

Marble Mountain Development Corporation

Annual Report 2016-17

Chairpersons Message

As Transitional Chair of the Marble Mountain Development Corporation (MMDC), I am pleased to submit the Annual Report for the period May 1, 2016 to April 30, 2017. The annual report 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 accommodation, transportation, retail, and activity operators to support the tourism industry on the west coast. Over the past three years MMDC has also continued to execute infrastructure improvements of the facilities and completed a base area development plan.

This reporting period has been a time of transition at the MMDC and it is with thanks to the management and staff of Marble Mountain Resort that I present this report. We, as Board Members, look forward to continuing our efforts to implement improvements to ensure the resort remains a valued recreation asset contributing to the western region economy.

My signature below is indicative of the entire Board'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 small horizontal line underneath the name.

Carmela Murphy, Transitional Board Chair
Marble Mountain Development Corporation

Overview

Marble Mountain Resort is located in Steady Brook, in the Humber Valley Region (HVR) of Western Newfoundland and was established in 1988 to develop the Marble Mountain ski facility into a year-round, full-service resort. The role of Government was to construct the initial critical mass of infrastructure in order to attract private sector investment.

The Marble Mountain Development Corporation (MMDC) was initially established in April 1988 as a Crown corporation to plan and oversee the development of Marble Mountain Resort as a destination attraction with the potential for multi-season operations.

MMDC's management team consists of five 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 operation 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.

As of April 30, 2017, MMDC had tangible capital assets with a book value of approximately \$14.4 million and a net financial debt of approximately \$2.2 million. MMDC received \$881,400 in government grants (\$306,400 operating, \$400,000 for capital, \$175,000 for marketing).

MMDC's audited financial statements for the year ended April 30, 2017 are provided in Appendix B.

Legislation

Legislative authority for the MMDC Board of Directors resides in its formation as a Non-Profit Development Corporation under the *Corporations Act* of Newfoundland and Labrador.

Mandate

The mandate of the MMDC is to serve as a catalyst for tourism development both locally and in the province as a whole. As stated in MMDC's Articles of Incorporation, the mandate of the Board is as follows:

- MMDC shall have marketing as an important priority of its mandate and shall designate a portion of its generated revenues solely to marketing;
- Promote the area as a four-season resort area;
- Actively pursue operators, tenants and/or owners to occupy the lands in the area for the following purposes:
 - Ski facilities
 - Summer activities and attractions
 - Accommodations and services
 - Any other activity consistent with the a four-season resort

Lines of Business

Alpine Activities and Services. Downhill skiing and snowboarding are the primary activities at the resort. To enhance the experience, MMDC offers equipment rentals and repairs, various forms of ski and snowboard instruction, child supervision, ski/snowboard locker rentals, and ski patrol (safety and first aid) services. The Marble Mountain Resort also hosts a terrain park (an area of the mountain with jumps and rail features) for skill progression and competitions. MMDC creates most of its sponsorship and advertising revenue during the ski and snowboard season through chairlift, digital, and some traditional advertising opportunities.

Meetings, Conferences and Special Events. MMDC plays host to weddings, meetings and conferences throughout the spring, summer and fall. During the winter season, Marble Mountain Resort hosts and or partners on events such as *Marble Cup Alpine Ski Races*, *Jibfest* (a terrain park competition for snowboarders), and *Old Sam Day* featuring ski and snowboard races.

Accommodations. Marble Villa is a 31 room accommodation set with condominium-style suites, which range in size from studios to two-bedroom units. These units are characterized as ski-in/ski-out, meaning that they are situated at the base of the mountain to allow easy access for skiing and snowboarding guests. Marble Villa is air-conditioned and opens year-round and is convenient for guests attending

weddings, meetings and conferences at the base lodge or as a central point to explore Western Newfoundland.

Food and Beverage. MMDC provides food and beverage services during the ski and snowboard season via the Cookhouse, a cafeteria-style outlet, and the Knotty Pine Lounge, a licensed bar area. MMDC also provides catering services for all special events held at the resort. From June to September, MMDC operates a barbecue on the deck of the base lodge to attract summer visitation.

Highlights and Partnerships

In 2016-17 MMDC continued to work with the Department of Tourism, Culture, Industry and Innovation (TCII) to implement a three year marketing plan and advance its base area development plans. Marble Mountain Resort coordinated with the Western Destination Management Organization (WDMO) to host Transworld Magazine to profile snowboarding in Western Newfoundland. Marble Mountain Resort also enhanced its partnership with Corner Brook winter carnival which was the busiest week of the season for the Marble Mountain Resort. The inaugural *Race on the Rock and Snow Cross* snowmobile event was also a success, held on April 8th and 9th in partnership with the Western Snow Riders.

For 2016-17 the number of ski days reached 92 up from 74 ski days in 2015-16. Skier visits reached 63,176 down 1.1 per cent from 2015-16. While total season passes sold were down 6.1 per cent, day lift tickets increased 13 per cent for the 2016-17 ski season. With respect to markets, resident ski visits reached 13,311, up from 12,981 in 2015-16 and non-resident ski visits increased 92 per cent from 1,369 in 2015-16 to 2,634 ski visits in 2016-17.

The number of fly and ski packages sold increased 37 per cent and the Marble Villa occupancy rate increased 7 per cent while room revenue also increased 7 per cent.

In appreciation of all patrons and in recognition of the late season snow conditions, the Marble Mountain Resort reopened for the Easter Weekend from April 14 to 16, 2017. MMDC received positive feedback for this approach and the statistics for the weekend indicate that many patrons, both new and existing, took advantage of the opportunity.

Report on Performance

Issue 1: Strengthening Tourism Marketing and Business Development Partnerships

In 2016-17, MMDC continued to implement the marketing plan developed by m5 Marketing Communications in 2014-15 and worked to better align its marketing efforts with partners. Marble Mountain Resort continued its partnership with Four Season Tours to offer the resort's first guided snowmobile experience in the Humber Valley. This collaborative effort, which included snowmobile rentals and transportation through Marble Zip Tours, was another step forward in creating the best winter experience for guests. In addition, Marble Mountain Resort offered the Fly and Ski winter vacation packages.

The latest addition to Marble Mountain Resort's packaging mix was the Ultimate Adventure Package, which incorporated three of Western Newfoundland's premier winter activities: skiing, snowmobiling, and zip-lining. While all other package offerings pale in comparison to the number of basic Ski + Stay Package for room nights sold, the Ultimate Adventure Package proved to be popular among non-resident guests.

In partnership with the Western Destination Management Organization (WDMO), Marble Mountain Resort hosted a travel media group from Transworld Magazine for an article on snowboarding in Western Newfoundland. The content will also be part of a web series and there will be articles in both North American and German publications, along with multiple branded social media platforms.

The Janeway Benefit Concert hosted by Remax was a success and tickets sold out raising just over \$10,000 in support of the Janeway. Due to its success, Remax is considering making this an annual fundraising initiative at Marble Mountain Resort. Marble Mountain Resort also enhanced its partnership with Corner Brook winter carnival; the busiest week of the season for the Resort. Tubing and groomer rides were a huge hit that helped attract families and guests that do not ski or snowboard. The inaugural *Race on the Rock* and *Snow Cross* snowmobile event was also a success, held on April 8th and 9th in partnership with the Western Snow Riders.

Advertising agreements for 2016-17 were negotiated with Subway, Charleton Hobbs (Fireball), Iceberg Vodka, Browning Harvey and Shaw.

Goal 1 (2014-17): By April 30, 2017, MMDC will have achieved a coordinated and effective partnership with tourism industry partners in the region that maximizes promotion and development of MMDC

<p>Goal Indicator 1: Coordinated tourism marketing and advertising efforts</p>	<p>To coordinate and align marketing efforts, MMDC partnered with TCII Marketing Division to produce a TV advertisement and online social media videos profiling skiing and winter tourism experiences offered by the tourism industry including zip lining, snowmobiling, and events.</p> <p>This also included integrating skimarble.com packages and offers with Newfoundland and Labrador Tourism winter marketing campaigns and website.</p>
<p>Goal Indicator 2: Established new regional partnerships with tourism industry that addressed marketing and an improved customer experience</p>	<p>MMDC worked with TCII and established a new partnership with the Western Destination Management Organization (WDMO) to enhance online packages profile for Marble Mountain Resort and its partners and host travel media at the resort.</p>
<p>Goal Indicator 3: Developed a three-year marketing plan to establish coordinated marketing goals and activities</p>	<p>MMDC and m5 Marketing Communications created and finalized the three-year marketing plan and partnership strategy in October 2015. PAL Airlines Fly & Ski packages were promoted and reserved online at skimarble.com.</p>
<p>Goal Indicator 4: Increased outreach activities by MMDC in support of tourism operators</p>	<p>MMDC met with Humber Valley tourism operators in April 2015 to gain insight and input into their promotional goals. Marble Mountain Resort partnered with Western Snow Riders, the Janeway and others on new event opportunities.</p>
<p>Goal Indicator 5: Worked with industry to create and promote travel packages</p>	<p>MMDC Worked with PAL on a Fly & Ski package partnership with Marble Mountain Resort in 2014-15. MMDC partnered with Linkum Tours offering backcountry, cross-country, downhill skiing, and snowmobiling.</p>
<p>Goal Indicator 6: Integrated tourism industry packages and offers into the Marble Mountain website</p>	<p>Integrated skimarble.com packages and offers with newfoundlandlabrador.com winter marketing campaign.</p>

Objective (2016-17): By April 30, 2017, MMDC will have implemented the three year marketing plan.

Indicator 1: Executed co-operative marketing efforts	MMDC worked with TCII Tourism Marketing on package profiles and tourism operator experiences on newfoundlandlabrador.com and skimarble.com
Indicator 2: Made efforts to diversify partnerships with transportation, accommodation and experience operators	MMDC worked with event organizers: the Janeway, Western Snow riders, and Remax. Developed the Ultimate Adventure package which incorporated three of Western Newfoundland's premier winter activities: skiing, snowmobiling, and zip-lining
Indicator 3: Completed survey of Humber Valley Region to determine any changes in interest levels or desired tactics	An online survey was completed with 206 responses during Easter weekend. The feedback focussed on pricing, improvements to food and beverage and expanded services. This information will be used to inform improved services at Marble Mountain Resort for the 2017-18 season.

Issue 2: Developing and Enhancing Products and Experience

MMDC received interest from private sector parties during the planning period including a fishing retail outlet, new accommodations and a microbrewery. Although MMDC was not in a position to act on these opportunities, planning did progress towards issuing a formal request for proposals to seek business development opportunities.

The issue of land transfer and ownership of the base area around Marble Mountain Resort required approval before investment opportunities could move forward.

Goal 2 (2014-17): By April 30, 2017, the MMDC will have completed a comprehensive base area Master Plan and Development Strategy and private-sector investment will be sought to further develop the four-season resort.	
Goal Indicator 1: Comprehensive base area master plan and development strategy completed	Ecosign Mountain Resort Planners of Whistler, British Columbia was retained to provide a detailed, professional framework for land-assembly development as the first major step in soliciting private involvement. The report was completed in December 2014.
Goal Indicator 2: Priority business development opportunities identified	The Ecosign report identified opportunities for development to help guide MMDC and its existing stakeholders through short-term and longer-term decision-making regarding further developments at the resort. The report provides a blueprint employing a phased approach for encouraging increased investment.
Goal Indicator 3: Further development of the four-season resort identified	Opportunities were identified in the Ecosign report for new accommodation, food service, new events, and winter and summer activity such as tubing and mountain biking and the development did not occur in the reporting time frame.
Goal Indicator 4: Private-sector investment in priority development opportunities sought	A process to solicit private sector investment was developed but was not implemented in the reporting timeframe. The focus in 2016-17 was the transfer of ownership of the base area of Marble Mountain to MMDC. MMDC will continue to work through this process in 2017-18.

Objective (2016-17): By April 30, 2017 MMDC will have initiated private sector investment on recommended priority business development opportunities to further develop the four-season resort.

<p>Indicator 1: Worked with TCII to initiate a transfer of land situated at the base of Marble Mountain to facilitate private sector investment</p>	<p>Toward the end of the reporting period, Government approved the conveyance of land located at the base of Marble Mountain currently under the administration of Newfoundland and Labrador Housing (NLHC) to Marble Mountain Development Corporation.</p>
<p>Indicator 2: Initiated an RFP process to seek private sector investment interest</p>	<p>An RFP was initiated however it was not publicly released pending the land transfer completion.</p>
<p>Indicator 3: Worked with interested private sector investors for development of business opportunities at the base of Marble Mountain</p>	<p>The process and requirements for the land transfer delayed the issuance of the RFP in 2016-17. This work will continue in 2017-18.</p>

Opportunities and Challenges

Marble Mountain Development Corporation is undertaking a new approach to realize its full potential as a ski resort, to maximize the skier experience, as well as a need to be more responsive patrons and season pass holders. Due to the expiry of their appointments, the Marble Mountain Development Corporation Chair and Board of Directors were replaced on April 5th, 2017 as the Provincial Government had decided to move forward with a new direction and operating model for the Marble Mountain Resort.

In accordance with the Independent Appointments Commission Act, a merit-based appointment process is seeking new members for the Marble Mountain Development Corporation Board.

The Provincial Government also committed to an operational review of Marble Mountain to find a more financial sustainable model to make the resort self-sufficient and less reliant on subsidy. This new operational approach will look for ways to extend the season, expand hours, adopt technology and target new markets, while also exploring private investment interest in the resort. This will create new opportunities for area businesses and employment.

The MMDC is committed to achieving operational efficiency and sustainability. Over the next three years, it will achieve this through improving its visitor experience and exploring new revenue streams and opportunities at the resort including further base development.

APPENDIX A: VISITOR STATISTICS

Historical Overview of Selected Key Indicators 2012-13 to 2015-16

Indicator	2013-14	2014-15	Annual % ⁴	2015-16	Annual % ⁴	2016-17	Annual % ⁴
Skier Visits ¹	67,078	61,931	-7.7	63,870	+3.1	63,176	-1.1
Ski Days ²	85	87	+2.4	74	-14.9	92	+24.3
Average Per Ski Day ³	789	712	-9.8	863	+21.2	687	-20.4

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

2013-14: December 26th

2014-15: January 9th

2015-16: January 8th

2016-17: December 31st

Detailed Statistics 2012-13 to 2015-16

	2013-14	2014-15	% Change	2015-16	% Change	2016-17	% Change
Season Passes	2,060	1,872	-9.1	2058	+9.9	1932	-6.1
Day Lift Tickets	19,968	18,875	-5.8	16,536	-12.4	18,740	+13.3
Total Skier Visits	67,078	61,931	-7.8	63,870	+3.1	63,176	-1.1

*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

	2013-14	% of Total	2014-15	% of Total	2015-16	% of Total	2016-17	% of Total
Student	166	8.1	133	7.1	102	4.9	90	4.7
Senior	70	3.4	66	3.5	68	3.3	60	3.1
Family	821	39.9	646	34.5	815	39.6	800	41.4
Adult	442	21.5	367	19.6	429	20.8	412	21.3
Youth	526	25.7	493	26.3	291	14.1	238	12.3
Child					160	7.7	129	6.7
Under 5	30	1.5	44	2.4	78	3.8	78	4.0
80+/Comp	N/A	N/A	123	6.6	115	5.6	125	6.5
Total	2,060		1,872		2058		1932	

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**Financial Statements
For the Year Ended April 30, 2017**

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Financial Statements For the Year Ended April 30, 2017

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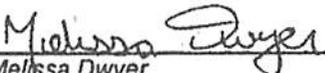
STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of the management of the *Marble Mountain Development Corporation* and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards as recommended by the 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.

BDO Canada LLP as the Organization's appointed external auditors, have audited the financial statements. The Auditor's Report is addressed to the General Manager and 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 public sector accounting standards.



Melissa Dwyer
General Manager



Steve Avery
Manager of Finance and Administration



Tel: 709-634-1590
Fax: 709-634-1599
www.bdo.ca

BDO Canada LLP
50 Main Street, Suite 300
Corner Brook NL A2H 1C4 Canada

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, 2017 and the statements of operations, change in net debt, and cash flow 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2017 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.

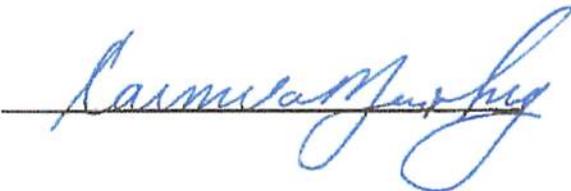
Corner Brook, NL
October 20, 2017


BDO Canada LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
As at April 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash	\$ 4,500	\$ 3,000
Accounts receivable (Note 6)	<u>693,009</u>	<u>106,337</u>
	697,509	109,337
LIABILITIES		
Bank Indebtedness (Note 2)	1,947,347	1,443,453
Accounts payable and accrued liabilities	523,119	377,804
Deferred revenue	54,515	34,855
Obligations under capital lease (Note 3)	<u>352,359</u>	<u>469,055</u>
	2,877,340	2,325,167
NET DEBT	<u>(2,179,831)</u>	<u>(2,215,830)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	14,399,010	15,532,547
Inventories held for use	30,743	37,530
Prepaid expenses	<u>83,373</u>	<u>78,056</u>
	14,513,126	15,648,133
ACCUMULATED SURPLUS	<u>\$ 12,333,295</u>	<u>\$ 13,432,303</u>

Approved on behalf of Board:




MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
Year Ended April 30, 2017

	Budget (Note 6)	2017	2016
REVENUES			
Lift operations (Schedule 2)	\$ (358,485)	\$ (375,855)	\$ (281,993)
Repair shop (Schedule 3)	32,970	31,368	31,726
Rental (Schedule 4)	109,176	106,342	115,793
Food and beverages (Schedule 5)	166,352	59,756	115,893
Ski school (Schedule 6)	12,299	2,549	12,874
Marketing (Schedule 7)	(51,525)	(191,169)	(223,793)
Marble villa (Schedule 8)	284,407	230,094	201,941
	<u>195,194</u>	<u>(136,915)</u>	<u>(27,559)</u>
EXPENSES			
Administration	11,771	22,830	28,557
Bad debts	-	6,145	452
Communications	13,709	13,760	13,758
Donations	-	500	5,195
Interest and bank charges	1,891	3,134	970
Interest on short-term debt	41,556	48,912	45,333
Interest on capital leases obligations	10,120	9,334	10,121
Labour	200,864	199,441	194,467
Miscellaneous	14,346	5,589	5,790
Professional fees	4,211	15,800	4,211
Travel and conference	3,926	7,460	10,092
	<u>302,394</u>	<u>332,905</u>	<u>318,946</u>
EXCESS OF EXPENSES OVER REVENUE			
- BEFORE OTHER OPERATING, CAPITAL GRANT, AMORTIZATION, & OTHER	<u>(107,200)</u>	<u>(469,820)</u>	<u>(346,505)</u>
OTHER OPERATING:			
Government transfers - operating grant (Note 4)	306,407	306,400	306,400
Government transfers - marketing grant (Note 4)	-	175,000	175,000
Business interruption insurance proceeds	-	-	125,449
Marble Villa water maintenance	-	(103,697)	(84,027)
	<u>306,407</u>	<u>377,703</u>	<u>522,822</u>
EXCESS OF EXPENSES OVER REVENUE			
- BEFORE CAPITAL GRANT, AMORTIZATION, & OTHER	<u>199,207</u>	<u>(92,117)</u>	<u>176,317</u>
CAPITAL GRANT, AMORTIZATION, & OTHER:			
Government transfers - capital grant (Note 4)	-	400,000	450,000
Amortization of tangible capital assets	-	(1,410,006)	(1,471,166)
Amortization of uniforms	-	-	(9,261)
Forgivable loan (Note 4)	-	-	300,000
Gain on disposal of tangible capital assets	-	3,115	19,182
	<u>-</u>	<u>(1,006,891)</u>	<u>(711,245)</u>
ANNUAL SURPLUS (DEFICIT)	199,207	(1,099,008)	(534,928)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>13,432,303</u>	<u>13,432,303</u>	<u>13,967,231</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 13,631,510</u>	<u>\$ 12,333,295</u>	<u>\$ 13,432,303</u>

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CHANGE IN NET DEBT
Year Ended April 30, 2017

	<u>2017</u>	<u>2016</u>
ANNUAL SURPLUS (DEFICIT)	\$ (1,099,008)	\$ (534,928)
Acquisition of tangible capital assets	(283,394)	(967,186)
Amortization of tangible capital assets	1,410,006	1,471,166
Loss (gain) on disposal of capital assets	(3,115)	(19,182)
Proceeds on disposal of tangible capital assets	10,039	31,195
Disposal of asset under capital lease	-	16,933
Increase in prepaid expenses	(5,313)	(58,145)
Decrease (increase) in inventories held for use	6,787	(11,391)
	<u>1,135,010</u>	<u>463,390</u>
CHANGE IN NET FINANCIAL ASSETS	36,002	(71,538)
NET DEBT, BEGINNING OF YEAR	(2,215,830)	(2,144,292)
NET DEBT, END OF YEAR	<u>\$ (2,179,831)</u>	<u>\$ (2,215,830)</u>

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOW
Year Ended April 30, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Annual surplus	\$ (1,099,008)	\$ (534,928)
Items not affecting cash		
Amortization of tangible assets	1,410,006	1,471,166
Amortization of uniforms	-	(9,261)
Gain on disposal of capital assets	(3,115)	(19,182)
Forgiveness of long-term debt	-	(300,000)
Changes in non-cash items		
Accounts receivable	(586,672)	134,391
Accounts payable and accrued liabilities	145,311	(280,468)
Deferred revenue	19,660	12,540
Prepaid expenses	(5,313)	(48,884)
Inventory	6,787	(11,391)
	<u>(112,344)</u>	<u>413,983</u>
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(205,129)	(544,264)
Proceeds on disposal of tangible capital assets	10,039	7,195
	<u>(195,090)</u>	<u>(537,069)</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(194,960)	(83,606)
	<u>(194,960)</u>	<u>(83,606)</u>
INCREASE (DECREASE) IN CASH POSITION	(502,394)	(206,692)
CASH DEFICIENCY, BEGINNING OF YEAR	<u>(1,440,453)</u>	<u>(1,233,761)</u>
CASH DEFICIENCY, END OF YEAR	<u>\$ (1,942,847)</u>	<u>\$ (1,440,453)</u>
REPRESENTED BY		
Cash	\$ 4,500	\$ 3,000
Bank indebtedness	(1,947,347)	(1,443,453)
	<u>\$ (1,942,847)</u>	<u>\$ (1,440,453)</u>

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended April 30, 2017

1. Significant accounting policies

a) Management's responsibility for the financial statements

The financial statements of the Organization are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. Marble Mountain Development Corporation ("the Organization") 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 for income taxes, provided certain requirements of the Income Tax Act are met.

b) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis based on supplier invoiced cost.

c) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to the acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Area Improvements	30 years
Buildings	15-40 years
Computer Equipment	3 years
Equipment under Capital Lease	10 years
Furniture and fixtures	5 years
Lifts	30 years
Rental Equipment	3 years
Signs	5 years
Vehicles	3-20 years

d) Revenue recognition

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended April 30, 2017

1. Significant accounting policies (continued)

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) Leased assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Organization, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases and the rental costs are expensed as incurred.

g) Financial instruments

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.

l) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for use in the normal course of operations.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended April 30, 2017

2. Bank indebtedness

The line of credit has an authorized limit in the amount of \$2,087,000 (2016- \$2,087,000) and bears 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.

3. Obligations under capital lease

	2017	2016
National Leasing lease bearing interest at 0% per annum, repayable in monthly blended payments of \$6,399. The lease matures on February 1, 2021 and is secured by a charge over specific equipment.	\$ 247,410	\$ 324,202
National Leasing lease bearing interest at 6.485% per annum, repayable in monthly blended payments of \$1,532. The lease matures on December 15, 2020 and is secured by a charge over specific equipment.	61,059	-
National Leasing lease bearing interest at 0% per annum, repayable in monthly blended payments of \$384. The lease matures on December 23, 2019 and is secured by a charge over specific equipment.	12,295	-
National Leasing lease bearing interest at 0% per annum, repayable in monthly payments of \$1,685. The lease matures on October 1, 2018 and is secured by a charge over specific equipment.	31,595	51,813
National Leasing lease terminated during the year.	-	93,040
	\$ 352,359	\$ 469,055

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

2018	\$ 119,482
2019	111,635
2020	99,780
2021	21,462

The Organization has purchase options for all capital leases.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended April 30, 2017

4. Government transfers

	2017	2016
Provincial administrative operating grant	\$ 306,400	\$ 306,400
Capital grants	400,000	450,000
	706,400	756,400
Forgivable loan	-	300,000
Provincial marketing grant (Schedule 7)	175,000	175,000
	\$ 881,400	\$ 1,231,400

5. Patrol operating expenses

	2017	2016
Labour	\$ 83,158	\$ 71,147
Supplies	13,432	7,418
Telephone	670	790
Radio Rental	1,170	640
Sundry	875	2,477
	\$ 99,305	\$ 82,472

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended April 30, 2017

6. Financial instrument risk management

The organization is exposed through operations to credit risk, liquidity risk, and interest rate risk from its financial instruments. 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 of these risks is presented below and throughout these financial statements.

Credit risk

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 maturities of the amounts outstanding are as follows:

	<u>2017</u>	<u>2016</u>
Current	\$ 592,902	\$ 40,641
31 to 60 days	28,590	26,919
61 to 90 days	38,401	8,175
Over 90 days	33,116	30,602
	<u>\$ 693,009</u>	<u>\$ 106,337</u>

At year end, management has determined all accounts receivable are collectible.

There have not been any changes from the prior year in the organization's policies, procedures and methods it uses to manage and measure the risk. The organization's exposure to credit risk has increased significantly from prior year as the balance of accounts receivable outstanding has increased.

Liquidity risk

with financial liabilities. The organization is exposed to liquidity risk through its accounts payable and bank indebtedness.

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended April 30, 2017

6. Financial instrument risk management (continued)

All accounts payable mature within 6 months.

There have not been any changes from the prior year in the organization's policies, procedures and methods it uses to manage and measure the risk. The client's exposure to liquidity risk has increased from prior year as the balance of accounts payable and bank indebtedness has increased.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk through its bank indebtedness.

There have not been any changes from the prior year in the organization's policies, procedures and methods it uses to manage and measure the risk. The client's exposure to interest rate risk has increased from prior year as the balance of bank indebtedness has increased.

7. Comparative figures

Some of the 2016 figures presented for comparative purposes have been restated to conform with the financial statement presentation adopted in the current year.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended April 30, 2017

(Schedule 1)

										Totals	
	Area Improvements	Buildings	Computer Equipment	Equipment Under Capital Lease	Furniture and Fixtures	Lifts	Rental Equipment	Signs	Vehicles	2017	2016
Cost											
Opening costs	\$ 10,757,200	\$ 10,853,624	\$ 166,333	\$ 1,036,722	\$ 850,113	\$ 7,470,807	\$ 160,998	\$ 96,782	\$ 8,383,782	\$ 39,776,361	\$ 39,215,370
Additions during the year	-	42,063	-	19,095	7,872	-	18,224	-	196,140	283,394	967,186
Disposals and write downs	-	-	-	-	-	-	-	-	(13,849)	(13,849)	(406,195)
Closing costs	<u>10,757,200</u>	<u>10,895,687</u>	<u>166,333</u>	<u>1,055,817</u>	<u>857,985</u>	<u>7,470,807</u>	<u>179,222</u>	<u>96,782</u>	<u>8,566,073</u>	<u>40,045,906</u>	<u>39,776,361</u>
Accumulated Amortization											
Opening account amortization	7,905,347	5,190,372	166,333	470,780	839,575	2,356,342	150,153	96,782	7,068,130	24,243,814	23,149,896
Amortization	358,573	271,867	-	91,304	5,002	243,956	14,231	-	425,073	1,410,006	1,471,166
Disposals and write downs	-	-	-	-	-	-	-	-	(6,924)	(6,924)	(377,248)
Closing account amortization	<u>8,263,920</u>	<u>5,462,239</u>	<u>166,333</u>	<u>562,084</u>	<u>844,577</u>	<u>2,600,298</u>	<u>164,384</u>	<u>96,782</u>	<u>7,486,279</u>	<u>25,646,896</u>	<u>24,243,814</u>
Net Book Value of Tangible Capital Assets	<u>\$ 2,493,280</u>	<u>\$ 5,433,448</u>	<u>\$ -</u>	<u>\$ 493,733</u>	<u>\$ 13,408</u>	<u>\$ 4,870,509</u>	<u>\$ 14,838</u>	<u>\$ -</u>	<u>\$ 1,079,794</u>	<u>\$ 14,399,010</u>	<u>\$ 15,532,547</u>

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF LIFT OPERATIONS
Year Ended April 30, 2017

(Schedule 2)

	2017	2016
Revenue		
Lift ticket revenue	\$ 556,615	\$ 518,506
Season pass revenue	558,583	590,065
Children center revenue	12,219	8,591
Miscellaneous revenue	62,012	59,338
	1,189,429	1,176,500
Expenditures		
Children's center	16,012	13,022
Communications	12,079	10,739
Management contract	117,600	103,600
Equipment rental	8,136	3,411
Heating and electricity	86,297	128,189
Insurance	114,034	97,436
Interest and bank charges	30,268	33,372
Labour	476,094	406,034
Lift repairs	105,860	31,792
Maintenance		
Building	66,195	61,742
Slopes	79,166	69,909
Miscellaneous	32,288	42,956
Municipal fees	24,000	24,000
Security	299	299
Patrol expenses (Note 5)	99,305	82,472
Snow clearing	47,813	30,240
Snowmaking		
Electricity	33,077	81,534
Labour	9,114	39,862
Equipment maintenance	55,677	52,739
Supplies	49,560	38,942
Vehicle operating		
Repairs	31,661	57,112
Fuel	56,106	42,515
Uniforms	14,643	6,576
	1,565,284	1,458,493
Deficit from operations	\$ (375,855)	\$ (281,993)

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF REPAIR SHOP OPERATIONS
Year Ended April 30, 2017

(Schedule 3)

	<u>2017</u>	<u>2016</u>
Revenue	\$ 54,181	\$ 51,889
Expenditures		
Labour	22,002	19,129
Supplies	811	1,034
	<u>22,813</u>	<u>20,163</u>
Income from operations	\$ 31,368	\$ 31,726

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF RENTAL OPERATIONS
Year Ended April 30, 2017

(Schedule 4)

	<u>2017</u>	<u>2016</u>
Revenue	\$ 166,140	\$ 160,521
Expenditures		
Communications	322	520
Labour	54,653	40,502
Interest and bank charges	3,148	2,643
Supplies	1,675	1,063
	<u>59,798</u>	<u>44,728</u>
Income from operations	\$ 106,342	\$ 115,793

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF FOOD AND BEVERAGE OPERATIONS
Year Ended April 30, 2017

(Schedule 5)

	2017	2016
Revenue	\$ 757,427	\$ 743,726
Cost of sales	350,378	315,337
Gross profit	407,049	428,389
Expenditures		
Communications	5,328	2,866
Entertainment	11,000	7,434
Interest and bank charges	8,217	6,392
Labour	264,998	234,534
Licenses and fees	87	800
Miscellaneous	15,258	22,356
Repairs and maintenance	11,217	7,773
Security	4,566	536
Supplies	23,404	28,070
Utilities	3,218	1,735
	347,293	312,496
Income from operations	\$ 59,756	\$ 115,893

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF SKI SCHOOL OPERATIONS
Year Ended April 30, 2017

(Schedule 6)

	<u>2017</u>	<u>2016</u>
Revenue	\$ 116,185	\$ 124,552
Expenditures		
Communications	678	798
Krunchers club	369	6,375
Labour	105,355	99,706
Miscellaneous	1,535	1,072
Supplies	557	2,350
Training	604	519
Uniforms	4,538	858
	<u>113,636</u>	<u>111,678</u>
Income from operations	\$ 2,549	\$ 12,874

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF MARKETING OPERATIONS
Year Ended April 30, 2017

(Schedule 7)

	2017	2016
Revenue		
Sponsorships	\$ 29,300	\$ 29,500
Advertising	9,348	34,520
	38,648	64,020
Expenditures		
Advertising - partnership contributions	500	1,085
Communications	3,160	3,446
Labour	66,258	82,671
Marketing agency	146,524	175,923
Membership fees	2,233	2,157
Office and postage	6,646	6,349
Ski shows and familiarization tours	246	4,296
Supplies	4,053	11,668
Travel and meetings	23	218
Uniforms	174	-
	229,817	287,813
LOSS FROM OPERATIONS		
- BEFORE MARKETING GRANT	(191,169)	(223,793)
Marketing grant (NOTE 4)	175,000	175,000
Loss from operations	\$ (16,169)	\$ (48,793)

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF MARBLE VILLA OPERATIONS
Year Ended April 30, 2017

(Schedule 8)

	2017	2016
Revenue	\$ 471,946	\$ 399,246
Expenditures		
Cable television	6,408	8,003
Communications	8,002	6,392
Heat and light	35,951	36,154
Labour	107,672	76,917
Insurance	18,090	6,116
Interest and bank charges	19,944	14,653
Laundry	127	87
Marketing	1,145	3,987
Miscellaneous	9,576	4,304
Repairs and maintenance	16,490	20,703
Supplies	18,447	19,989
	241,852	197,305
Income from operations	\$ 230,094	\$ 201,941

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