

Marble Mountain Development Corporation

Annual Report 2017-18



Tourism, Culture, Industry and Innovation

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Message from the Chair

As Transitional Chair of the Marble Mountain Development Corporation, I am pleased to submit the Annual Report for the period May 1, 2017 to April 30, 2018. The annual plan is submitted in accordance with the obligation as a category two entity under the **Transparency and Accountability Act**, prepared under the direction of the Board.

Marble Mountain Resort has continued to contribute to the local economy and has partnered with transportation, retail, and activity operators to support the tourism industry on the west coast.

I extend my sincerest thanks to the Marble Mountain Development Corporation Board of Directors and employees for their talents, hard work, professionalism and commitment. This year was a transitional one for the organization and progress was made to improving operations and customer service.

My signature below is indicative of the entire Corporation's accountability for the preparation of this report and the results reported within.

Sincerely,

A handwritten signature in cursive script, appearing to read 'C. Murphy', with a horizontal line underneath.

Carmela Murphy, Transitional Board Chair

Marble Mountain Development Corporation

Overview

The Marble Mountain Development Corporation (MMDC) was established in April 1988 as a Crown corporation to plan and oversee the development of Marble Mountain as a destination attraction with the potential for multi-season operations. Beginning fiscal year 2017-18, the Corporation is directing its efforts toward accelerating commercial development of the built facilities and land base via the attraction of private sector investors and operators.

MMDC's management team consists of four full-time managers who oversee the year round operation of the resort and two seasonal full-time managers who assist in overseeing winter operations. The Corporation also employs 145 seasonal staff annually, the majority during the winter season. Summer operations of the resort consist of weddings, meetings, conferences, and Marble Zip Tours; Marble Zip Tours is run by a third-party operator. The majority of employees of MMDC are from the Humber Valley region.

During the fiscal year 2017-18, MMDC operated primarily from revenue generated from its own operations totaling \$2,446,680 and Provincial Government grants of \$1,256,400. MMDC's audited financial statements for the year ended April 30, 2018 are provided in Appendix B.

Governance

MMDC is governed by a Board of Directors appointed by the Lieutenant-Governor in Council in accordance with the requirements of the **Corporations Act**. The Board has by-laws to guide its operations and is accountable to the Provincial Government through the Minister of Tourism, Culture, Industry and Innovation. The Corporation is under the guidance of a transitional board. The interim chair of the board is Carmela Murphy and other members of the board as of April 30, 2018 included:

- Department of Tourism, Culture, Industry and Innovation Representatives: Carol-Ann Gilliard, Gillian Skinner, Andrea Dicks, Brent Decker and Jeff Mercer
- Department of Finance Representative: Craig Martin

Mandate

The mandate of MMDC is to market and promote the Marble Mountain Resort area to local users, visitors to the province, and potential business operators and to support the further development of the lands and facilities for commercial tourism operations by private interests.

Highlights and Partnerships

In 2017-18 MMDC continued to work with the Department of Tourism, Culture, Industry and Innovation (TCII) to advance its base area development plans. Marble Mountain Resort coordinated with the City of Corner Brook to host an event during Scotiabank Hockey Day in Canada. Marble Mountain Resort also partnered with Corner Brook Winter Carnival, which was the busiest week of the season at the Resort. The inaugural Race on the Rock and Snow Cross snowmobile event was also a success, held on April 14-15 in partnership with the Western Snow Riders.

For 2017-18, the number of ski days reached 73 down from 92 ski days in 2016-17. Skier visits reached 59,402 down 6.0 per cent from 2016-17. Total season passes sold were down 2.6 per cent and day lift tickets decreased by 13.9 per cent for the 2017-18 ski season.

Changes were implemented at Marble Mountain for the 2018 ski season that were intended to increase participation, bring ticket prices on par with other Atlantic Canadian ski resorts and offer more events at the hill. The changes were the product of feedback from users of Marble Mountain and a survey undertaken by the new board of directors. Both early bird and regular season pass prices were reduced for the 2018 season. Beginning on Sunday, October 1, Marble Mountain skiers were able purchase early bird season passes and save \$100 off the price of a regular season pass. At the Cookhouse and the Knotty Pine Lounge, new cafeteria and bar menus with more affordable options were introduced with gluten free, vegetarian and vegan options.

Marble Mountain Resort partnered with Provincial Airlines for a lift ticket promotion. Fifty customers showed their Provincial Airlines boarding pass at Marble Mountain Resort to redeem a discount on full-day lift tickets.

Report on Performance

Issue One: Improving Operational Efficiency and Sustainability

MMDC is committed to achieving operational efficiency and sustainability and will work towards achieving this through improving its visitor experience, new marketing and operating strategies and new business partnerships to develop the base area of Marble Mountain Resort.

Goal: By April 30, 2020, MMDC will have implemented a three-year strategy for reducing operational expenditures, increasing revenues and will have identified investor interest in the operations and future development of the base area of Marble Mountain Resort.

Objective: By April 30, 2018, MMDC will have completed a comprehensive review of its expenditures and initiated a strategy to increase revenues and private sector development.

Indicator 1: Completed a review of MMDC's expenditures

MMDC completed a review of its expenditures and identified opportunities for savings and noted expenditures that needed to be further investigated.

Based on the review, during the 2017-18 ski season MMDC switched suppliers for employee uniforms resulting in approximately \$10,000 in savings; purchased a new lift ticket kiosk resulting in lower wages at the ticket counter; and, installed new Wi-Fi hardware resulting in lower maintenance and repair costs. MMDC also worked with food and beverage suppliers to lower the cost of goods. This was achieved through partnerships with companies that provided products at a discounted rate and through finding lower price alternatives that met MMDC's quality standards. MMDC also reduced spoilage costs by modifying the menu to ensure products are used in multiple menu items.

Some of the expenditures that MMDC identified for further investigation to determine whether cost saving measures can be implemented are: point of sale software, computer maintenance, supplies, telephone, and hydro.

Indicator 2: Initiated a three-year strategy to increase revenues

MMDC initiated a three-year strategy to increase revenues. MMDC identified slow periods during the ski season and offered discounts and promotions to entice customers to visit the Resort. The discounts and promotions included scratch card discount days, local days,

educators' weekend, "Buy One Get One Free" on Tuesdays and Wednesdays, and throwback Thursday pricing.

MMDC created an events calendar with new and existing events. Some of the new events were added in an effort to attract new business. These events included a New Year's Eve family event, Light it Up Pink event to raise funds for breast cancer research, fat bike races, and Western Sno-Riders poker run.

Indicator 3: Facilitated private sector development

MMDC facilitated private sector development opportunities by posting an expression of interest to encourage proposals from interested parties in the private sector to build and operate summer, winter, and/or year-round sports and recreation activities to enhance the guest experience at Marble Mountain Resort.

MMDC also worked closely with TCII to develop a Request for Proposals (RFP) to seek private sector interest, which would be released in the summer of 2018. In preparation of the RFP, TCII and MMDC reviewed and assessed options for base area development, alternative management, and the potential lease or sale or other investment opportunities for the resort; completed a jurisdictional scan; and, conducted an analysis of the resort's primary assets.

2018-2019 Objective/Indicator

Objective: By April 30, 2019, MMDC will have identified investor's interest in the operation of existing facilities and/or new development of the base area.

Indicator: Released a public Request for Proposals to seek private sector investment opportunities for Marble Mountain Ski Resort.

APPENDIX A: VISITOR STATISTICS

Historical Overview of Selected Key Indicators 2014-15 to 2017-18

Indicator	2014-15	2015-16	Annual % ⁴	2016-17	Annual % ⁴	2017-18	Annual % ⁴
Skier Visits¹	61,931	63,870	+3.1	63,176	-1.1	59,402	-6.0
Ski Days²	87	74	-14.9	92	+24.3	73	-20.7
Average Per Ski Day³	712	863	+21.2	687	-20.4	814	+18.5

¹ A *skier visit* is an industry term used to denote one visit by a guest. A couple visiting Marble Mountain for one day would be two skier visits. Total skier visits are calculated by adding day pass sales to visits from season passes.

² A *ski day* is an industry term to denote the number of days that Marble Mountain was open for guests to ski.

³ Average per ski day is the number of skier visits divided by the number of ski days open

⁴ Annual % is the Increase (+) or Decrease (-) compared to the previous year.

Start Dates

2014-15: January 9th

2015-16: January 8th

2016-17: December 31st

2017-18: January 6th

Detailed Statistics 2014-15 to 2017-18

	2014-15	2015-16	% Change	2016-17	% Change	2017-18	% Change
Season Passes	1,872	2,058	+9.9	1,932	-6.1	1,881	-2.6
Day Lift Tickets	18,875	16,536	-12.4	18,740	+13.3	16,139	-13.9
Total Skier Visits	61,931	63,870	+3.1	63,176	-1.1	59,402	-6.0

*Total skier visits are calculated by adding day pass sales to visits from season passes. Season pass visitation at Marble Mountain is calculated by multiplying the number of season passes sold by 23. This is the average visits per season pass. This figure was derived by surveying season pass holders.

Season Pass Sales

	2014-15	% of Total	2015-16	% of Total	2016-17	% of Total	2017-18	% of Total
Student	133	7.1	102	4.9	90	4.7	81	4.3
Senior	66	3.5	68	3.3	60	3.1	61	3.2
Family	646	34.5	815	39.6	800	41.4	752	40.0
Adult	367	19.6	429	20.8	412	21.3	380	20.2
Youth	493	26.3	291	14.1	238	12.3	245	13.0
Child			160	7.7	129	6.7	123	6.5
Under 5*	44	2.4	78	3.8	78	4.0	105	5.6
80+/Comp	123	6.6	115	5.6	125	6.5	42	7.1
Total	1,872		2058		1932		1,881	

*Under 5 changed to 5 & Under for the 2017-18 ski season.

APPENDIX B: AUDITED FINANCIAL STATEMENTS

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
APRIL 30, 2018

STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of Marble Mountain Development Corporation and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Association of Chartered Professional Accountants of Canada.

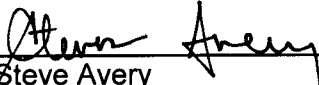
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board of Directors met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Bonnell Cole Janes, as the organization's appointed external auditors, have audited the financial statements. The Auditor's Report is addressed to the Board of Directors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the organization in accordance with Canadian generally accepted accounting principles.


Melissa Dwyer
General Manager

August 15, 2018
Date


Steve Avery
Manager of Finance and Administration

August 31, 2018
Date

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marble Mountain Development Corporation

We have audited the accompanying financial statements of Marble Mountain Development Corporation, which comprise the Statement of Financial Position as at April 30, 2018, the Statement of Operations, the Statement of Change in Net Financial Assets (Net Debt), the Statement of Cash Flows, a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

It is the responsibility of the management of Marble Mountain Development Corporation to ensure the accompanying financial statements have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. It is also management's responsibility to ensure appropriate systems of internal and administrative controls are maintained to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Auditor's Responsibility

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

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

Opinion

In our opinion these financial statements present fairly, in all material respects, the financial position of Marble Mountain Development Corporation as at April 30, 2018, and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Corner Brook,
Newfoundland and Labrador
August 8, 2018


CHARTERED PROFESSIONAL ACCOUNTANTS

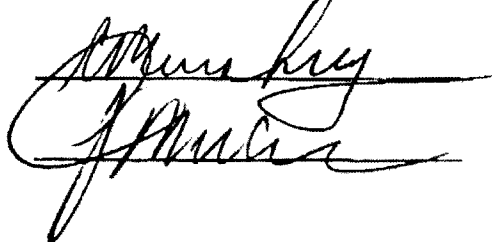
MARBLE MOUNTAIN DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2018

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MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash	\$ 4,259	\$ 4,500
Accounts receivable (Note: 3)	<u>82,070</u>	<u>693,009</u>
	<u>\$ 86,329</u>	<u>\$ 697,509</u>
LIABILITIES		
Bank indebtedness (Note: 8)	\$ 1,255,433	\$ 1,947,347
Accounts payable and accrued liabilities (Note: 5)	353,431	523,118
Deferred revenue (Note: 7)	40,271	54,515
Obligations under capital lease (Note: 6)	<u>235,877</u>	<u>352,359</u>
	<u>1,885,012</u>	<u>2,877,339</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (1,798,683)</u>	<u>\$ (2,179,830)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 13,152,634	\$ 14,399,010
Inventories held for use	31,788	30,742
Prepaid expenses (Note: 4)	<u>86,371</u>	<u>83,371</u>
	<u>\$ 13,270,793</u>	<u>\$ 14,513,123</u>
ACCUMULATED SURPLUS	<u>\$ 11,472,110</u>	<u>\$ 12,333,293</u>

APPROVED ON BEHALF OF BOARD:



See accompanying notes to the consolidated financial statements



MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
REVENUE			
Lift operations (Schedule 2)	\$ (447,624)	\$ (595,100)	\$ (332,532)
Rental and repair shop (Schedule 3)	98,061	99,570	94,386
Food and beverage (Schedule 4)	69,024	87,155	60,491
Ski school (Schedule 5)	6,570	(24,578)	2,549
Marketing (Schedule 6)	(149,650)	(92,395)	(191,169)
Marble Villa (Schedule 7)	<u>230,504</u>	<u>192,087</u>	<u>230,094</u>
	<u>(193,115)</u>	<u>(333,261)</u>	<u>(136,181)</u>
EXPENDITURES			
Labour	180,000	183,224	199,443
Interest on short-term debt	48,912	50,204	48,912
Professional Fees	25,000	21,005	15,800
Administration	31,744	19,212	22,830
Communications	13,193	13,445	13,760
Bad debts		11,794	6,145
Interest and bank charges	2,889	8,285	3,134
Miscellaneous	6,110	4,825	6,323
Interest on capital lease obligations		3,523	9,334
Travel and conference fees	4,902	2,796	7,460
Donations	<u>500</u>	<u> </u>	<u>500</u>
	<u>313,250</u>	<u>318,313</u>	<u>333,641</u>
EXCESS OF EXPENDITURES OVER REVENUE BEFORE CAPITAL GRANT, AMORTIZATION & OTHER			
	<u>(506,365)</u>	<u>(651,574)</u>	<u>(469,822)</u>
OTHER OPERATING:			
Gov. transfers-operating grant (Note:9)		706,400	306,400
Gov. transfers-marketing partnership (Note:9)	150,000	150,000	175,000
Marble Villa water maintenance			(103,697)
Flooding repairs		<u>(44,129)</u>	<u> </u>
	<u>150,000</u>	<u>812,271</u>	<u>377,703</u>
EXCESS OF EXPENDITURES OVER REVENUE BEFORE CAPITAL GRANT, AMORTIZATION & OTHER			
	<u>(356,365)</u>	<u>160,697</u>	<u>(92,119)</u>
CAPITAL GRANT, AMORTIZATION & OTHER:			
Gov. transfers - capital grant (Note:9)	300,000	400,000	400,000
Amortization of tangible capital assets		(1,425,337)	(1,410,006)
Gain on disposal of tangible capital assets		<u>3,457</u>	<u>3,115</u>
	<u>300,000</u>	<u>(1,021,880)</u>	<u>(1,006,891)</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (56,365)</u>	(861,183)	(1,099,010)
ACCUMULATED SURPLUS, beginning of the year		12,333,293	13,432,303
ACCUMULATED SURPLUS, end of the year	\$	<u>\$11,472,110</u>	<u>\$12,333,293</u>

See accompanying notes to the consolidated financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(56,365)</u>	\$ <u>(861,183)</u>	\$ <u>(1,099,010)</u>
Acquisition of tangible capital assets	(300,000)	(178,961)	(283,394)
Amortization of tangible capital assets		1,425,337	1,410,006
Loss (gain) on disposal of tangible capital assets		(3,457)	(3,115)
Proceeds on sale of tangible capital assets		3,457	10,039
(Increase) decrease in prepaid expenses		(3,000)	(5,313)
(Increase) decrease in inventories	<u> </u>	<u>(1,046)</u>	<u>6,787</u>
	<u>(300,000)</u>	<u>1,242,330</u>	<u>1,135,010</u>
CHANGE IN NET FINANCIAL ASSETS	\$ <u><u>(356,365)</u></u>	381,147	36,000
NET DEBT, BEGINNING OF THE YEAR		<u>(2,179,830)</u>	<u>(2,215,830)</u>
NET DEBT, END OF THE YEAR		\$ <u><u>(1,798,683)</u></u>	\$ <u><u>(2,179,830)</u></u>

See accompanying notes to the consolidated financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Annual surplus	\$ (861,183)	\$ (1,099,010)
Changes in non-cash items:		
Accounts receivable	610,939	(586,672)
Inventories	(1,046)	6,787
Prepays	(3,000)	(5,313)
Accounts payable and accrued liabilities	(169,687)	145,313
Deferred revenue	(14,244)	19,660
Loss (gain) on disposal of tangible capital assets	(3,457)	(3,115)
Amortization	<u>1,425,337</u>	<u>1,410,006</u>
Cash provided (used) in operating activities	<u>983,659</u>	<u>(112,344)</u>
INVESTING ACTIVITIES		
Proceeds on sale of tangible capital assets	3,457	10,039
Cash used to acquire tangible capital assets	<u>(178,961)</u>	<u>(205,129)</u>
Cash provided (used) in investing activities	<u>(175,504)</u>	<u>(195,090)</u>
FINANCING ACTIVITIES		
Repayment of obligations and capital leases	<u>(116,482)</u>	<u>(194,960)</u>
Cash provided (used) in financing activities	<u>(116,482)</u>	<u>(194,960)</u>
INCREASE (DECREASE) IN CASH	691,673	(502,394)
CASH DEFICIENCY, beginning of the year	<u>(1,942,847)</u>	<u>(1,440,453)</u>
CASH DEFICIENCY, end of the year	<u>\$ (1,251,174)</u>	<u>\$ (1,942,847)</u>
CASH CONSISTS OF:		
Cash in banks	\$ 4,259	\$ 4,500
Bank indebtedness	<u>(1,255,433)</u>	<u>(1,947,347)</u>
	<u>\$ (1,251,174)</u>	<u>\$ (1,942,847)</u>

See accompanying notes to the consolidated financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2018

1. Status of the Marble Mountain Development Corporation

Marble Mountain Development Corporation is an "Other Government Organization" (OGO) and operates under the provisions of the Corporations Act of the Province of Newfoundland and Labrador. The organization is a not-for-profit under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The principal activity of the organization is managing and controlling the development of the Marble Mountain area.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Public Sector Accounting Standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

(a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

(b) Financial Assets

Cash quoted in an active market are measured at fair value. Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

(c) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(d) Inventories

Inventories held for sale are recorded at the lower of cost and net realizable value. Cost is determined on the first-in-first-out basis based on the supplier invoiced cost.

(Cont'd)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2018

2. Significant Accounting Policies (Cont'd)

(e) Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligible criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is put into use and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land	Indefinite
Area Improvements	30 years
Buildings	40 years
Computer Equipment	3 years
Equipment under Capital Lease	3-10 years
Furniture and Fixtures	5 years
Lifts	30 years
Rental Equipment	3 years
Signs	5 years
Vehicles	3-20 years
Uniforms	3 years

(g) Revenue Recognition

Revenues are recognized when the significant risks and rewards of ownership have been completed and there are no other significant obligations remaining, the sales and service prices are fixed and determinable, persuasive evidence of an arrangement exists and collectability is reasonably assured. This usually occurs at the time the sales and services are provided.

(h) Use of Estimates

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

(Cont'd)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2018

2. Significant Accounting Policies (Cont'd).

(i) Leased assets

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of the property are accounted for as capital leases. These assets are amortized in a manner consistent with tangible capital assets owned by the organization, and the obligation, including interest, is liquidated over the term of the lease. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

3. Accounts Receivable

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 76,471	\$ 811,623
HST rebate	2,086	(122,127)
Other receivables	<u>3,513</u>	<u>3,513</u>
	<u>\$ 82,070</u>	<u>\$ 693,009</u>

4. Prepaid expenses

	<u>2018</u>	<u>2017</u>
Insurance	\$ 79,090	\$ 77,492
Computer maintenance	5,346	5,437
Advertising	1,493	
Lease deposit	<u>442</u>	<u>442</u>
	<u>\$ 86,371</u>	<u>\$ 83,371</u>

5. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 329,406	\$ 490,568
Government remittances payable	10,107	20,816
Other payables	<u>13,918</u>	<u>11,734</u>
	<u>\$ 353,431</u>	<u>\$ 523,118</u>

6. Obligations under capital lease

	<u>2018</u>	<u>2017</u>
National Leasing lease bearing interest at 0% per annum, repayable in monthly payments of \$6,399. The lease matures March 1, 2021 and is secured by a charge over specific equipment.	\$ 170,619	\$ 247,410
National Leasing lease bearing interest at 6.485% per annum, repayable in monthly payments of \$1,532. The lease matures on January 1, 2021 and is secured by a charge over specific equipment.	46,196	61,059

(Cont'd)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2018

6. Obligations under capital lease (Cont'd)

	<u>2018</u>	<u>2017</u>
National Leasing lease bearing interest at 0% per annum, repayable in monthly payments of \$384. The lease matures on January 1, 2020 and is secured by a charge over specific equipment.	7,685	12,295
National Leasing lease bearing interest at 0% per annum, repayable in monthly payments of \$1,685. The lease matures on November 1, 2018 and is secured by a charge over specific equipment.	<u>11,377</u>	<u>31,595</u>
	<u>\$ 235,877</u>	<u>\$ 352,359</u>

Future minimum capital lease payments for subsequent years are as follows:

2019	\$ 108,635
2020	96,780
2021	<u>30,462</u>
	<u>\$ 235,877</u>

7. Deferred Revenue

The organization has on deposit funds collected for events not yet held and unused gift cards sold. There is also nonmonetary consideration received for advertising revenue not yet earned. The balance of \$40,271 will be recognized in revenue in 2019.

8. Bank Indebtedness

The line of credit has an authorized limit in the amount of \$2,087,000 (2017 - \$2,087,000) and bears an interest at the bank's prime rate. It is secured by a Provincial Government guarantee and a letter of indemnity and an overdraft agreement signed by the Board of Directors.

	<u>2018</u>	<u>2017</u>
Current bank account (overdraft)	\$ (122,283)	\$ 70,042
Operating line of credit	<u>(1,133,150)</u>	<u>(2,017,389)</u>
	<u>\$ (1,255,433)</u>	<u>\$ (1,947,347)</u>

9. Government transfers

	<u>2018</u>	<u>2017</u>
Provincial administrative operating grant	\$ 706,400	\$ 306,400
Capital grants	<u>400,000</u>	<u>400,000</u>
	1,106,400	706,400
Provincial marketing grant	<u>150,000</u>	<u>175,000</u>
	<u>\$ 1,256,400</u>	<u>\$ 881,400</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2018

10. Patrol operating expenses

	<u>2018</u>	<u>2017</u>
Labour	\$ 84,162	\$ 83,158
Supplies	11,517	13,432
Telephone	824	670
Radio rental	1,320	1,170
Sundry	<u>990</u>	<u>875</u>
	<u>\$ 98,813</u>	<u>\$ 99,305</u>

11. Financial instrument risk management

The organization, as part of its operations, carries a number of financial instruments and as such is exposed to credit risk, liquidity risk, and interest rate risk. This note describes the organization's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect to these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The organization places its operating and reserve cash with high quality institutions and believes its exposure to this risk is not significant. The organization's maximum exposure to credit risk at the financial statement date is the carrying value of cash and accounts receivable as presented on the statement of financial position.

At year end, the amounts outstanding are as follows:

	<u>2018</u>	<u>2017</u>
Current	\$ 10,702	\$ 592,902
31 to 60 days	16,151	28,590
61 to 90 days	11,278	38,401
Over 90 days	<u>43,939</u>	<u>33,116</u>
	<u>\$ 82,070</u>	<u>\$ 693,009</u>

At year end, management has determined that all accounts receivable amounts are collectible. There have been no changes from the prior year in the organization's policies, procedures and methods used to manage and measure risk.

The organization's exposure to credit risk has significantly decreased from the prior year as the balance of accounts receivable has decreased.

Liquidity Risk

Liquidity risk is the risk that the corporation will not be able to meet its obligations as they come due. Liquidity risk also includes the risk that the organization is not able to liquidate assets in a timely manner at a reasonable price. The organization is exposed to liquidity risk through its accounts payable, bank indebtedness, and capital lease obligations.

(Cont'd)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2018

11. Financial instrument risk management (Cont'd)

Marble Mountain Development Corporation manages this risk by monitoring cash activities and expected outflows through budgeting. The organization measures its exposure to liquidity risk based on cash flow.

There have been no changes from the prior year in the organization's policies, procedures and methods used to manage and measure risk.

The organization's exposure to liquidity risk has significantly decreased from the prior year as the balance of accounts payable has decreased.

Fair value

The fair value of cash, accounts receivable and accounts payable is approximately equal to their carrying value given their short-term maturity date.

12. Comparative Figures

Some of the 2017 figures presented for comparative purposes have been restated to conform with the financial statement presentation adopted in the current year. The comparative figures presented for 2017 were not audited by our firm but were audited by another independent Chartered Professional Accountant.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
APRIL 30, 2018

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED APRIL 30, 2018
SCHEDULE 1

	Totals											
	Area Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Equipment under Capital Lease	Furniture and Fixtures	Lifts	Rental Equipment	Signs	Uniforms	2018	2017
Opening costs	\$ 10,757,200	\$ 10,895,686	\$ 8,566,073	\$ 166,333	\$ 1,055,817	\$ 857,985	\$ 7,470,807	\$ 179,222	\$ 96,781	\$	\$ 40,045,904	\$ 39,776,361
Additions during the year	10,000	47,763	13,826	28,144		12,812	28,663	24,563	13,190	178,961		283,394
Disposals and write downs			(7,000)					(1,457)		(8,457)		(13,849)
Closing costs	10,767,200	10,943,449	8,572,899	194,477	1,055,817	870,797	7,499,470	202,328	96,781	13,190	40,216,408	40,045,906
Accumulated Amortization												
Opening accumulated amortization	(8,263,920)	(5,462,238)	(7,486,279)	(166,333)	(562,084)	(844,577)	(2,600,298)	(164,384)	(96,781)	(25,646,894)	(24,243,814)	
Amortization	(358,740)	(272,989)	(430,321)	(4,691)	(94,486)	(7,071)	(244,673)	(10,168)	(2,198)	(1,425,337)	(1,410,006)	
Disposals and write downs			7,000					1,457		8,457		6,924
Closing accumulated amortization	(8,622,660)	(5,735,227)	(7,909,600)	(171,024)	(656,570)	(851,648)	(2,844,971)	(173,095)	(96,781)	(2,198)	(27,063,774)	(25,646,896)
Net Book Value of Tangible Capital Assets	<u>\$ 2,144,540</u>	<u>\$ 5,208,222</u>	<u>\$ 663,299</u>	<u>\$ 23,453</u>	<u>\$ 399,247</u>	<u>\$ 19,149</u>	<u>\$ 4,654,499</u>	<u>\$ 29,233</u>	<u>\$</u>	<u>\$ 10,992</u>	<u>\$ 13,152,634</u>	<u>\$ 14,399,010</u>

See accompanying notes to the consolidated financial statements



MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE 2

SCHEDULE OF LIFT OPERATIONS FOR THE YEAR ENDED APRIL 30, 2018

	<u>2018</u>	<u>2017</u>
REVENUE		
Season passes	\$ 512,246	\$ 558,583
Lift tickets	396,822	556,615
Miscellaneous	63,118	62,012
Locker rental	43,725	43,323
Children's Centre	<u>10,608</u>	<u>12,219</u>
	<u>1,026,519</u>	<u>1,232,752</u>
EXPENDITURES		
Snow making		
Electricity	77,363	33,077
Labour services	701	9,114
Equipment maintenance	45,145	55,677
Maintenance		
Building	74,522	66,195
Slopes	35,507	79,166
Vehicle operating		
Repairs	51,420	31,661
Fuel	56,327	56,106
Management contract	145,600	117,600
Labour	496,227	476,094
Insurance	120,067	114,034
Heating and electricity	118,153	86,297
Lift repairs	102,426	105,860
Snow clearing	46,320	47,813
Supplies	25,646	49,560
Interest and bank charges	31,367	30,268
Miscellaneous	28,320	32,288
Municipal fees	27,826	24,000
Communications	12,475	12,079
Equipment rental	9,724	8,136
Uniforms	4,195	14,643
Patrol expenses (Note 10)	98,813	99,305
Children's centre	13,176	16,012
Security	<u>299</u>	<u>299</u>
	<u>1,621,619</u>	<u>1,565,284</u>
DEFICIT FROM OPERATIONS	\$ <u>(595,100)</u>	\$ <u>(332,532)</u>

See accompanying notes to the consolidated financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE 3

**SCHEDULE OF RENTAL AND REPAIR SHOP OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2018**

	<u>2018</u>	<u>2017</u>
REVENUE		
Rentals	\$ 164,198	\$ 166,140
Repairs	<u>10,538</u>	<u>10,858</u>
	<u>174,736</u>	<u>176,998</u>
EXPENDITURES		
Labour	68,736	76,655
Interest and bank charges	3,403	3,148
Supplies	2,287	2,487
Communications	508	322
Miscellaneous	<u>232</u>	<u> </u>
	<u>75,166</u>	<u>82,612</u>
SURPLUS FROM OPERATIONS	<u>\$ 99,570</u>	<u>\$ 94,386</u>

See accompanying notes to the consolidated financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE 4

SCHEDULE OF FOOD AND BEVERAGE OPERATIONS FOR THE YEAR ENDED APRIL 30, 2018

	<u>2018</u>	<u>2017</u>
REVENUE	\$ 685,536	\$ 757,427
COST OF SALES	<u>285,786</u>	<u>350,378</u>
GROSS PROFIT	<u>399,750</u>	<u>407,049</u>
EXPENDITURES		
Labour	240,462	264,998
Supplies	20,836	23,404
Entertainment	18,360	11,000
Interest and bank charges	11,200	8,217
Miscellaneous	7,907	15,258
Security	6,735	4,566
Repairs and maintenance	3,891	11,217
Utilities	1,368	3,218
Communications	1,336	4,593
Licenses and fees	<u>500</u>	<u>87</u>
	<u>312,595</u>	<u>346,558</u>
SURPLUS FROM OPERATIONS	<u>\$ 87,155</u>	<u>\$ 60,491</u>

See accompanying notes to the consolidated financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE 5

**SCHEDULE OF SKI SCHOOL OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2018**

	<u>2018</u>	<u>2017</u>
REVENUE	\$ <u>114,061</u>	\$ <u>116,185</u>
EXPENDITURES		
Labour	124,596	105,355
Uniforms		4,538
Krunchers Club	6,813	369
Miscellaneous	2,848	1,535
Supplies	2,813	557
Communications	849	678
Training	<u>720</u>	<u>604</u>
	<u>138,639</u>	<u>113,636</u>
(DEFICIT) SURPLUS FROM OPERATIONS	\$ <u>(24,578)</u>	\$ <u>2,549</u>

See accompanying notes to the consolidated financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE 6

SCHEDULE OF MARKETING OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2018

	<u>2018</u>	<u>2017</u>
REVENUE		
Sponsorships	\$ 26,000	\$ 29,300
Advertising	7,728	9,348
Miscellaneous	<u>1,385</u>	<u> </u>
	<u>35,113</u>	<u>38,648</u>
EXPENDITURES		
Marketing	58,186	146,524
Labour	45,621	66,258
Office and postage	16,413	6,646
Membership fees	3,509	2,233
Communications	2,982	3,160
Supplies	684	4,053
Miscellaneous	60	
Travel and meetings	53	23
Partnership contributions		500
Uniforms		174
Ski shows and familiarization tours	<u> </u>	<u>246</u>
	<u>127,508</u>	<u>229,817</u>
DEFICIT FROM OPERATIONS		
- BEFORE MARKETING GRANT	(92,395)	(191,169)
Marketing grant (Note: 9)	<u>150,000</u>	<u>175,000</u>
SURPLUS (DEFICIT) FROM OPERATIONS	<u>\$ 57,605</u>	<u>\$ (16,169)</u>

See accompanying notes to the consolidated financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE 7

**SCHEDULE OF MARBLE VILLA OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2018**

	<u>2018</u>	<u>2017</u>
REVENUE		
Occupancy	\$ 410,265	\$ 471,639
Miscellaneous	<u>450</u>	<u>307</u>
	<u>410,715</u>	<u>471,946</u>
EXPENDITURES		
Labour	89,036	107,672
Heat and light	35,402	35,951
Interest and bank charges	18,048	19,944
Miscellaneous	16,130	9,576
Repairs and maintenance	14,818	16,490
Supplies	9,499	18,447
Communications	8,759	8,002
Cable television	6,846	6,408
Marketing	1,142	1,145
Laundry	145	127
Insurance	<u>18,803</u>	<u>18,090</u>
	<u>218,628</u>	<u>241,852</u>
SURPLUS FROM OPERATIONS	<u>\$ 192,087</u>	<u>\$ 230,094</u>

See accompanying notes to the consolidated financial statements

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