESSAGE FROM THE INTERIM CEO

On behalf of the management and staff of Kings Landing Corporation, I am pleased to present our 2017-2018 Annual Report. This report summarizes Kings Landing Corporation's operational and financial activity over the past year.

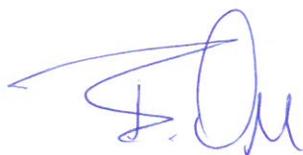
Over the course of this 43rd season, guest visitation continued to grow in favourable response to programming additions, new exhibits and business development efforts brought forward by our team of professionals.

The tourism season saw an 18% increase in guests over the preceding year and a net increase of 54% since 2012. This demonstrates that Kings Landing Corporation is providing the right balance of new, relevant and engaging programming along with traditional favourites that guests would like to see at Kings Landing.

Throughout the past year, we partnered with many different organizations to bring even greater depth to our exhibits and programming for our guests. We had an outpouring of responses for participation by local organizations and artisans in our community, and I would like to thank our partners for their commitment to quality interpretation of New Brunswick's heritage.

I would also like to take this opportunity to thank all those involved in making this year a success, especially all Kings Landing employees whose passion for history, interpretation and creating a memorable, positive guest experience is inspiring.

Best Regards,



Brenda P. Orr

Interim Chief Executive Officer

Kings Landing Corporation

HIGHLIGHTS FROM 2017-2018

- In this 43rd tourist season that ran from June 10, 2017, to October 9, 2017, we experienced a significant visitor increase of 18%, at 35,770. The increase may have been influenced by the Canada 150 celebrations that kept people in Canada instead of travelling internationally.
- Admissions revenue was \$390,001, up 11% from the previous year, and overall revenue was up by 6% to \$1,133,391.
- In addition to the famous living history village that showcases some of New Brunswick's most interesting stories and people, this year we rolled out a series of galleries with more than 40 exhibits, showcasing some of the finest pieces from our collection of artefacts. The creation of "The Exhibit Experience" on the west side of the site and the "The Village" on the east side received generally good reviews. Entering the Exhibit Experience after they come through the Welcome Centre allows guests to view artefacts that were previously rarely displayed, and gives context for the historical scenes they will come across as they make their way to the Village, where first-person interpreters skillfully bring history to life. Museum exhibits and village interpretation provide an important link between the community and its heritage. It has been exciting and rewarding to increase our capabilities to showcase more of New Brunswick's history – and create an even better guest experience - in this way.
- The Summer Stage was an exciting new addition to the Exhibit Experience this year. The outdoor concert venue, wired for sound and lights, offered a full schedule of musical and theatrical performances by Maritime performers including Standford School of Irish Dance, Céilí Kids of Canada and Miramichi Folklore Park's Heritage Players. The performances were very popular with visitors.
- The 'Pit House' was a valuable new addition that, along with the Gordon House, tells the story of Black history in New Brunswick. The Pit House is essentially a large hole in the ground with a lean-to structure that acts as a roof. It represents what early Black settlers would have used as a temporary home while they were building their actual house.
- The Pavilion was another welcomed outdoor addition to the Exhibit Experience in the 2017 season that showcases some of Kings Landing's most prized carriages and provides a sheltered space for partners to share their love of history with Kings Landing's guests. We also hosted our first Fall Market at the Pavilion, which allowed local artisans and vendors to sell their handmade items.
- This year saw an addition to the Food Services lineup: the Harvest Home Long-Table Feast. This new experience attracted 399 guests over the last two weekends of the season. Food Services revenue increased by 8.4% over last year.

ATTRACT

With a total of 35,770 guests, the 2017-2018 fiscal year saw an 18% increase in admissions over the previous year. Admission sales also increased by 11% with admission sales of \$390,001.

The continued growth in visitors at Kings Landing over the last several years has contributed significantly to the regional increase in economic activity and has resulted in a direct and impactful benefit to the province's tourism industry.

Audience engagement on social media was up overall, including an increase of 44% on Facebook from the previous year. Instagram went up 39%, Twitter was unchanged, and we increased our digital footprint by opening Snapchat, Pinterest and YouTube accounts. The Kings Landing website received 267,722 visits during the fiscal year, and partnerships with Canada 150 and Fredericton Tourism engaged guest blogging.

In its third season, the Pass to the Past Promotion – a partnership with New Brunswick Public Library Services in which anyone with a library card can check out a pass for free entry to Kings Landing during September - was a resounding success. This year, 4,825 passes were checked out (an increase of 65.8% over the previous year) with a 65% pass redemption rate at Kings Landing.

In 2017 we began investing more time into attracting travel trade clients to visit Kings Landing as part of their travelling itinerary to New Brunswick and the Maritimes. There were 38 tours in 2017, an increase of 46% over 2016. These tours brought 1,182 guests to Kings Landing.



Guests gather around the 19th-century sugaring demonstration in front of the Print Shop during Sugar Bush.

Sugar Bush

Since 1984, Kings Landing has opened its doors each spring to celebrate New Brunswick's longstanding tradition of making maple syrup. There were 4,466 visitors over the two-weekend-long sugar bush season in 2018, and York Sunbury Search & Rescue served up their fundraising breakfast on site.



A set-up at The Peddler's Market, located in the Welcome Centre, during the "Christmas in July" weekend.

The Peddler's Market

The Peddler's Market offers a wide range of unique souvenirs from 19th-century (and modern day) New Brunswick. It is open to the public without paying admission. The Peddler's Market's revenue is \$137,910 for 2017.

Paint the Past

Paint the Past is an annual 3-day plein-air festival that attracts world-class painters to come to Kings Landing to paint moments rich in history. Artists create stunning pieces while painting outside in front of their subject, which, at Kings Landing, includes the historic homes and beautiful landscapes. All pieces are then on display and for sale in MacBeath Hall in the Welcome Centre.

The 2017 festival was the first one hosted by Kings Landing; the Kings Landing Foundation previously hosted the event. Thirteen artists attended the festival in 2017. The winner (and now Artist-in-Residence) was Poppy Balser from Nova Scotia, while second place went to Sophie Levesque from Edmundston, New Brunswick, and third place to Geoff Bladon from Maine.



From left to right: Poppy Balser, Sophie Levesque, and Geoff Bladon.



The 2017 winning painting by Poppy Balser, titled "Warm Hearth at the Long House", in watercolour.

Kings Landing Prize for Historical Short Fiction

The Kings Landing Prize for Historical Short Fiction was created in honour of the many exceptional collections of Canadian short stories published each year. This distinctive award recognizes the importance of this genre, celebrates our storytellers and encourages the creation of even more literary works while also recognizing that museums are where we keep our stories. It also helps promote Kings Landing and drive new visitors to the site.

In 2017, first prize of \$1,000 (donated through the Kings Landing Foundation) went to Sherry Coffey (pictured right) for her story "Jesse's Journal."



Sherry Coffey, pictured on the steps of Government House in Fredericton where she received her prize.

EDUCATE

Visiting Cousins and Family Kin

Education has always been a primary goal for Kings Landing, and the Visiting Cousins summer camp program is a prime example of that. Each summer, children aged 9 to 15 descend on Kings Landing from all over New Brunswick, Canada, the U.S. and beyond. They stay overnight from Monday-Friday, dress in period costume and join the stories of different families in the Village. They do chores, work on the farms, learn to sew, work in the blacksmith shop, attend the one-room schoolhouse and play games, all in the absence of today's technology.

The number of Visiting Cousins and Family Kin participants were down slightly this year, with 169 participants overall (125 Visiting Cousins and 44 Family Kin). Kings Landing has not traditionally done much advertising of this program since we've always filled the 208 spots available each summer; this is something we will look to do more of in future years.



Left: Visiting Cousins learn to rug hook at the Perley House.

Right: Campers enjoy some down time at the Slipp House.

Below: Students from a local school enjoy a wagon ride during a field trip to Kings Landing.



School Tours

The school tours program allows children of public school age the opportunity to learn about history through guided or self-guided tours and hands-on activities. Teachers bring their students who learn about the daily workings of 19th-century farm life, in particular, the roles that children played.

Kings Landing welcomed 1,273 students visiting on school tours in 2017-2018, down from 1,569 in 2016. We can partially attribute this decline to a shortage of school buses and transportation schedules.



ENRICH

The Exhibit Experience at Kings Landing begins as visitors enter the site through the Welcome Centre and comprises the west side of the site. It includes galleries, historical exhibits, workshops and a heritage teaching garden. It also allows guests to view rarely displayed artefacts and gives context to what they will see in the Village. The west side offers interactive, engaging exhibits and even the chance to dress in 19th-century fashion and take a selfie.

In 2017-2018, the exhibit team introduced 42 new exhibits to the Exhibit Experience. The Collections Management department, in conjunction with the updated Strategy for Collection, also received six collections which included artefacts that Kings Landing can use in the working collection for the farms, trades and household. The maintenance team completed the renovation of the Lower Warehouse, which allows proper storage of a large vehicle, stove and horse-drawn agricultural collection.



The completed Pit House.

The Pit House

The 'Pit House' was an exciting new addition in June 2017 that represents what early Black settlers would have used as a temporary home while they were building their actual house. It is essentially a large hole in the ground with a lean-to structure that acts as a roof. Along with the Gordon House, the Pit House is an excellent addition that tells the story of Black history in New Brunswick. A special thank you goes to Joe Gee of Tomlinson Lake Hike to Freedom, and Graham Nickerson, of the New Brunswick Black History Society and Black Loyalist Heritage Society for all the work they put into building the Pit House.



Céilí Kids of Canada perform with guests.

Summer Stage

A new addition to the Exhibit Experience in 2017, the Summer Stage offered a full schedule of musical and theatrical performances by guest performers for visitors to enjoy. Performers included the Stanford School of Irish Dance, Céilí Kids of Canada, Brand New Strangs, Miramichi Folklore Park's Heritage Players, and other Maritime performers.



Children work on a 19th-century inspired craft in one of the free workshop sessions in the Welcome Centre.



Guests learn how to make a net from one of our facilitators in the workshop space at the Welcome Centre.

Workshop Series

We expanded our series of drop-in and paid workshops for 2017. The drop-in workshops took place in the workshop area of the Welcome Centre where guests could take part in free activities to learn 19th-century skills like rug braiding, quilting, knitting, candle making, and rope making. There were also new paid (\$5) workshops in 2017 including medicinal plants, blacksmith work, soap-making, heritage gardening and apple grafting. A new workshop space opened at the C.B. Ross Factory Gallery, which hosted specialized workshops and presentations.



Guests try CövenHöven Distillery rum samples in the Agricultural Hall.



Participants in the blacksmith workshop work away at the Pavilion.

CövenHöven Distillery Exhibit

In 2017, Nova Scotia's CövenHöven Distillery (named after the Van Horne summer residence in St. Andrews, NB) began offering tastings of the rum that had been aging at Kings Landing since 2015. The Agricultural Hall served as the tasting room and told the history of rum and distilling in New Brunswick, offering a unique experience for visitors.

The Pavilion

The new pavilion structure is an excellent addition to the Exhibit Experience. It is a multi-purpose area that serves Kings Landing, our guests and our partners. In 2017, this new outdoor area showcased carriages and farming equipment, provided a sheltered space for partners, served as the location for our first Fall Market, and offered space for some of our workshops.

ENTERTAIN

Located on the east side of the site, the Village brings history to life through a community full of historic homes, animals and characters interpreting real stories from New Brunswick's past. Each day, the programming is unique, ensuring guests experience a wide array of history and always have a memorable visit.

Visitors can watch iron transformed over the flames in the blacksmith shop, learn about 19th-century printing, watch woodsmen do cross-cut sawing, see and smell the open-hearth baking, witness flax and wool processing and even barter at the Grant Store. During special events, they'll come upon interpreters re-enacting vignettes of a Temperance rally, a Loyalist wedding, a Victorian funeral and debates on Confederation, to name a few. There are plenty of gardens throughout the Village, including 30 species of heritage apple trees, as well as animals including oxen, which are always a guest favourite.

Depending on the day, there are between 50 - 70 costumed interpreters throughout the Village.



Clockwise from top left: farmhands working in the Morehouse gardens; oxen grazing in their pasture; a carpenter making wooden shingles; a Temperance rally by the King's Head Inn; a young calf laying in the hay; celebrating Queen Victoria's coronation in the Ingraham garden.

The King's Head Inn

We are extremely proud to continue the tradition of offering dining services for guests on site. The King's Head Inn Restaurant offers a selection of delicious culinary treats from the past as well as various modern favourites. There is also a licenced, English-style pub with a selection of ale, wine and spirits. This year, we saw a decrease of 12% in the average revenue per guest in food services, as compared to 2016.

During the harvest season, Kings Landing offers a traditional Victorian Thanksgiving Dinner and, in 2017, offered a new experience: the Harvest Home Long-Table Feast. Offered over five days, the Feast is an authentic, family-style meal from 1867 featuring platters of roast pheasant, venison, turkey, beef, meat pie, seasonal vegetables, brown bread, custards and more. In 2017, 777 guests attended the Victorian Thanksgiving Dinner and 399 attended the new Harvest Home Long-Table Feast.

Our Christmas-themed dinners were tremendously successful again this year, with guests enjoying 19th-century Christmas celebrations in the beautifully decorated King's Head Inn. The menu offers a choice of roast turkey, prime rib roast beef or a roasted goose and a sampling of apple crumble pie, mincemeat pie and gingerbread with whipped topping for dessert. We served 4,293 guests during 31 dinners from the end of November until December 23rd, 2017.

Total Food Services revenues increased by 8.4% over 2016.



The King's Head Inn Restaurant serves traditional fare and modern favourites throughout the season.



Guests at the Christmas dinner enjoy music by the fire in the downstairs pub.



Guests at the Harvest Home Long-Table Feast toast to another successful harvest season.



Guests share delicious platters of roast beef, venison and turkey around the tables during the Harvest Home Long-Table Feast.



Starting July 1st, Kings Landing offered horse and pony rides once again as an exciting experience for guests. A pony ride cost \$5 and a horse ride cost \$10. Thanks goes to Sleepy Star Ranch, a local show barn, for helping with this activity that was a big hit with children.



The Barony General Store once again served ice cream from July 1st to Labour Day weekend.



Located just outside the Welcome Centre, the Children's Play Park offers a sandbox, various climbing equipment, and a 19th-century hobby horse for the kids while adults can relax in the hammock or on a park bench.

GOVERNANCE & ORGANIZATIONAL STRUCTURE

Kings Landing Corporation is a Crown Corporation owned by the Government of New Brunswick and is responsible to the Minister of Tourism, Heritage and Culture. As such, it operates within the context of the civil service, however under the Kings Landing Corporation Act, may operate as a profitable corporation able to produce, purchase goods and sell services or goods where proceeds remain within the corporation.

Government has provided the following mandate direction to the Kings Landing Corporation under the Kings Landing Corporation Act:

- to collect, preserve and exhibit buildings and artifacts which are part of the province's historical resources;
- to create, maintain and operate a historical settlement in the Mactaquac Headpond Area;
- to stimulate the interest of the public in matters depicted in the historical settlement and in historic sites within the Mactaquac Headpond Area;
- to engage in and promote the production and sale of articles and materials related to the historical settlement; and
- to carry on the business of operating a restaurant, dining room, lounge or similar establishment or any combination thereof.

Board of Directors (April 2017 to March 2018)

- Mark McCauley, Chair (Resigned from the Board on May 30, 2017)
- Andrew Rouse, Vice Chair (Acting Chair June 2017 - August 31, 2017)
- Allison (Al) Walker, Chair (Appointed Chair, August 31, 2017)
- Meaghan (Molly) Demma, Vice Chair (Appointed August 31, 2017)
- Juan Estepa
- Helen Jean Newman
- Ian G. Stead
- Lori Leach
- Bradley Cross (Appointed August 31, 2017)
- Leah Grandy (Appointed August 31, 2017)
- Susan Knight (Appointed August 31, 2017)
- Eldon Toner (Appointed August 31, 2017)
- Marc Smith (Appointed until August 31, 2017)

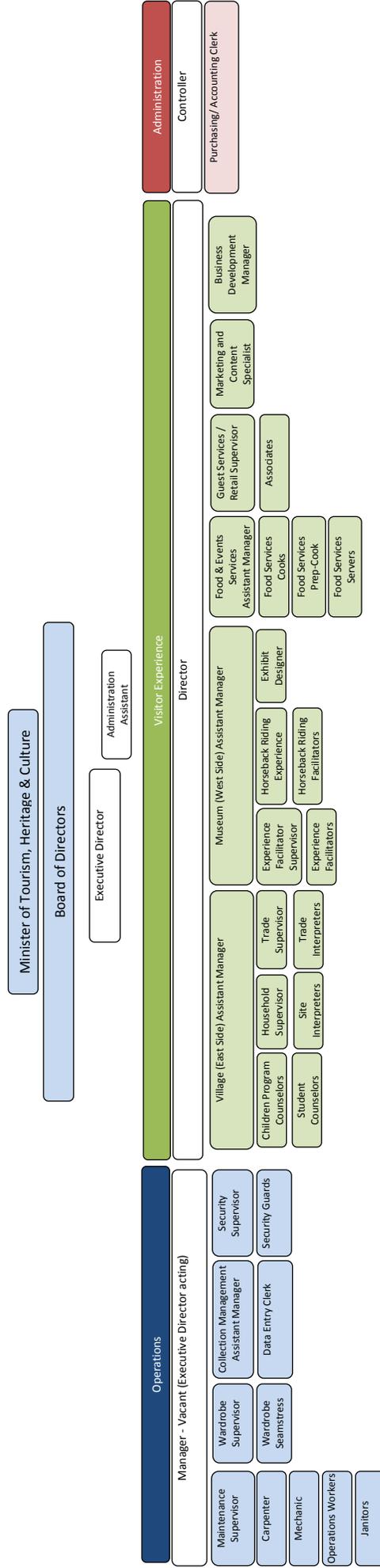
Key Corporate Objectives

- Preserve and manage our physical collection defined as buildings (both historic and reconstructed), artefacts, plants/trees and animals.
- Authentically interpret the heritage (defined as work habits, craft techniques, life stories and historical events) within the context of our mission.
- Provide an unforgettable positive experience, for visitors, employees and volunteers that educates and enriches.
- Be responsible stewards in order to ensure organizational sustainability by living within our financial means, our resource means, the appropriate acts, governmental policies and agreements within which Kings Landing resides.

CORPORATE ORGANIZATIONAL STRUCTURE

Operating an institution like Kings Landing requires substantial resources and support. A dedicated and dynamic team of carpenters, seamstresses, security personnel, curators, researchers, entrepreneurs, artisans, musicians, interpreters, interns, students, food services personnel, marketers and administrators all work tirelessly with one mission in mind: to make history awesome for every guest who visits Kings Landing.

There were 147 employees at Kings Landing during the 2017-2018 season, including all seasonal, full-time and contract positions. In 2016-2017 payroll transitioned to Service New Brunswick/New Brunswick Internal Services Agency and was continued in 2017-2018.



THANK YOU

The success of Kings Landing is a direct result of the support and assistance we receive from so many people. We want to take a moment to thank all third-party partners, volunteers, guest interpreters, workshop instructors, vendors, construction workers, and other individuals and groups who contributed in any way to Kings Landing in 2017-2018.

A very special thank you goes out to the Kings Landing Foundation and the financial donors that have generously given to the Kings Landing Foundation. Private support is extremely important in order to grow and provide an exceptional experience. We look forward to continued collaboration and partnership opportunities.



APPENDICES



APPENDIX I:

MANAGEMENT RESPONSIBILITIES LETTER

March 31, 2018

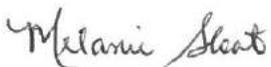
The preparation of the financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of Kings Landing Corporation (the Corporation).

The Corporation has an accounting system and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian public sector accounting standards.

It is the responsibility of the Corporation's Board of Directors to oversee management's performance of its financial reporting responsibilities and to review and approve the financial statements. The Board reviews and recommends approval of the financial statements, and meets periodically with management and the external auditors concerning internal controls and other financial matters.



Kevin Cormier
Chief Executive Officer, Kings Landing Corporation



Melanie Sloat
Controller, Kings Landing Corporation

APPENDIX II:

INDEPENDENT AUDITOR'S REPORT



AUDITOR GENERAL
OF NEW BRUNSWICK

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Board of Directors
Kings Landing Corporation

I have audited the accompanying financial statements of Kings Landing Corporation, which comprise the statement of financial position as at March 31, 2018, the statements of operations and change in accumulated surplus, cash flows and changes in net financial assets 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kings Landing Corporation as at March 31, 2018 and the results of its operations and change in its accumulated surplus, its cash flows and changes in its net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'Kim MacPherson'. The signature is written in a cursive, flowing style.

Kim MacPherson, FCPA, CA, ICD.D
Auditor General

Fredericton, NB
December 14, 2018

APPENDIX III:

SUMMARY OF RECOMMENDATIONS FROM THE OFFICE OF THE AUDITOR GENERAL

The following is a summary of matters arising from the Audit of the Financial Statements of Kings Landing Corporation, 2017-2018.

More Accounting Support is Needed: Recommend Kings Landing Corporation provide accounting support to its staff on recording capital transactions. Also recommend Kings Landing Corporation arrange for a review of the year-end financial statements and supporting documentation (such as journal entries, account reconciliations, estimates, etc.) prior to next year's audit.

Errors in Tangible Capital Assets: Recommend Kings Landing Corporation develop a process to identify and track all costs related to its capital projects. Also recommend Kings Landing Corporation continue to consult with the Office of the Comptroller, as necessary, regarding capital project costs.

Inventory Count Weakness: Recommend Kings Landing Corporation address the internal control weaknesses identified regarding inventory counts. Recommend Kings Landing Corporation accurately update inventory records at year-end.

Delays in Publishing Annual Report: Recommend Kings Landing Corporation publish its outstanding annual report in a timely manner. This annual report should be published as required by legislation and Executive Council Office guidelines. Also recommend Kings Landing Corporation communicate with its Minister and Executive Council Office the need to receive its mandate letter in a timely manner to help comply with legislation.

Documentation to Support Procurement Practices is Needed: Recommend Kings Landing Corporation document its compliance with the Procurement Act for significant purchases.

APPENDIX IV:

2017-2018 FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

KINGS LANDING CORPORATION

3/31/2018

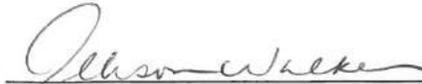
Kings Landing Corporation
Statement of Financial Position
As at 31 March

FINANCIAL ASSETS	2018	2017
Cash and cash equivalents	\$ 1,033,683	\$ 937,599
Accounts receivable	25,883	26,693
	<u>1,059,566</u>	<u>964,292</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	416,940	238,114
Working capital advance payable (Note 4)	200,000	200,000
Deferred revenue (Note 2)	57,233	40,335
	<u>674,173</u>	<u>478,449</u>
NET FINANCIAL ASSETS	<u>385,393</u>	<u>485,843</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	5,207	5,808
Inventories (Note 5)	80,201	110,677
Kings Landing Collection (Note 2)	1	1
Tangible capital assets (Note 7)	6,639,883	6,649,201
	<u>6,725,292</u>	<u>6,765,687</u>
ACCUMULATED SURPLUS	<u>\$ 7,110,685</u>	<u>\$ 7,251,530</u>

Contingent liabilities – Note 10
Subsequent event – Note 15

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

Approved by the Board

 Chairperson Allison Walker
 Director Meghan Demma

Kings Landing Corporation
Statement of Operations and Change in Accumulated Surplus
For the year ended 31 March

	Budget 2018 (Note 9)	2018	2017
REVENUE			
Admissions	\$ 350,000	\$ 390,001	\$ 351,512
Gift Store	130,000	137,910	137,230
Food Services	450,000	499,152	460,613
Interpretation & education	86,000	73,096	80,604
Other Operating Revenue (Note 11)	40,000	33,232	37,972
	<u>1,056,000</u>	<u>1,133,391</u>	<u>1,067,931</u>
GRANTS			
Provincial – Operating	2,794,000	2,815,700	2,919,185
Provincial – Other (Note 4)	50,000	50,000	160,000
Transfer of Tangible Capital Assets (Note 13)	-	-	3,866,224
Employment Programs	25,000	37,760	26,258
	<u>2,869,000</u>	<u>2,903,460</u>	<u>6,971,667</u>
	<u>3,925,000</u>	<u>4,036,851</u>	<u>8,039,598</u>
EXPENSES			
Interpretation & education	1,623,999	1,473,317	1,511,207
Gift store	122,512	124,801	123,478
Maintenance	786,002	646,087	663,255
Security	220,000	242,119	233,841
Wardrobe	157,500	160,711	170,849
Collections management	85,000	77,754	77,247
Admissions	64,788	71,469	79,322
Public relations & marketing	132,998	116,767	116,557
Finance & administration	411,000	386,394	390,220
Food services	406,002	478,709	504,951
Amortization of tangible capital assets	-	399,568	282,803
	<u>4,009,801</u>	<u>4,177,696</u>	<u>4,153,730</u>
ANNUAL (DEFICIT) SURPLUS	<u>\$ (84,801)</u>	<u>\$ (140,845)</u>	<u>\$ 3,885,868</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>7,251,530</u>	<u>3,365,662</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 7,110,685</u>	<u>\$ 7,251,530</u>

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

Kings Landing Corporation
Statement of Changes in Net Financial Assets
For the year ended 31 March

	Budget 2018 (Note 9)	2018	2017
Net Financial Assets at beginning of year	\$ 485,843	\$ 485,843	\$ 222,411
Annual (deficit) surplus	(84,801)	(140,845)	3,885,868
Acquisition of tangible capital assets	-	(390,250)	(3,923,620)
Amortization of tangible capital assets	-	399,568	282,803
Net change in prepaid expenses	-	601	11,325
Net change in inventory	-	30,476	7,056
(Decrease) Increase in Net Financial Assets	<u>(84,801)</u>	<u>(100,450)</u>	<u>263,432</u>
Net Financial Assets at End of Year	<u>\$ 401,042</u>	<u>\$ 385,393</u>	<u>\$ 485,843</u>

The accompanying notes are an integral part of these financial statements

Kings Landing Corporation
Statement of Cash Flows
For the year ended 31 March

CASH PROVIDED BY (USED FOR):	2018	2017
Operating Activities		
Annual (deficit) surplus	\$ (140,845)	\$ 3,885,868
Add items not involving cash:		
Amortization of tangible capital assets	399,568	282,803
Increase of non-cash components of working capital (Note 12)	227,611	72,130
	<u>486,334</u>	<u>4,240,801</u>
Capital Activities:		
Acquisitions of tangible capital assets	<u>(390,250)</u>	<u>(3,923,620)</u>
INCREASE IN CASH	<u>96,084</u>	<u>317,181</u>
Cash and cash equivalents, beginning of year	<u>937,599</u>	<u>620,418</u>
Cash and cash equivalents, end of year	<u>\$1,033,683</u>	<u>\$ 937,599</u>

Cash and cash equivalents are represented by

	2018	2017
Cash	\$ 107,381	\$ 80,948
Short term Investments	<u>926,302</u>	<u>856,651</u>
	<u>\$1,033,683</u>	<u>\$ 937,599</u>

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Kings Landing Corporation (the Corporation) is a provincial Crown agency incorporated by an Act of the New Brunswick Legislature. The Corporation serves the people of New Brunswick and visitors of the Province of New Brunswick by operating a living historical village as a dynamic, progressive outdoor museum.

2. Summary of significant accounting policies

General

These financial statements are prepared by Management using the Corporation's accounting policies stated below, which are in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board.

Changes in Accounting Policies

Effective April 1, 2017, the Corporation adopted the following Canadian public sector accounting standards:

- PS 2200 - Related Party Disclosures
- PS 3210 - Assets
- PS 3320 - Contingent Assets
- PS 3380 - Contractual Rights
- PS 3420 - Inter-Entity Transactions

The impact of these accounting standards is not significant, affecting only disclosures in the notes to the financial statements. The financial statements of prior periods, including comparative figures, have not been restated.

Revenue recognition

Government transfers are transfers of money, such as grants, for which the Corporation does not provide any goods or services directly in return.

Government transfers are recognized in the Corporation's statements as revenue in the period the events underlying the transfer occurred, as long as the transfer is authorized and eligibility criteria have been met. Government transfers consist of operating grants and capital grants. In fiscal 2016-2017 the Corporation recognized government transfer revenue and tangible capital assets of \$3,866,224 in accordance with Canadian public sector accounting standards (Note 13).

Revenue from general operations is recognized when products and services are delivered to the customer and collection is reasonably assured.

Deferred revenue

Amounts received for registration fees are deferred and recognized in revenue over the period to which they relate.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver services, may be consumed in normal operations and are not for resale. Non-financial assets include prepaid expenses, inventory, tangible capital assets and the Kings Landing Collection.

Note 2 continued

Kings Landing Collection

The Kings Landing Collection is composed of some 70 major historical structures and thousands of individual artifacts from the period between 1780 and 1900. The structures and artifacts are not replaceable as each piece represents a unique aspect of New Brunswick history. In recognition of this, the collection is valued at \$1 and individual pieces purchased by the Corporation are expensed in the year of acquisition. Similarly, costs of maintaining the collection are charged to maintenance expense as incurred. During the year, artifacts with an estimated fair value of \$4,481 (2016-2017 – nominal fair value) were received from donors and added to the collection.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank balances, or cheques in excess of funds on deposit, and a GIC with a maturity of less than one year as at March 31, 2018. The Corporation has overdraft protection at a financial institution where interest is calculated at prime rate plus 1.5% per year.

Contributed services

Volunteers contribute a significant number of hours to assist the Corporation in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Pension contributions

The New Brunswick Public Service Pension Plan (NBPSPP), formerly known as the Public Service Shared Risk Plan, was established on January 1, 2014. The NBPSPP is a multi-employer, shared risk plan in accordance with New Brunswick's Pension Benefit Act. Certain employees of the Corporation are entitled to receive benefits under this plan. The Corporation is not responsible for any unfunded liability nor does it have access to any surplus with respect to its employee pensions. The Corporation's liability related to employee pensions is not included as part of the Corporation's budget and is recorded by the Province in its financial statements. Employee contributions are 7.5% of pensionable earnings up to the year's maximum pensionable earnings (YMPE) and 10.7% of pensionable earnings above the YMPE. As an employer, the Corporation is required to contribute 12.5% of pensionable earnings. Contributions are included in the Corporation's expenses and totaled \$136,827 (2017 – \$141,541).

Employee benefits

Sick leave benefits are earned by employees of the Corporation at a rate of 1.25 days per month, to a maximum of 240 days. The estimate by management of potential usage, based on experience from the last 3 fiscal years, is \$16,877 (2017 – \$22,622).

Vacation leave benefits are earned by employees of the Corporation and calculated based on the biweekly salary per employee. The estimate by management of the liability, based on vacation days owing is \$49,919 (2017 – \$45,204).

Retirement allowances

Certain long serving employees receive a retirement allowance upon retirement from public service. The plan is funded by the Province of New Brunswick. The Province made changes to its retirement allowance program during the fiscal 2013-2014 year where management and non-union employees of the Corporation will no longer accumulate retirement allowance credits. Employees who were participating in this program were offered a choice of pay-out in lieu of a retirement allowance or, for those with more than five years of service, an option to defer the pay-out until retirement. The Corporation's costs and liability associated with the plan and its recent changes are not included as part of its budget. These costs are recorded by the Province in its financial statements. During the year, the Province paid retirement allowances of \$0 (2017 – \$40,006) on behalf of the Corporation.

Note 2 continued

Liability for injured workers

The Corporation is responsible for benefit payments to WorkSafeNB for injured employees. Amounts billed by WorkSafeNB and management's estimate, if any, of the value of unbilled payments have been accrued.

Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant areas requiring the use of management estimates related to the determination of employee benefit liabilities, amortization rates of tangible capital assets and the amount of inventory subject to obsolescence. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Tangible capital assets

Acquired or contributed tangible capital assets, except those of a historical nature, are recorded at cost or appraised value where cost is not determinable. Amortization is calculated using declining balance rates of 5% to 20% or straight line over 10 to 30 years, which represent the estimated useful life of the assets. The Corporation has 91.5 acres of land on both sides of the St. John River. Approximately 40 acres are used for site purposes. Because its purpose is to serve as a site for the collection, the land has been recorded at a value of \$1.

Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business. Inventories consist of fabrics, food and merchandise held for resale. Management estimates the inventory obsolescence results from the decline in saleable value.

Financial instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and working capital advance payable.

Financial instruments are recognized when the Corporation becomes a party to the contractual rights and obligations of the financial instrument.

Financial instruments are derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred, and the Corporation has transferred substantially all risks and rewards of ownership, or are derecognized when the contractual obligation has been discharged, cancelled, or has expired.

The Corporation designates its financial instruments as follows:

- a) Cash and cash equivalents are measured at fair value. Fair value is assumed to represent the carrying value, which is at historical cost.
- b) Accounts receivable, accounts payable and accrued liabilities are measured at amortized cost.
- c) Working capital advance is measured at historic cost.

3. Accounts payable and accrued liabilities

	2018	2017
Employee benefits	\$ 67,443	\$ 68,803
Other accounts payable and accrued liabilities	349,497	169,311
	<u>\$ 416,940</u>	<u>\$ 238,114</u>

4. Related Party Transactions

The Corporation is related to the Province and several of its departments and agencies.

Inter-entity transactions (transactions between commonly controlled entities) are recorded at the exchange amount when they are undertaken on similar terms and conditions as if the entities were dealing at arm's length. Services provided by these related entities during the year totalled \$341,142 (2017 – \$185,582). Services include work performed by the Department of Transportation and Infrastructure, payroll services, legal services, certain information technology services, licensing, translation, and other services.

Transactions with the Province of New Brunswick and entities under common control of the Province have occurred and been settled on normal trade terms, with the exception of the items noted below:

- The Corporation is economically dependent on the Province of New Brunswick. During the fiscal year, the Corporation received an operating grant of \$2,815,700 (2017 – \$2,919,185), a capital grant of \$50,000 (2017 – \$160,000), and employment program funding of \$20,176 (2017 – \$16,142). The Corporation submits capital projects to the Department of Tourism, Heritage and Culture (THC) for review annually.
- The Corporation has a demand loan owing to the Province of New Brunswick of \$200,000 (2017 – \$200,000) that is unsecured and non-interest bearing with no specific terms of repayment.
- Government agencies contribute certain other services, such as human resources, information technology services, and audit services at no cost.
- In fiscal 2016-2017 the Corporation received an asset transfer from the Department of Transportation and Infrastructure for the dam, sawmill, and bridge in the amount of \$3,866,224 (Note 13).

5. Inventories

	2018	2017
Gift store	\$ 37,628	\$ 67,569
Fabrics	10,011	9,480
Food and liquor	23,461	29,095
Other	12,719	6,175
Subtotal	<u>83,819</u>	<u>112,319</u>
Less: Provision for obsolescence	<u>(3,618)</u>	<u>(1,642)</u>
	<u>\$ 80,201</u>	<u>\$ 110,677</u>

6. Expenses by object

	2018	2017
Amortization	\$ 399,568	\$ 282,803
Salaries, wages and benefits	2,870,353	2,884,280
Cost of goods sold	217,032	203,952
Other expenses	690,743	782,695
	<u>\$ 4,177,696</u>	<u>\$ 4,153,730</u>

Kings Landing Corporation
Notes to the Financial Statements
31 March 2018

7. Tangible capital assets

Estimated Useful Life/Depreciation %	Land	Buildings	Site Services	Mobile Equipment	Computer Hardware/ Software	Office Furniture	Bridge	Work in Progress - Buildings	2018 Total	2017 Total
		5%/30 years	20-30 years	5%-20%	20%	20%	10 years			
Cost										
Opening Cost	1	\$ 8,200,217	\$ 211,567	\$ 404,933	\$ 131,135	\$ 31,659	\$ 636,752	\$ -	\$ 9,616,264	\$ 5,692,644
Additions net of disposal	-	286,498	-	6,441	39,865	-	-	57,446	390,250	3,923,620
Closing Cost	1	8,486,715	211,567	411,374	171,000	31,659	636,752	57,446	10,006,514	9,616,264
Accumulated Amortization										
Opening Accumulated Amortization	-	2,475,419	60,021	291,020	81,355	27,410	31,838	-	2,967,063	2,684,260
Amortization Expense	-	296,417	7,361	17,322	13,943	850	63,675	-	399,568	282,803
Closing Accumulated Amortization	-	2,771,836	67,382	308,342	95,298	28,260	95,513	-	3,366,631	2,967,063
Net Book Value	1	\$ 5,714,879	\$ 144,185	\$ 103,032	\$ 75,702	\$ 3,399	\$ 541,239	\$ 57,446	\$ 6,639,883	\$ 6,649,201

8. Risk management

The carrying value of the Corporation's financial instruments are assumed to approximate their fair amounts because of their short term to maturity.

An analysis of significant risk from the Corporation's financial instruments is provided below:

- Credit risk – Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Accounts receivable balances are due from the federal government and are considered low risk due to excellent collection history. Accounts receivable balances from external organizations are deemed insignificant to the Corporation's financial statements. The Corporation's maximum exposure to credit risk at March 31, 2018 is equal to the accounts receivable balance of \$25,883. Credit risk is not disbursed as the Federal government comprises a significant portion of the accounts receivable balance.
- Liquidity risk – Liquidity risk is the risk of not being able to settle or meet an obligation on time or a reasonable price. The Corporation manages liquidity risk by maintaining sufficient cash and cash equivalent balances to meet operating and capital requirements.
- Interest rate risk - Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Corporation's management considers exposure to interest rate risk to be insignificant.
- Currency risk – Currency risk arises on financial instruments denominated in a foreign currency. The Corporation is exposed to currency risk on purchases that are denominated in a currency other than the Corporation's functional currency, primarily in US Dollars (USD). The Corporation's foreign currency transactions are normally settled in the short-term, therefore management considers exposure to currency risk to be insignificant.

9. Budget

The budget figures included in these financial statements have been derived from the estimates approved by the Board of Directors of the Corporation.

10. Contingent liabilities

The Corporation may be subject to litigation in the course of its operations. In management's judgment, no material exposure exists at this time and accordingly, management has not recorded a provision for loss in the financial statements.

Kings Landing Corporation
Notes to the Financial Statements
31 March 2018

11. Other operating revenue

	2018	2017
Donations	\$ 13	\$ 25
General and interest	30,960	36,117
Rentals	2,259	1,830
	<u>\$ 33,232</u>	<u>\$ 37,972</u>

12. Non-cash components of working capital

	2018	2017
Change in accounts receivable	\$ 810	\$ 14,564
Change in prepaid expenses	601	11,325
Change in inventories	30,476	7,056
Change in accounts payable and accrued liabilities	178,826	53,323
Change in deferred revenue	16,898	(14,138)
	<u>\$ 227,611</u>	<u>\$ 72,130</u>

13. Transfer of Tangible Capital Assets

The Department of Transportation and Infrastructure (DTI) completed repair work on the dam, sawmill and bridge in July 2016. DTI was responsible for all costs associated with this work and transferred the ownership of the assets to the Corporation once work was completed. In fiscal 2016-2017 the Corporation recognized government transfer revenue and tangible capital assets of \$3,866,224 in accordance with Canadian public sector accounting standards. Tangible capital assets were capitalized and amortized in accordance with the Corporation's Capital Asset Management Policy.

14. Comparative Figures

Certain 2017 figures have been reclassified to conform to the financial statement presentation adopted for the current year.

15. Subsequent Event

In July 2018, the Corporation's Board of Directors approved spending of up to \$600,000 to construct a new residence. The new residence will provide an upgraded facility for the Visiting Cousins program allowing for increased accessibility and safety of the children with it being located closer to the village, as well as an opportunity to use the building year-round. The project is expected to begin construction in late fiscal 2018-2019. The Corporation has received \$300,000 from the Province in fiscal 2018-2019 for the project with the remaining funding to be provided by the Kings Landing Foundation and the Corporation. The Corporation has also received \$210,000 from the Province in fiscal 2018-2019 for other capital projects



KINGS LANDING