



KINGS LANDING

2019-2020 Annual Report



Kings Landing Corporation

Annual Report
2019-2020

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Government of New Brunswick

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Since Kings Landing’s inception, over 3.5 million visitors have come to experience history brought to life within a 120-hectare site and through a priceless collection of over 77,000 historical objects. Kings Landing’s mission is to create, maintain and operate an iconic, authentic living history museum that will attract, engage, enrich and educate the people of New Brunswick and visitors by showcasing the well-researched adaptation by people who lived along the St. John River through the 19th century.

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TRANSMITTAL LETTERS

From the Minister to the Lieutenant Governor

The Honourable Brenda Murphy
Lieutenant Governor of New Brunswick

May it please your Honour:

It is my privilege to submit the annual report of the Kings Landing Corporation, Province of New Brunswick, for the fiscal year April 1, 2019 to March 31, 2020.

Respectfully submitted,



Honourable Tammy Scott-Wallace
Minister of Tourism, Heritage and Culture

From the Chair of the Board of Directors to the Minister

Honourable Tammy Scott-Wallace
Minister of Tourism, Heritage and Culture

Dear Minister Scott-Wallace:

I am pleased to present the annual report describing operations of the Kings Landing Corporation for the fiscal year April 1, 2019 to March 31, 2020.

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 2019-2020 season. This year was another successful year for Kings Landing, with increased growth in visitation, programming and special events.

I want to thank the Interim CEO, Brenda Orr, Acting CEO, Melanie Sloat, and our new CEO, Mary E. Baruth, staff and the many volunteers who continue to bring New Brunswick and Canadian history to life at Kings Landing.

I also want to 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 CHIEF EXECUTIVE OFFICER

In the 2019-2020 fiscal year, Kings Landing began the implementation of a Corporate Strategy to guide growth through attracting new and old audiences, offering innovative programming, and encouraging partnership with all heritage, tourism and business partners. An interim CEO, Brenda Orr, was chosen to assist Kings Landing during this period of transition; in the late days of the fiscal year, I was hired to lead a team of many dedicated, creative and inspirational staff.

On behalf of our community, the Board and the dedicated, passionate and creative people who work at Kings Landing Corporation, I am proud to present the 2019-2020 Annual Report.

Sincerely,



Mary E. Baruth

CEO (2020)
Kings Landing Corporation

HIGHLIGHTS FROM 2019-2020

In its 45th season, Kings Landing experienced its highest attendance since 2007, with an increase from 34,029 visitors in 2018 to 40,555 in 2019.

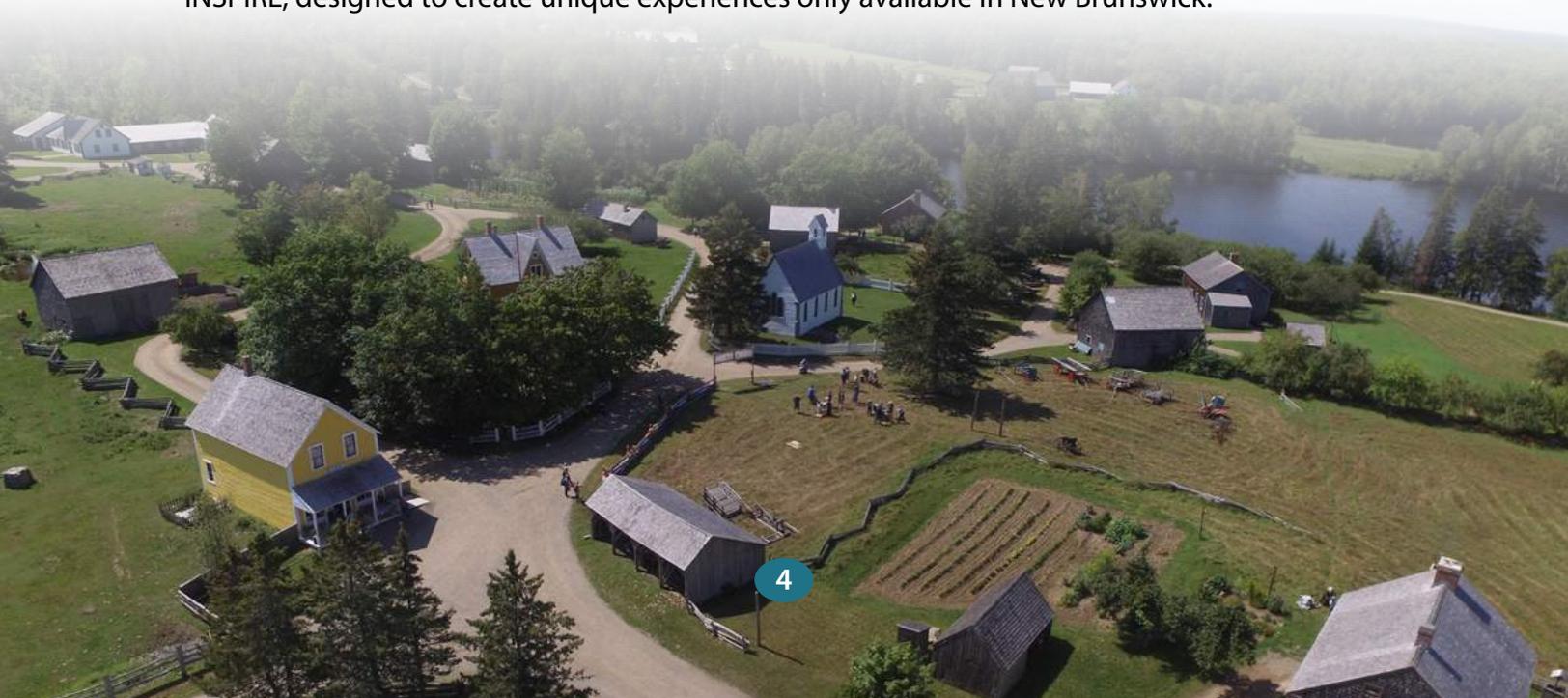
Many factors contributed to this increase, including the re-integration of the east and west sides of the site to create one living village as soon as guests enter the site. Improvements to programming and interpretation further enhanced the visitor experience. Exhibits continued to be featured at the Welcome Centre and in the new Indigenous and Heritage galleries. Marketing initiatives were refreshed, and efforts continued to grow the motorcoach and travel trade market. The group market accounted for half of the increase in admissions.

Kings Landing continued to partner with the New Brunswick College of Craft and Design to provide workshops focussed on photography, carving, crochet, basket-making, printing and painting.

The Mi'kmaq-Wolastoqey Centre partnership continued into its second year with an exhibit in the former Agricultural Hall, now the Indigenous Gallery. A renaming and land recognition ceremony are in the planning stages for the 2020 season.

Kings Landing participated in a new marketing initiative, the Garrison Night Market, in June and July to help with local awareness, promote visits to the museum, and interact with tourists who attended the downtown Fredericton market. Maps, rack cards, a schedule of weekend events, and workshop details were distributed. To further entice visitors, Mary Brown's famous brown bread (251 loaves) sealed the deal!

Kings Landing also participated in the Government of New Brunswick's new tourism initiative, INSPIRE, designed to create unique experiences only available in New Brunswick.



ATTRACT

Over the course of the year, Kings Landing was active on social media and promoted itself through advertising, public relations and the weekly Garrison Night Market in downtown Fredericton. Kings Landing also participated in travel trade shows in Quebec in partnership with Tourism New Brunswick and the City of Fredericton to increase awareness about programming and to build relationships. In addition to the overall increase in attendance, promotional efforts resulted in specific successes in the following areas:

- Admission of groups of 15 or more resulted in 935 visitors
- Motorcoach visitation increased to 9,277
- A partnership with New Brunswick Public Libraries Services (NBPLS) resulted in the redemption of 3,371 passes in September.

The popular themed programs continued with Sugar Bush, Fall Harvest and Christmas dinners, which are all major contributors to annual revenues. It should be noted that one Sugar Bush weekend was cancelled due to COVID-19, resulting in a potential loss of over 2,000 visitors.



EDUCATE & ENRICH

VISITING COUSINS AND FAMILY KIN

Kings Landing reconfirmed its commitment to one of the corporation’s key pillars: education. The Visiting Cousins and Family Kin programs play an integral role under this pillar. These programs provide opportunities to bring history to life for the children who stay overnight at Kings Landing and experience life in the time period the Village represents. There were 187 participants in the program in 2019. In total, over 8,000 children have participated in these programs since they began. This year, the corporation recognized that the Slipp House, which serves as the dormitory for Visiting Cousins and Family Kin participants, desperately needed improvements. Work began on the Slipp House renovation project as budget permitted.

SCHOOL TOURS

Kings Landing welcomed 1,388 students in 2019 for self-guided tours and hands-on activities. This slight decrease over the previous year laid the groundwork for a review of the education programs, including ways to make curriculum-based school tours more accessible, affordable and relevant to teachers, schools, parents and students.



EXHIBITS & ACTIVITIES

- *Burying, Immortalizing & Remembering*: a focus on Victorian death and remembrance practices
- *Tracking the Weather in Diaries*: a display of 19th-century diaries
- *A Merriment of Musical Artifacts*: display of musical artifacts
- Children's area with toys and a short, animated film about the lives and roles of children living on a 19th-century farm in the Heritage Gallery
- NBCCD Workshops at Hoyt House
- New exhibit panels and display in the Indigenous gallery (former Agricultural Hall) in partnership with the Mi'kmaq-Wolastoqey Centre



ENTERTAIN

Kings Landing continued to showcase returning events from previous years: seasonal culinary weekends, two Bonnet Hops, two Weather Weekends, Confederation Picnic, Loyalist Wedding, Entertainment, Agricultural Fair, Irish Wake, Coronation Celebration and Welcome the New Teacher as well as the Thanksgiving weekend auction.

The Summer Stage served a dual purpose of workshop location and venue for local guest musicians including Frantically Atlantic, Jaclyn Reinhart, Calum Jackson, Wicked Cry, Katherine Moller, and our very own Tom Richards and Mike Bravener.

More farm animals, more houses, and more characters ensured that there was always something going on in each home for visitors to learn history and interact with the villagers. Especially popular were the three homes which had been returned to functioning living history areas. The Joslin Farm was a special attraction, functioning as a farm with horses, pigs, sheep and chickens with a scheduled demonstration in the morning and in the afternoon. These hands-on demonstrations included wool processing and dyeing, weaving, quilting, butter making, yeast making, and baking.

The annual auction drew a great crowd, with many handcrafted objects and preserves made by villagers attracting great interest.

The first weekend of Sugar Bush in March 2020 was well attended, and a new partnership with the Shriners of New Brunswick for breakfast established. Unfortunately, the second weekend was cancelled as a result of the COVID-19 pandemic. A total of 2,377 visitors participated.



FOOD SERVICES

The King's Head Inn Restaurant served traditional and modern fare with a pub downstairs and outdoor seating with service from costumed staff. Special dining events continued to attract visitors for a uniquely Kings Landing experience. Yearly reservations for Thanksgiving, Harvest Home and Christmas culinary experiences continue to grow.

The Axe & Plough Café entered its second year in the Welcome Centre with an added seating area in the alcove for guests to enjoy their food and refreshments before or after visiting Kings Landing, or as a rest stop along their travels.

Kings Landing also participated in the INSPIRE Program with the *Village Feast*. INSPIRE is a new provincial initiative to help businesses around New Brunswick create and market a uniquely New Brunswick experience. The pilot *Village Feast* took place on September 30, 2019 with invited guests from the province, Fredericton Tourism, local media and the general public. It was a tremendous success.

RETAIL & THE KINGS LANDING COLLECTION

The Peddler's Market saw the addition of more unique products made by local artisans and our creative staff. Popular items in the Kings Landing Collection included hand-forged items from the Blacksmith shop, hand-carved memory spoons, braided rugs, dyed wool, knitted items, cutting boards, bonnets, and more. Products produced on-site also became more readily available. These items included jams, preserves, and sauces, which were popular with guests.



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, it 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.

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

Board of Directors

April 2019-March 2020

Allison (Al) Walker – *Chair*

Meaghan (Molly) Demma – *Vice Chair (to November 2019)*

Helen Jean Newman – *Vice Chair (December 7, 2019)*

Bradley Cross

Eldon Toner

George MacDonald

Ian G. Stead

Juan Estepa

Leah Grandy

Mary Ellen Vaughn

Susan Knight

Janice Allen-Scott (*December 7, 2019*)

Brenda Orr – *Interim CEO (April – November)*

Melanie Sloat – *Acting CEO (November 2019 – January 2020)*

Mary E. Baruth – *CEO (January 27, 2020)*

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

The operation of 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 come alive for every guest who visits Kings Landing.

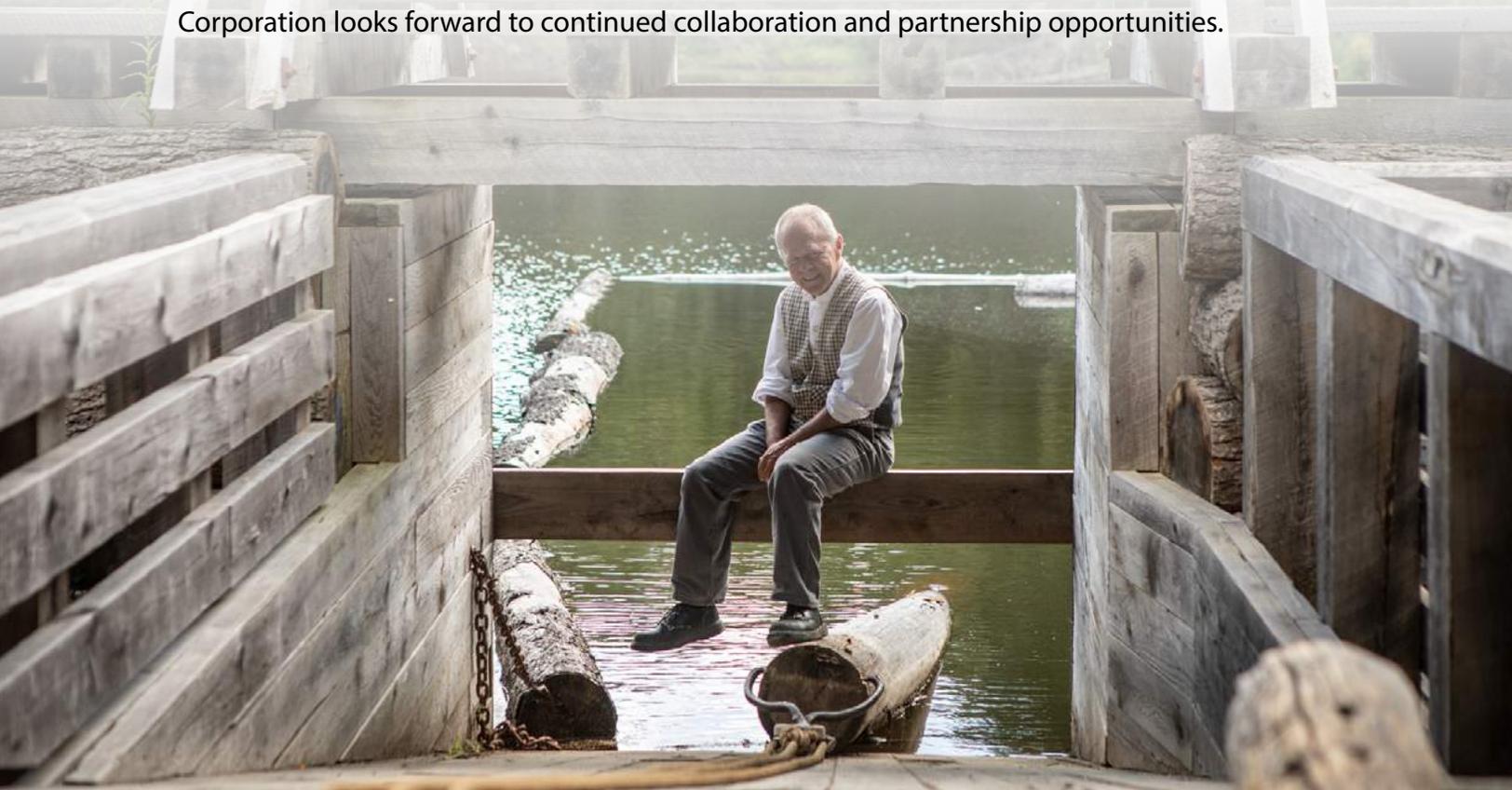
There were 164 employees at Kings Landing during the 2019-2020 fiscal year, including all seasonal, full-time, student and contract positions.



THANK YOU

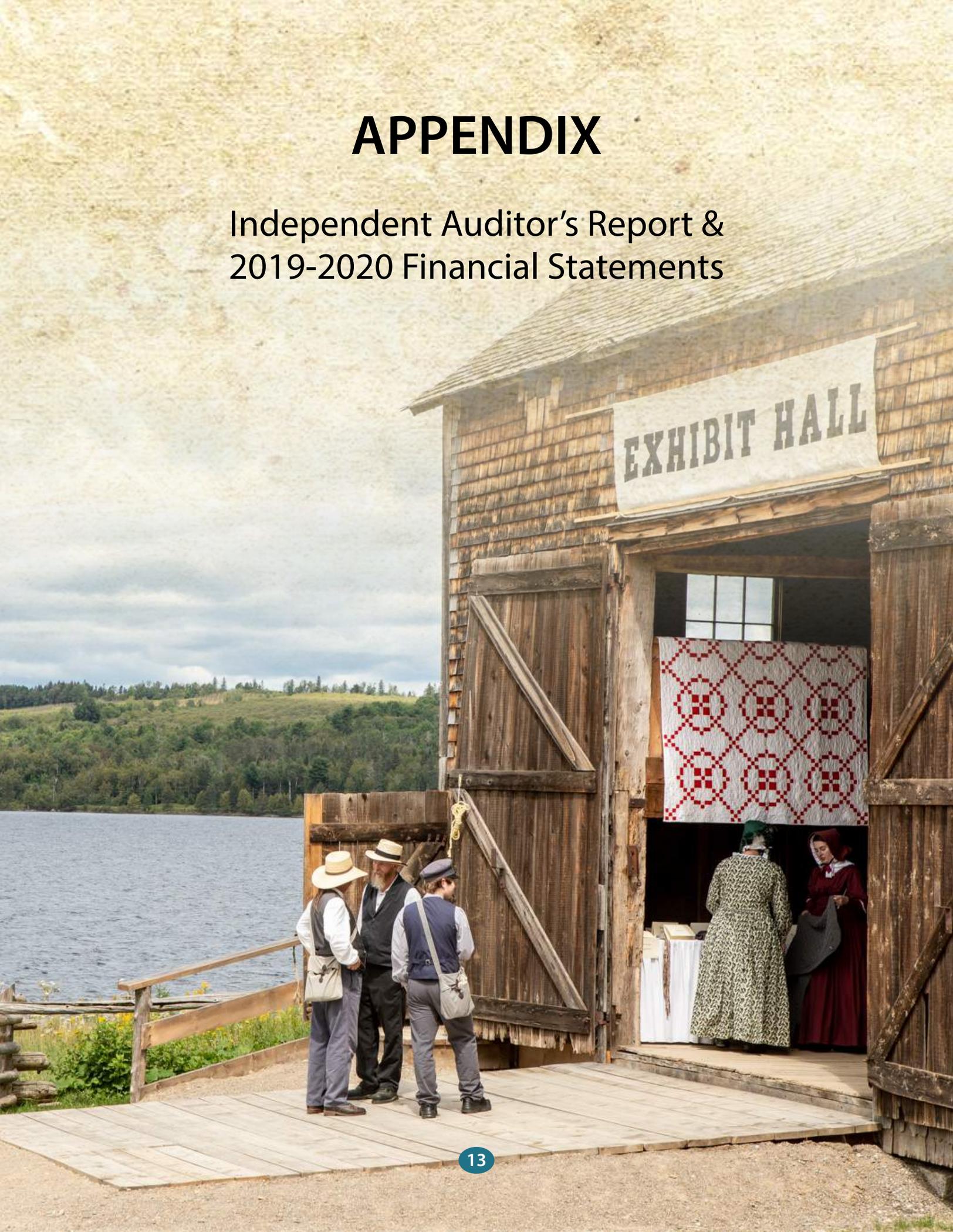
The success of Kings Landing is a direct result of the support and assistance the Corporation receives. The Corporation wishes to extend a thank you to all third-party partners, volunteers, guest interpreters, workshop instructors, vendors, construction workers, and other individuals and groups who contributed in all ways to Kings Landing during the 2019-2020 fiscal year.

The Corporation extends its deepest gratitude to the Kings Landing Foundation and the financial donors who have generously supported Kings Landing. Kings Landing is grateful for the continued support of the Government of New Brunswick, the Canadian Museum Association Young Canada Works Program and the Government of Canada's Canada Summer Jobs programs. Private support is critical to grow and provide an exceptional experience. The Corporation looks forward to continued collaboration and partnership opportunities.



APPENDIX

Independent Auditor's Report & 2019-2020 Financial Statements



FINANCIAL STATEMENTS

KINGS LANDING CORPORATION

3/31/2020

KINGS LANDING CORPORATION
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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Board of Directors of Kings Landing Corporation

Opinion

We have audited the financial statements of Kings Landing Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and change in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fredericton, New Brunswick
October 23, 2020



CHARTERED PROFESSIONAL ACCOUNTANTS

teed saunders | chartered professional
doyle | accountants
& advisors

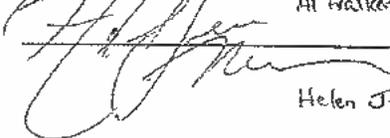
Kings Landing Corporation
Statement of Financial Position
As at 31 March

FINANCIAL ASSETS	2020	2019
Cash and cash equivalents	\$ 1,053,584	\$ 924,886
Accounts receivable	23,040	20,285
	<u>1,076,624</u>	<u>945,171</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	308,647	207,666
Working capital advance payable	200,000	200,000
Deferred revenue (Note 2)	6,615	44,644
	<u>515,262</u>	<u>452,310</u>
NET FINANCIAL ASSETS	<u>561,362</u>	<u>492,861</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	9,092	16,524
Inventories (Note 5)	73,515	88,793
Kings Landing Collection (Note 2)	1	1
Tangible capital assets (Note 7)	6,416,588	6,678,511
	<u>6,499,196</u>	<u>6,763,829</u>
ACCUMULATED SURPLUS	<u>\$ 7,060,558</u>	<u>\$ 7,256,690</u>

Contingent liabilities – Note 10
Significant event – Note 13

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

Approved by the Board

 Chairperson
 Allison Walker
 Attester
 Director
 Helen Jean Newman

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

	Budget 2020 (Note 9)	2020	2019
REVENUE			
Admissions	\$ 390,000	\$ 388,377	\$ 350,569
Gift Store	140,000	136,252	91,121
Food Services	615,000	587,278	604,658
Interpretation & education	80,000	77,255	76,525
Other Operating Revenue (Note 11)	205,000	95,342	94,126
	<u>1,430,000</u>	<u>1,284,504</u>	<u>1,216,999</u>
GRANTS			
Provincial – Operating	2,808,000	2,848,800	2,828,300
Provincial – Other (Note 4)	250,000	250,000	560,000
Employment Programs	25,000	29,647	37,912
	<u>3,083,000</u>	<u>3,128,447</u>	<u>3,424,212</u>
	<u>4,513,000</u>	<u>4,412,951</u>	<u>4,641,211</u>
EXPENSES			
Interpretation & education	1,641,001	1,470,011	1,461,293
Gift store	113,000	158,113	130,342
Maintenance	1,458,001	801,237	733,536
Security	207,000	316,227	251,679
Wardrobe	160,000	172,912	165,299
Collections management	84,000	76,902	80,668
Admissions	144,125	125,374	113,666
Public relations & marketing	98,875	99,161	122,831
Finance & administration	455,999	414,413	416,873
Food services	540,000	572,291	615,424
Amortization of tangible capital assets	-	402,442	403,595
	<u>4,902,001</u>	<u>4,609,883</u>	<u>4,495,206</u>
ANNUAL (DEFICIT) SURPLUS	<u>(389,001)</u>	<u>(196,132)</u>	<u>146,005</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>7,256,690</u>	<u>7,110,685</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 7,060,558</u>	<u>\$ 7,256,690</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 2020 (Note 9)	2020	2019
Net Financial Assets at beginning of year	\$492,861	\$ 492,861	\$ 385,393
Annual (deficit) surplus	(389,001)	(196,132)	146,005
Acquisition of tangible capital assets		(140,519)	(444,130)
Net disposal of tangible capital assets		-	1,907
Amortization of tangible capital assets		402,442	403,595
Net change in prepaid expenses		7,432	(11,317)
Net change in inventory		(4,722)	11,408
(Decrease) Increase in Net Financial Assets	(389,001)	68,501	107,468
Net Financial Assets at End of Year	\$ 103,860	\$ 561,362	\$ 492,861

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):		
Operating Activities	2020	2019
Annual (deficit) surplus	\$ (196,132)	\$ 146,005
Add items not involving cash:		
Amortization of tangible capital assets	402,442	403,595
Gain on disposal of tangible capital assets	-	(2,593)
(Decrease) increase of non-cash components of working capital (Note 12)	62,907	(216,174)
	<u>269,217</u>	<u>330,833</u>
Capital Activities		
Acquisition of tangible capital assets	(140,519)	(444,130)
Proceeds from disposal of tangible capital assets	-	4,500
	<u>-</u>	<u>4,500</u>
(DECREASE) INCREASE IN CASH	<u>128,698</u>	<u>(108,797)</u>
Cash and cash equivalents, beginning of year	\$924,886	1,033,683
	<u>\$1,053,584</u>	<u>\$924,886</u>

Cash and cash equivalents are represented by:

	2020	2019
Cash	\$ 109,592	\$ 94,565
Short term Investments	<u>943,992</u>	<u>830,321</u>
	<u>\$ 1,053,584</u>	<u>\$ 924,886</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.

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.

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.

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 \$9,757 (2019 -- \$1,164) 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, 2020. The Corporation has overdraft protection at a financial institution where interest is calculated at prime rate plus 1.5% per year.

Note 2 continued

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

Certain employees of Kings Landing Corporation are required to participate and receive pension benefits under the New Brunswick Public Service Pension Plan (NBPSPP). The NBPSPP is a multi-employer pension plan which targets a retirement benefit and is subject to legislation under the Provincial Pension Benefits Act and is subject to the Federal Income Tax Act. Employer contributions are paid and expensed by the Province on behalf of Kings Landing Corporation. Kings Landing 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 12.0% of pensionable earnings. Contributions are included in the Corporation's expenses and totaled \$160,650 (2019 – \$139,681).

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 \$31,276 (2019 – \$13,090).

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 \$62,253 (2019 – \$67,383).

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 costs and liability associated with the plan is not the responsibility or obligation of Kings Landing Corporation and is recorded by the Province in its financial statements. Retirement allowance paid out for the year is \$30,314 (2019 – \$nil).

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, capitalized labour, 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. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. 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. Assets under construction are not amortized until the asset is available for productive use. 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

	2020	2019
Employee benefits	\$ 165,029	\$ 108,830
Other accounts payable and accrued liabilities	143,618	98,836
	<u>\$ 308,647</u>	<u>\$ 207,666</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 \$196,331 (2019 – \$170,537). 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 \$2,848,800 (2019 – \$2,826,300), a capital grant of \$250,000 (2019 – \$560,000), and employment program funding of \$15,432 (2019 – \$15,072). 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 (2019 – \$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, and information technology services.

5. Inventories

	2020	2019
Gift store	\$ 32,239	\$ 25,952
Fabrics	7,679	9,536
Food and liquor	27,770	29,128
Other	9,444	7,795
Subtotal	<u>77,133</u>	<u>72,411</u>
Less: Provision for obsolescence	<u>(3,618)</u>	<u>(3,618)</u>
	<u>\$ 73,515</u>	<u>\$ 68,793</u>

6. Expenses by object

	2020	2019
Amortization	\$ 402,442	\$ 403,595
Salaries, wages and benefits	3,207,101	3,024,298
Cost of goods sold	226,580	220,109
Other expenses	772,960	847,204
	<u>\$ 4,609,083</u>	<u>\$ 4,495,206</u>

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7. Tangible capital assets

	Land	Buildings	Site Services	Mobile Equipment	Computer Hardware/Software	Office Furniture	Bridge	Work in Process Buildings	2020 Total	2019 Total
Estimated Useful Life/Depreciation %	5% / 30 years		20 - 30 years	5% - 20%	20%	20%	10 years			
Cost										
Opening Cost	1	8,774,691	211,567	465,963	211,179	31,659	636,752	108,727	10,440,539	10,006,514
Transferred from WIP	-	108,727	-	-	-	-	-	(108,727)	-	-
Additions net of disposal	-	90,890	4,861	42,930	1,838	-	-	-	140,519	444,130
Disposals	-	-	-	-	-	-	-	-	-	(10,105)
Closing Cost	1	8,974,305	216,428	508,893	213,017	31,659	636,752	-	10,581,058	10,440,539
Accumulated Amortization										
Opening Accumulated Amortization	-	3,069,067	74,743	315,635	114,455	28,940	159,188	-	3,762,028	3,366,631
Disposal	-	-	-	-	-	-	-	-	-	(8,198)
Amortization Expense	-	297,768	5,228	15,698	19,529	544	63,675	-	402,442	403,595
Closing Accumulated Amortization	-	3,366,835	79,971	331,333	133,984	29,484	222,863	-	4,164,470	3,762,028
Net Book Value	1	5,607,470	136,457	177,560	79,033	2,175	413,889	-	6,416,588	6,678,511

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:

- a) **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, 2020 is equal to the accounts receivable balance of \$23,040. Credit risk is not disbursed as the Federal government comprises a significant portion of the accounts receivable balance.
- b) **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.
- c) **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.
- d) **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.

11. Other operating revenue

	2020	2019
Donations	\$ -	\$ 7,527
General and interest	93,684	84,800
Rentals	1,658	1,799
	<u>\$ 95,342</u>	<u>\$ 94,126</u>

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12. Non-cash components of working capital

	2020	2019
Change in accounts receivable	\$ (2,755)	\$ 5,598
Change in prepaid expenses	7,432	(11,317)
Change in inventories	(4,722)	11,408
Change in accounts payable and accrued liabilities	100,981	(209,274)
Change in deferred revenue	(38,029)	(12,589)
	<u>\$ 62,907</u>	<u>\$ (216,174)</u>

13. Significant Event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial assets and condition of the Corporation in future periods.

KINGS LANDING

