

NOV 30 2011

Mr. William MacKenzie
Clerk of the House of Assembly
Main Floor, Confed. Bldg., East Block

Dear Mr. MacKenzie:

RE: 2010-11 ANNUAL REPORT

It is my pleasure to provide ten copies of the 2010-2011 Annual Report for the Marble Mountain Development Corporation for tabling in the House of Assembly. An electronic copy has also been provided as required.

Sincerely,



DERRICK DALLEY, M.H.A.
The Isles of Notre Dame
Minister

Attachment

c: Ms. Kimberly Puddister, House of Assembly
Mr. Andy Fowler, House of Assembly
Ms. Wanda Mazerolle, Transparency and Accountability Office

marble
mountain
development
corporation



ANNUAL REPORT

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As we present the Annual Report for 2010-11, the Board remains steadfast in its commitment to:

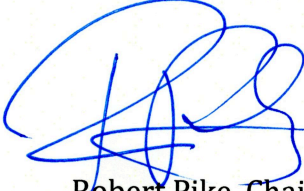
(i) improve the financial position of the Marble Mountain Development Corporation (MMDC);(ii) provide a quality product and service to our customers; and, (iii) enhance the experience of the guests who utilize the resort's multiple facilities.

The 2010-11 season was Marble Mountain's shortest in the past decade because of weather-related challenges. Despite this, our employees have worked hard to overcome these challenges and our customers have told us that we have succeeded in delivering a quality product and overall experience.

To fulfill our mandate as a catalyst for tourism in the local area and the province as a whole, we remain committed to further developing the resort into a four-season anchor attraction. Such initiatives involve investigating new snowmaking technologies that will help to offset challenging snow conditions and increasing our use of social media to gain market awareness and real-time interaction with customers.

The 2010-11 season was also one of organizational transition. The hiring of a new General Manager with tremendous knowledge and experience in the ski resort industry bodes well for the future. The Board is looking forward to working together with him and his team towards achieving our collective goal - the further development of Marble Mountain Resort. I wish to extend my sincere thanks to all members of management, staff and the Board of Directors for their work and dedication throughout 2010-11.

This 2010-11 annual report for the Marble Mountain Development Corporation is submitted in accordance with the Government of Newfoundland and Labrador's *Transparency and Accountability Act*. My signature is indicative of the entire Board's accountability for the preparation of this report and the results reported herein.



Robert Pike, Chairperson

1.0 MARBLE MOUNTAIN DEVELOPMENT CORPORATION: OVERVIEW

Marble Mountain Resort is located near Steady Brook, in the Humber Valley in Western Newfoundland. The Marble Mountain Development Corporation (MMDC) was established as a “Non-Profit Development Corporation” under the *Corporations Act* in 1988 to develop the Marble Mountain ski facility into a year-round, full-service resort. The Corporation’s mandate has been to develop the resort so that it will act as a catalyst for tourism development both locally and in the province as a whole. Government’s role has been to construct the initial critical mass infrastructure to attract private sector investment.

In 1995 the base lodge was constructed and the detachable high-speed quad chair lift was installed. In 1999, just before the start of the Canada Winter Games, Marble Villa, the resort's condominium-style hotel was opened. Since 2008, a private third party tourism operator – Marble Zip Tours – has run a successful zip line and more recently an ATV tour business in the base area.

MMDC’s management team consists of four full-time managers who oversee the year-round operation of the resort. During the ski season, an Outside Operations Manager, Snow School Manager and Ski Patrol Manager are hired (see Appendix A for the current MMDC organizational chart). The summer operation consists of conferences, meetings, weddings and Marble Zip Tours (MZT). Holding a typical summer wedding, meeting or conference event requires between 10 and 15 employees. The majority of employees of the Marble Mountain Development Corporation are from the Humber Valley region.

The MMDC Board of Directors in 2010-11 was composed of 11 members representing the Marble Mountain Ski and Ride Club, the City of Corner Brook, the Town of Steady Brook, the Government of Newfoundland and Labrador and, where feasible, tourism related businesses. The Board's structure has been established according to the MMDC by-laws and the Board reports to the Government of Newfoundland and Labrador through the Minister of Tourism, Culture and Recreation. Mr. Robert Pike, the current Board Chair, has served in this position since his appointment in April 2011.

The Corporation is facing a number of continuing challenges and opportunities over the planning period. As with many multi-season resorts, MMDC is experiencing increased global competition, continuing high infrastructure and operating costs, the impacts of climate change especially on the anchor winter season and changing demographics that are

shaping market size and preferences. Air access to the province is improving, and Marble Mountain will continue to work with both the public and private sector to increase sustainable opportunities to extend seasons, diversify the product offering, and increase revenue streams.

The Corporation is also focusing on improving client services and service quality as a source of sustainable, competitive advantage. This includes an increased focus on providing and promoting opportunities for, and benefits of, increased physical activity especially in winter, and through other multi-season activities and special events. A new approach to marketing the resort will be taken to rejuvenate its brand image.

1.1 MANDATE

The mandate of the Marble Mountain Development Corporation 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:

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- *The Marble Mountain Development Corporation 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 development of a four-season establishment*
-

1.2 VISION

The vision of the Marble Mountain Development Corporation is to provide a high quality, safe and memorable experience in a world class all-season resort area.

1.3 MISSION

The MMDC Board has the following as its mission statement:

By 2011, the Marble Mountain Development Corporation will have improved its financial performance.

The 2008-11 business plan identified improved financial performance resulting from increased visitation, increased yield per visitor, controlled expenses, maintaining visitor satisfaction and increased revenues from sources other than alpine services.

The MMDC's mission reflects the recognition by the Corporation's Board of Directors that most ski resorts do not survive on alpine activities alone. Over the plan period, the Board worked to maximize its anchor winter tourism performance, and to identify and pursue four-season development and enhancement opportunities (including other non-alpine revenue streams including real estate) to enable Marble Mountain to become financially viable. This was in keeping with Government's strategic direction that Newfoundland and Labrador become a multi-season tourism destination by developing quality, in-demand, export-ready tourism products and experiences including winter tourism.

1.4 MISSION MEASURES, INDICATORS AND RESULTS

Measure:

Improved financial performance.

Indicators	Performance
1. Increased visitation	Enhanced marketing and promotions activities were undertaken to raise awareness, entice visitors and increase visitation as follows: <ul style="list-style-type: none">New methods of communication helped to promote snow conditions. The use of social media, such as <i>Facebook</i>,¹ <i>Twitter</i>, <i>YouTube</i>, Marble Mountain blog, and an iPhone application, meant that brand loyalty and customer service were improved by maintaining direct digital conversations with current and potential guests. <i>Facebook</i> visits steadily increased from 1,310

¹ See <http://www.facebook.com/MarbleMountain#!/MarbleMountain?sk=wall>

Indicators	Performance
	<p>in 2008-09 to 5,981 in 2010-11, an increase of 356.6% while newsletter subscribers increased from 1,304 in 2008-09 to 1,473 in 2010-11, an increase of 13%.</p> <ul style="list-style-type: none"> ▪ The redesign of the Resort’s website http://www.skimarble.com/ also resulted in a more streamlined user-friendly site, improved the ability of users to locate information and enabling management to drive traffic to social media outlets. These new methods of almost instant communication with users have allowed continuous promotion of conditions and events. ▪ Partnerships were formed with a major ski packager in Ontario named Ultimate Ski Vacations (USV) and the Western Destination Marketing Organization and M3B, a Humber Valley Resort homeowners consortium, resulting in more inquiries. Partnerships formed with Atlantic Canada vacation packagers and travel packagers linked to area accommodations and homeowners at Humber Valley Resort. ▪ Major events hosting including the 2009 East Coast Music Awards (ECMA) rock concert which highlighted Marble Mountain in Atlantic Canada markets. ▪ A partnership in 2009 with the Pontiac World of Skiing television production provided exposure to a broad, international audience as well as television ads for the provincial tourism marketing campaign. Footage was also used in web ads at www.skitelevision.com and video footage was used for promotion including web usage. <p>Despite these marketing and partnership initiatives, weather challenges led to late season starts in 2009-10 and 2010-11 and shorter winter seasons resulting in fewer ski days. This situation, combined with the global economic downturn and the challenges of the Humber Valley Resort and air access, contributed significantly to the decline in visitation. Over the four-year period 2007-08 to 2010-11, the average annual number of skier visits declined 6.0%.</p>

<i>Indicators</i>	<i>Performance</i>
<p>2. Increased yield per visitor</p>	<ul style="list-style-type: none"> ▪ While there were fewer skiers visiting Marble Mountain in 2010-11, those who did visit spent slightly more, from \$29.22 per day in 2009-10 to \$31.13 per day in 2010-11. ▪ MMDC entered into a partnership with Marble Zip Tours beginning in 2008-09. This four-season activity has attracted both residents and non-resident visitors, helping the resort toward becoming a four-season destination and creating an increased demand for accommodations at Marble Villas. ▪ MMDC also increased promotion of weddings and other events (including use of online tools and social marketing) which led to a 32.1% increase in total events and a 39.4% increase in revenues from events in 2010-11 compared to 2009-10.
<p>3. Controlled expenses</p>	<p>MMDC controlled operating expenses as follows:</p> <ul style="list-style-type: none"> ▪ In the area of Food and Beverage, an annual review of product suppliers was conducted to ensure the cost of goods was as low as possible. ▪ Given changing climate conditions, in the winter season ramp up MMDC did not need to make snow until December thus saving on operational expenses. ▪ Brought back employees in a phased approach as needed for operations, for example, lift mechanics first, vehicle mechanics second, ski patrol third, and lift operators fourth, etc. ▪ Closed for the winter season by mid-April given that demand was low although there was still sufficient snow to continue skiing/snowboarding. This early closure resulted in a minimization of operating costs. ▪ Used sponsorship dollars to offset cost of snow school uniforms. <p>Weather-related challenges and market forces gave rise to increased costs in less controllable areas such as hydro, labor, fuel and snow-related costs. Maintenance costs associated with infrastructure also increased over the reporting period, resulting in no improvement in the resort's financial performance.</p>

Indicators	Performance
<p>4. Maintained visitor satisfaction</p>	<ul style="list-style-type: none"> ▪ Constant monitoring of visitor feedback² (suggestion box, e-mail, surveys, stakeholder consultation and season pass holder communication with the board) indicated a continuing positive experience for guests at the resort from 2008-09 to 2010-11. Guests who did visit the resort each year were very positive about their experience as snow conditions were far better than they had expected. ▪ Several initiatives were used to boost visitation and entice guest loyalty over the mission cycle including holding season pass rates to increase guest satisfaction and marketing annual snowfall amounts. The Resort's rates provided excellent value for guests, and supported the view that Marble Mountain is a very affordable option for recreation. ▪ A <i>Facebook</i> Fan Page was created in 2008-09 to stay in touch with stakeholders. Facebook "Likes" increased 356.6% from 2008-09 to 2010-11 with an average of 3,759 fans each year over the 3 years. ▪ A <i>Let's Improve Marble Mountain's Terrain Park</i> group was also formed on <i>Facebook</i>. Although different from the <i>Facebook</i> Fan Page created by MMDC, the terrain park page was regularly consulted by MMDC as an important source of visitor feedback and the ideas generated through this medium were reviewed. ▪ The MMDC Board worked cooperatively with both the Marble Mountain Ski and Ride Club (MMSRC- composed of season passholders) and the Marble Mountain Alpine Race Team Inc. (MMARTI), to ensure that the ski and snowboard product was meeting the needs of recreational and competitive alpine sports enthusiasts. A representative of the MMSRC sits on the MMDC Board of Directors, ensuring direct feedback and ideas from club members to the Board and Management on a regular basis.

² A suggestion box was available to guests and emails were read and responded to within 24 hours. MMDC participates in the Canadian Ski Council National Demographic Survey which provides a space for comments and MMDC reviews the surveys before sending them to the Council's analyst. Stakeholders were consulted through surveys and social marketing avenues, and through regular meetings with the Marble Mountain Ski and Ride Club (MMSRC) a group representing season pass holders.

<i>Indicators</i>	<i>Performance</i>
5. Increased revenues from sources other than alpine services.	<p>MMDC increased revenues from summer catering, meetings and specials events, accommodations and the all-season partnership with a new commercial venture Marble Zip Tours developed in 2009-10. This private sector business is currently operating very successfully on land controlled by Marble Mountain.</p> <ul style="list-style-type: none"> ▪ During 2009-10, a partnership was formed with Marble Zip Tours to package a Zip and Stay promotion that combined a Marble Zip tour with accommodations at Marble Villa. This promotion sold very well, attracting customers to the Villa who might not normally choose to vacation in the area. ▪ Special events continued to provide a significant revenue stream for the operation, totaling \$283,309.35 (37 events) in 2010-11 over revenues of \$203,230.24 (28 events) in 2009-10. MMDC retained important repeat meetings and conventions clients such as the Western Oil and Gas Symposium which brought an average 120 guests annually and significantly increased revenues from this event over the plan period (2008-09: \$23,572; 2009-10: \$31,427; 2010-11: \$35,778).

Discussion of Results:

Despite its best efforts in the above areas, the MMDC Board did not achieve its mission of improved financial performance by 2010-11. This was in part because of uncontrollable factors such as changes in weather patterns and related cost increases (fuel, snowmaking and infrastructure) and lost alpine-related revenues in the anchor winter season through the three-year decline in skier visits and ski days.

The decline in skier visits and ski days is directly attributable to weather change, the availability of natural and man-made snow, late season starts in 2009-10 and 2010-11, the shorter winter season as well as the cancellation of European flights and the difficulties facing the Humber Valley Resort. Historically, skier visits to Marble Mountain had been steadily increasing, reaching 95,270 in 2007-08 with 120 ski days. With the start of weather-related changes in 2008-09, available ski days dropped to 104 while skier visits declined 4.8% to 90,705.

2009-10 was marked by the lack of natural snow although the man-made snow provided quality skiing and snowboarding experiences. With only 86 skier days in 2009-10, skier visits further declined 6.3% to 84,962. The lack of natural snow during 2009-10 combined with the unusually warm fall in 2010-11 did not boost consumer confidence at the outset of the 2010-11 season. The resort opened three weeks later than planned in 2010-11, and experienced further decreased visits during the usually lucrative month of March because of high winds. This resulted in only 82 skier days (a record low) and skier visits declined to 72,551 (a drop of 14.6%).

To place this in context, the average annual number of ski days over the previous 14 years was approximately 100 days. Despite a 18% lower than average ski season (82 compared to 100 days open) and a drop of approximately 5% from the previous year (82 from 86) in the number of available ski days, Marble Mountain still recorded 72,551 skier-visits during the 2010-11 season. This was nearly 15% lower than the previous season (2009-10) but approximately 1% higher than the average number of ski visits recorded during the previous 14 seasons.

Marble Mountain Resort was the recipient of the Canadian Ski Council (CSC) Customer Satisfaction and Operational Excellence Award for Atlantic Canada in 2009-10, presented to a ski area with the highest level of customer service and a strong commitment to increasing growth in skiing and snowboarding in Atlantic Canada. MMDC ensured that visitor feedback was continuously gathered during the plan period to inform improved visitor services and amenities.

While MMDC did not meet its mission of improving financial performance overall, it did meet a target indicator through improved sources other than Alpine services. Financial performance improved slightly in the resort's catering, Zip Tours and accommodations sectors. Independent four-season tourism operators such as Marble Zip Tours and their newly launched ATV and snowmobile tours continue to operate with four-season activities, leading to increases in traffic at Marble Villa. Recent package initiatives such as "Zip and Stay" have been positively received by visitors and may serve to boost occupancy rates in traditionally slower times of the year. This supported Government's strategic direction that Newfoundland and Labrador become a multi-season tourism destination by developing quality, in-demand, export-ready tourism products and experiences including winter tourism.

1.5 VALUES

The values expressed below are intended to reflect operational values for Marble Mountain Ski Resort. In this context, the values of Marble Mountain Development Corporation have been identified as follows:

Teamwork	▪ Each person will work in a cooperative and effective manner as part of the Marble Mountain Team.
Responsiveness	▪ Each person will respond in a timely manner, appropriate to each situation as it arises.
Accountability	▪ Each person will be individually responsible for his/her actions. ▪ Each contributing member of a working group will be accountable for the outcomes.
Innovation	▪ Each person will avail of opportunities to create an enhanced guest experience at Marble Mountain Resort.

1.6 LINES OF BUSINESS

Alpine Activities and Services

Skiing and Snowboarding are still the primary activities at the resort. Chair lift rides are offered in the winter season.

Marble Mountain offers equipment rentals and repairs, snow school instruction and child supervision, locker and storage rentals and ski patrol (safety and first aid) services.

MMDC sells advertising in the form of signage on chair backs and at the top and base of the mountain. As well, sponsorships for events are available, as are advertising spaces in our resort brochure, web site and in the lodge.

Meetings, Conferences and Special Events

Marble Mountain Resort caters to weddings, meetings and conferences throughout the spring, summer and fall. During the winter season, events such as *Marble Cup Alpine Ski Races*, *Wild West Jib Fest* for snowboarders, *Old Sam Day* featuring ski and snowboard races and *The Race on The Rock* Snowmobile races are held to add to the total guest experience at the resort.

Accommodations

Marble Villa is a 31-room hotel 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 open 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

The resort's food and beverage service operates a cafeteria and bar during the ski season. These services are available to skiers, snowboarders, snowmobilers and to the general public.

1.6 KEY STATISTICS

A summary of key statistics, including skier visits, ski days, pass sales, weddings and events and communications activities (including traditional and online and web-related) can be found in Appendix B. Although season pass sales were down, day lift ticket sales increased slightly by 1% in 2010-11, despite the 82-day season being the shortest recorded in the past 10 years. The increase in day lift ticket sales came primarily from the province, outside of the local area. The decrease in season pass sales can be attributed to the lack of natural snowfall in the previous season. This type of consumer behavior is an industry-wide trend, as customers perceive that they did not get full value from their season pass and are hesitant to make the investment the next season.

2.0 SHARED COMMITMENTS

Marble Mountain is committed to becoming a major all-season tourism generator, with an emphasis on being a catalyst for further destination-oriented development in the area. Skiing and snowboarding will be considered the primary activities, however, summer and other off-season activities will also be given priority. Supporting Government's strategic directions to develop high quality, in-demand, export ready tourism products and experiences and for the province to become a multi-season tourism destination, MMDC continued its partnership with the four-season tourism operator, Marble Zip Tours. The

company expanded its number of zip lines and added guided ATV tours and packages including a Zip and Stay promotion that combined a Marble Zip tour with accommodations at Marble Villa. These products sold very well, attracting customers to the resort who might not normally choose to do so.

These activities are attracting people from the province and beyond, helping make the province become a multi-season tourism destination. MMDC also continued its partnerships with three travel packaging companies: Newfoundland and Labrador based Vision Atlantic and Maxxim Vacations; and Ultimate Ski Vacations (USV), which is based in Ontario. Relationships with all three partners continued to be strong over the plan period.

Marble Mountain Resort is the Province's premier winter attraction. MMDC partnered with the Department of Tourism, Culture and Recreation in a winter marketing campaign that targeted the St. John's area as its primary market. This marketing campaign consisted of print and radio advertising and included a continued focus on the resort's web presence through www.skimarble.com and social media such as *Facebook*, *YouTube*, *Twitter*, an iPhone App and a Marble Mountain blog. This continued use of "new" media has allowed management to maintain a running dialogue with Resort users, resulting in increased understanding of how and why some operational decisions were made. Through these media, user feedback is almost instant, which allows management to respond to issues and concerns in a very timely manner.

Marble Mountain has been a catalyst for private sector investment in the area surrounding the resort. Millions of dollars have been injected into the area to upgrade or establish new operations. Since its inception *Humber Valley Resort* (HRV) used Marble Mountain as a primary component of its marketing and investment attraction program. While HVR is now in operation under new owners and a new business model, the chalets are privately owned and some are part of vacation packagers' inventory.

Marble Inn and Cabins, a locally owned business, which started as a few cabins across the highway from Marble Mountain, has expanded to include an inn, restaurant, indoor pool and fitness center. This property has continued its expansion, replacing its cabins with new condominium-style vacation properties which are for sale and will be a part of a rental pool. KSAB Construction, a Corner Brook developer, has built condominiums in the area and is planning further developments in the future.

3.0 HIGHLIGHTS AND ACCOMPLISHMENTS: 2010-11

A continued focus on digital marketing and the use of social media allowed MMDC management and staff to have an ongoing conversation with Marble Mountain's customers and guests. The steady increase in the number of *Facebook* fans meant that mass-communication could be frequent and up-to-date, which was especially valuable during late December and early January when the snow just was not falling. The number of *Facebook* users who "Liked" our page increased significantly during the ski season, with the total number reaching 5,981 fans as of May 4, 2011, which is a 50% increase over the levels recorded in the 2009-10 season.

Many other activities rounded out the snow season, including the inaugural *Wild West Jib Fest*, hosted in conjunction with an entertainment company based in St. John's. More than 1000 people attended the event. The 2010 summer wedding season was very strong, with at least one wedding booked on nearly every weekend from June through September; bookings for 2011 were equally strong. Special events continued to provide a significant revenue stream for the operation, totaling \$283,309.35 (37 events) in 2010-11 over revenues of \$203,230.24 (28 events) in 2009-10, increases of 39.4% and 32.1% respectively.

Snow School programs continue to be popular with regular guests, and the children's season-long programs sold out during the Open House in October. Snow School kids lessons increased to \$35,249 in 2010-11 compared to \$32,256 in 2009-10. More than 60 instructors were employed throughout the season in various programs and lessons, and certification courses in both skiing and snowboarding were conducted during the season, allowing the Snow School to add new talent. There has been a noticeable increase in the number of School Alpine Program participants taking the snowboard option when visiting with schools, which is indicative of an overall trend.

The existing terrain park³ was relocated to a trail that is better suited for this type of activity. The continued focus on improving the progression park⁴ resulted in “one of the best ever” seasons for terrain park users at Marble Mountain. Park users of all ages could now take advantage of a variety of terrain suited to their abilities in the same area, and this in turn helped increase participation through competitions, demonstrations and other events aimed at park users.

Although Marble Zip Tours is a completely separate operation, MMDC saw the benefit of having such a venture located in close proximity to Marble Mountain Resort. MMDC partnered with MZT to offer packages that combine a MZT tour with room nights at Marble Villa; this partnership proved to be successful and the Resort looks forward to an increased number of visitors as MZT expands its operation. This four-season activity is attracting people from the province and beyond, helping the province become a multi-season tourism destination.

4.0 REPORT ON PERFORMANCE: 2010-11

4.1 PREAMBLE

During the plan period, MMDC worked to support Government’s strategic direction that Newfoundland and Labrador becomes a multi-season tourism destination, especially the key focus areas of winter tourism and developing high quality tourism experiences. The MMDC Board was focused on a number of continuing challenges including the changing climate, global economic decline, financial controls on continuing high infrastructure and operating costs, a declining real estate market and other market shifts. The timelines which were originally set forth in the 2008-11 Business Plan were therefore not met as planned in the 2010-11 fiscal year.

³ A terrain park is an area with man-made terrain features like jumps, rails, boxes, quarter and half pipes and other obstacles. They are popular with freestyle snowboarders and skiers.

⁴ Many resorts now maintain several terrain parks across the mountain, with “progression” features (for example, rails, boxes, jibs, or other obstacles) designed for beginners, intermediates and advanced riders (pertaining to level of skill and experience).

Some scoping of the future planning requirements (including a needs assessment, review of land and development issues, infrastructure and potential private sector opportunity identification) has been done. The Board remains dedicated to the goals and objectives that were established to continue the development of Marble Mountain Resort.

4.2 ISSUE ONE: BASE AREA DEVELOPMENT

Original plans for Marble Mountain Resort included extensive development of the base area; this has not yet occurred. Multi-season, high-quality resorts require highly developed base areas, and so it was determined in the 2008-11 business plan that a development strategy for the base area of Marble Mountain was needed and supported Government’s strategic direction that Newfoundland and Labrador becomes a multi-season tourism destination. The base area development strategy would assess the resort’s needs, include consultation with relevant stakeholders and identify and assess the most feasible development options including land management, infrastructure capacity and potential commercial ventures.

GOAL 1: By 2011, the Marble Mountain Development Corporation will have created a base area development strategy	
Measure: Base Area Land Use Development Plan	
Indicators	Report on Indicators
1. Land utilization options identified i. The ski resort’s needs	<ul style="list-style-type: none"> ▪ Land utilization options were not formally identified. The MMDC established a development sub-committee which met regularly every three months for the last three years to oversee the base area strategy as indicated in the 2008-2011 business plan. ▪ The sub-committee extensively reviewed existing development plans and reviewed NLHC agreements on base area land assembly. This was to identify issues around the ownership and control of land that may impede private sector investment and development. In April 2010, MMDC Board members and department managers met with the Department of Tourism, Culture and

<p>ii. Potential commercial ventures</p>	<p>Recreation for an extensive site and facility tour, and delivered a detailed presentation on the operation and development issues facing the resort and the preferred future development direction MMDC would like to pursue.</p> <p>Commercial ventures were explored; two commercial partnerships were developed, one of which continued and expanded by 2010-11.</p> <ul style="list-style-type: none"> ▪ For the past number of years, MMDC had adopted a model that allows private sector retail business to operate from the Resort’s base lodge. This arrangement was initially beneficial for both MMDC and the private operator. Ski World, a retail outlet operated there until 2009-10; this business did not renew its lease in 2010-11. ▪ In 2008-09, Marble Zip Tours was established offering an exciting new four-season product of tours using a zip line installed across the Humber Gorge. By 2010-11, MZT had expanded its product offering to include ATV Tours. Stemming from the success of MZT, MMDC has identified other private-sector partnership opportunities that may be immediately available without further infrastructure development.
<p>2. Land management options identified; needs assessment relevant to the region conducted</p>	<ul style="list-style-type: none"> ▪ Land management options were not identified and a formal needs assessment relevant to the region was not conducted. Based on its review of existing development plans, the development sub-committee discussed the future needs of the resort at the Board level, identifying increased accommodations, restaurants, shops, four-season recreational activities and residential development as key requirements for growth. The result was an informal needs assessment and an infrastructure review. The development sub-committee also explored land management models and identified the importance of private sector partners for future development of the Marble Mountain area.

<p>3. Infrastructure capacity including but not limited to water, sewage lagoon, fire protection</p>	<ul style="list-style-type: none"> ▪ A formal infrastructure capacity assessment was not conducted however the resort did undertake major infrastructure improvements as planned utilizing a three-year capital investment of \$1.2 million beginning in 2008-09. Ongoing infrastructure needs have been identified as part of the development sub-committee’s discussion of future needs and an infrastructure review has taken place that prioritizes items based on safety and reliability. These needs include: 1) Snowmaking System Upgrades/updating; 2) Adding a surface lift from the top of the Governors Express high-speed quad chairlift to the peak of the Mountain; 3) Increasing meeting space; and 4) Upgrading existing chair lifts.
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Objective 2011: By April 2011, the MMDC Board will have completed a base area development strategy.

Measure: Base area development strategy completed

Indicator(s)	Report on Indicator(s)
<p>1. Report is written which identifies strategy for base area development, including land utilization, land management and infrastructure management</p>	<ul style="list-style-type: none"> ▪ Report was not written which identifies a base area development strategy. Issues concerning land utilization, land management and infrastructure management were identified. ▪ The development sub-committee has identified partnering with the Humber Valley Economic Development Board in order to complete a comprehensive development plan for private sector investment in Marble Mountain utilizing the review findings noted above.

Discussion of Results:

By April 2011, the MMDC board had not met its goal of completing a Base Area Development Strategy including a Base Area Land Use Development Plan as envisioned in 2008-09. The MMDC Board had to focus instead on overcoming the challenges arising from the global economic downturn, weather-related changes, declining visitation, and loss of air access. To overcome these unprecedented challenges, the Board focused on enhanced online and other marketing and promotions activities including social media, new commercial ventures and supporting shoulder season catering and events in order to increase visitation and yield and improve financial performance. The Board also focused on implementing infrastructure improvements arising from new investment in infrastructure of \$1.2 million over three years beginning in 2008-09 (see Strategic Issue 3).

MMDC was able to review current operations and identify development issues central to a base area development strategy during the plan period. These issues related to land ownership, the impact on the private sector and changing economic conditions were found to be more complex than first understood at the outset of the business plan. The Development Sub-Committee explored land management models and identified the importance of private sector partners for future development of the Marble Mountain area.

There are many forms that development may take, and public-private partnerships may be one way to address the addition of new infrastructure. Although opportunity identification progressed and developments were approved, actual development was slower than anticipated given market conditions and economic changes. Based on the Development Sub-Committee's preliminary review and consultation, it was recognized that external industry expertise also was required to complete the land development and base area strategy.

Stemming from the success of MZT, MMDC has discussed other private-sector partnership opportunities that may be immediately available without further infrastructure development. Specifically, the board would like to explore the addition of private partners offering complementary products and services within existing base area buildings.

In 2010-11, the Development Sub-Committee initiated partnering with the Humber Valley Economic Development Board (HEDB) in order to complete the base area strategy. This strategy will focus on the most appropriate mix of resort infrastructure, accommodations, attractions, and amenities required to attract private investment and establish Marble Mountain as a feasible multi-season tourism destination. The Board looks forward to direction from the Province as it moves forward with the HEDB to complete a base area strategy incorporating land utilization and management options.

4.3 ISSUE TWO: TERRAIN DEVELOPMENT

The Marble Mountain Development Sub-Committee has been committed to developing a high-quality ski and snowboard product, in keeping with one of the key focus areas of the Department of Tourism, Culture and Recreation’s Strategic Directions which has been to develop high-quality, in-demand tourism products and experiences including winter tourism. To increase Marble Mountain’s anchor customer base, MMDC was committed over the plan period to continuous improvement in the resort’s winter product to keep up with industry trends and customer demands. While short-term development needs had been examined, a more detailed terrain development strategy was identified as necessary to ensure the resort continued to develop and offer a high-quality ski and snowboard product.

GOAL 2: By 2011 the Marble Mountain Development Corporation will have created a long-term terrain development strategy.	
Measure: Terrain Development Strategy	
Indicators	Report on Indicators
<p>1. Critical terrain needs identified</p> <p style="padding-left: 40px;">i. Market trends</p> <p style="padding-left: 40px;">ii. Stakeholder consultations</p>	<ul style="list-style-type: none"> ▪ Market trends were examined within the ski resort industry in North America in order to ascertain what kinds of terrain were in demand in existing and emerging markets. MMDC personnel attended conferences and workshops where trends in the industry were discussed including the Atlantic Ski Areas Association (ASAA), an active group of industry people in Atlantic Canada who meet twice a year to discuss trends and share ideas. ▪ Informal stakeholder discussions were held to gain feedback from MMDC’s user groups. Park users were encouraged to provide feedback to our groomer operators and to work with our staff to maintain the jumps and features. ▪ A stakeholder initiative to generate new ideas entitled <i>Let’s Improve Marble Mountain’s Terrain Park</i> on Facebook was considered in the terrain park’s continuing operation and development. Very

	<p>constructive feedback was received from users of this park and development of this user area will be continued in the future. As well, park users were encouraged to provide feedback to the groomer operators and to work with MMDC staff to maintain the jumps and features.</p>
<p>2. Terrain developed to address immediate, critical needs</p>	<ul style="list-style-type: none"> ▪ The terrain park was excavated in 2008-09 and reshaped to make improvements for users and to cut down on the amount of man-made snow required. Features were added to make the park bigger and better. Learning to ski or snowboard at Marble Mountain was made much easier with the installation of a surface conveyor lift in the beginner area know as Broadway. ▪ Within the existing terrain park, a progression area was created and two existing intermediate runs were modified to improve novice experience. The novice slope, constructed on the lower section of the mountain just before 2008-09, was improved in 2009-10 based on user feedback. Slope work to improve Knute Chute and Jigger resulted in more user-friendly novice terrain. ▪ Jump areas were created through excavation, and rocks were removed to allow the park to open earlier in the season. New features were constructed and installed, including a Newfoundland dory, a rail on top of an old car and a wall.
<p>3. Additional terrain needs and resulting infrastructure identified (lifts, terrain park features, snowmaking and grooming equipment)</p>	<p>Additional terrain needs and infrastructure were identified as follows:</p> <ul style="list-style-type: none"> ▪ increasing and improving glade slopes (runs that have trees thinned but not all are removed) ▪ developing runs from the peak of the Mountain to open up some more terrain ▪ Convert the old transition line into a ski run

	<ul style="list-style-type: none"> ▪ Install night lighting on Kruncher & Old Sam to complete lighting of lower slopes ▪ Increasing Novice Terrain by modifying existing trails – first section of The Struggle, lower Kruncher, top of Knute Chute, lower L’Anse Aux Meadows
Objective 2011: By April 2011, the MMDC Board will have developed a terrain development strategy.	
Measure: Terrain development strategy completed.	
Indicator(s)	Report on Indicator(s)
1. Report is written which identifies strategy for long-term terrain development, including identification of critical terrain needs, progress on recent terrain development, and identification of additional terrain and resulting infrastructure requirements	A report identifying a strategy for long-term terrain development was not written. During this period the board focused its attention instead on the operations of the resort because of continuing climate challenges, the shorter season and the economic downturn.

Discussion of Results:

MMDC did not achieve its goal of creating a long-term terrain development strategy including a written report containing the terrain development strategy. Beginning in 2008-09, MMDC had access to extensive terrain for further growth and had identified required improvements. Budget 2008-09 provided \$1.2 million in capital improvements over three years. In view of its immediate operational challenges and the available capital, the MMDC was focused on creating the terrain park and progression area as well as undertaking additional terrain and infrastructure improvements including a new lift. Based on industry research, these improvements were aimed at encouraging beginners and novice skiers to become avid skiers so as to increase retention of skiers and increase skier visits overall. This in turn supported MMDC’s mission of improved financial performance.

A blue (novice/intermediate) run named “Jigger” was constructed in 2008-09 on the lower half of the mountain to fulfill a need that was identified through consultations with skiers. (The upper half of this slope was more fully developed in 2009-10 to make it easier for

novice skiers and snowboarders). The terrain park was excavated and reshaped in 2008-09 to make improvements for users and to cut down on the amount of man-made snow required. Features were added to make the park bigger and better. User feedback on the park was very positive. In 2008-09, a new surface conveyor belt was constructed in the beginner area known as Broadway making it easier to learn to ski or snowboard at Marble Mountain.

An examination of critical terrain needs in 2009-10 indicated that areas of concern continued to be the lack of novice terrain on the mountain, the need for improvement in the existing terrain park, and the development of a progression terrain park. Two intermediate slopes were modified in 2009-10: the top of Knute Chute and sections of Jigger were widened. This made them even more user friendly by giving skiers and riders a larger area to use, which can greatly decrease anxiety in learners and those unfamiliar with the terrain. In addition, all of the existing terrain signage was reviewed and updated, providing clearer direction to users unfamiliar with the terrain.

This further enhancement of the existing terrain park and the addition of a progression park in 2009-10 resulted in “one of the best ever” seasons for terrain park users at Marble Mountain. The progression park installation and slope modifications were extremely successful. Park users of all ages were now able to take advantage of a variety of terrain suited to their abilities, and this helped to increase participation through competitions, demonstrations and other events aimed at park users. The progression park included hits and features that are smaller and/or less challenging than those included in the Resort’s original terrain park, making it easier for younger users or learners to use a park.

The addition of a Park Attendant led to recruitment of a dedicated volunteer crew, ensuring excellent operating conditions for both terrain parks. The Attendant was responsible for daily maintenance in the parks, including clearing snow from features and shaping hits which were time-consuming tasks that have previously been the responsibility of Ski Patrol. With a dedicated leader, recruitment and organization of volunteers were significantly improved. The success also was demonstrated by the lack of traffic on the *Let’s Improve Marble’s Mountain’s Terrain Park Facebook* page.

4.4 ISSUE THREE: VIABILITY OF MARBLE MOUNTAIN BECOMING A FOUR-SEASON RESORT

MMDC’s mandate includes making Marble Mountain a four-season resort which would, in turn, support Government’s Strategic Direction that Newfoundland and Labrador become a multi-season tourism destination. The 2008-11 business plan called for MMDC to consider new activities and facilities that would enhance the multi-season utilization of the resort and enhance its viability.

GOAL 3: By 2011, MMDC will have evaluated the viability of Marble Mountain Resort becoming a four- season operation.

Measure: Current market viability determined

Indicators	Report on Indicators
1. Market trend assessment	A formal market trend assessment was not completed. A sub-committee on development of the resort was formed and met every three months. The sub-committee reviewed the three previous reports on development of the region which included market analysis. From this review, the sub-committee identified market strengths and weaknesses and current gaps.
2. Regional needs assessment	<p>A regional needs assessment was not completed during the plan period as MMDC remained focused on more immediate, mountain-based challenges especially during the winter anchor season. However informal discussion among the subcommittee, the board and the Humber Valley Economic Development Board (HEDB) occurred concerning regional needs including identification of potential ventures for future multi-season development.</p> <p>An agreement to partner on a regional needs assessment has been reached and a planned approach with the HEDB is being developed to be completed in 2011-12. HEDB will lead this assessment process in partnership with MMDC.</p>
<p>3. Viability of Marble Mountain becoming a four-season resort determined</p> <p>i. Costs <i>versus</i> benefits</p>	Viability of a four-season operation was continually explored, but no formal cost-benefit analysis was completed as more information and certainty (especially concerning land use issues) was needed before development options could be fully identified and assessed as to their benefits and costs. The sub-committee identified some land assembly challenges that impact future scope of development and plans for the resort. However, the resort made progress by building its meeting and convention business in non-winter seasons and partnering

	<p>with the private sector activity operators such as Marble Zip Tours who operate in four seasons.</p> <p>The partnership with HEDB will further inform analysis of best development options.</p>
<p>Objective 2011: By April 2011, the MMDC will have evaluated the viability of Marble Mountain Resort becoming a four-season operation.</p>	
<p>Measure: Viability of four-season operation of Marble Mountain Resort will be evaluated.</p>	
Indicator(s)	Report on Indicator(s)
<p>1. Report is written which identifies market trends, assessment of regional needs, and overall viability of Marble Mountain becoming a four-season resort, including costs and benefits.</p>	<ul style="list-style-type: none"> ▪ A report was not written which identifies market trends and assesses regional needs and the overall viability of Marble becoming a four-season resort, including costs and benefits. The MMDC Board was focused on a number of continuing short-term challenges including the global economic decline, financial controls on continuing high infrastructure and operating costs and the impacts of climate change and market shifts. ▪ In the short term, an informal assessment conducted through the General Manager and board was successful in identifying potential ventures for future development and some of the constraints facing the resort were clearly identified. In partnership with the HEDB, MMDC will re-focus on longer term requirements in order for Marble Mountain to become a four-season resort.

Discussion of Results:

MMDC did not meet its goal of evaluating the viability of Marble Mountain Resort becoming a four- season operation by 2011, including determining market viability. Over the plan period, the MMDC focused instead on a number of continuing and new short-term

challenges that arose over the period of the business plan. In 2008-09, MMDC faced the first of a series of extremely challenging years that occupied the full attention of the Board. Before 2008-09, skier visits had been increasing and Marble Mountain had been experiencing growth in international visitation, particularly from the United Kingdom and Ireland. The cessation of direct flights from Gatwick to Deer Lake in 2008-09 contributed to the first decline in growth during the plan period.

The 2008-09 season was difficult for the ski industry worldwide. The downturn in the economy resulted in decreases, estimated to be between 10 and 20 percent, in skier visitation across Canada. Visitation from Europe to Marble Mountain sharply declined and the Snow School, the rental shop and the cafeteria were significantly affected as these departments depended heavily on destination skiers and snowboarders. As 2008-09 was not representative of market demand, the examination of market trends was deferred until more reliable and characteristic results could be obtained as a basis for moving forward.

The following years 2009-10 and 2010-11 brought even more challenges as the economic downturn continued, and there was significant impact from the loss of the direct flight from Deer Lake of the UK and the serious financial challenges faced by the Humber Valley Resort. Climate challenges shortened the anchor winter season and led to further declines in visitation and increased costs. The MMDC Board focused on overcoming these short term challenges, and strove hard to retain customer loyalty and increase yield and visitation by addressing physical infrastructure needs and financial operations to improve overall financial performance despite continuing adverse conditions.

With this intense shorter-term focus, the Board was unable to undertake the longer term, sustained evaluation necessary to assess the viability of Marble Mountain Resort becoming a four- season operation. This included completing the formal market assessment (still stymied by downward market trends in skiing, the global economy and real estate) and a cost-benefit analysis. The informal assessment conducted through the General Manager and board was successful in identifying potential ventures for future development and some of the constraints facing the resort were clearly identified.

Although no formal industry scan or needs assessment was conducted, extensive discussions took place within the MMDC Board and such tasks will be identified as priorities in the future. The base area strategy will identify the best opportunities for private investment and inform future development. MMDC will continue to explore third-party options and our own initiatives to becoming a Four-Season Resort.

Stemming from the success of MZT, MMDC has discussed other private-sector partnership opportunities that may be immediately available without further infrastructure development. Specifically, the Board would like to explore the addition of private partners

offering complementary products and services within existing base area buildings. MMDC will continue to pursue private retail and/or a suitable service operation within the base lodge.

5.0 OPPORTUNITIES AND CHALLENGES

5.1 WINTER OPPORTUNITIES

While Marble Mountain Resort's success is undeniably tied to an uncontrollable weather factors, its outside operations have been helping to overcome natural challenges. Upgrades to snowmaking in 2009-10 proved invaluable, and they now allow the crew to make snow when the Resort would otherwise have none and to provide excellent conditions when they are least expected. This greatly increases the Resort's ability to serve users with a consistent, high-quality product.

New methods of communication helped to promote snow conditions, and are proving to be extremely successful. The use of social media, such as *Facebook*, *Twitter*, *YouTube*, the Marble Mountain blog, and an iPhone application, have improved brand loyalty and customer service by maintaining direct digital conversations with current and potential guests. These new methods of almost instant communication with users will continue to allow ongoing promotion of snow conditions and events, which should result in increased skier visits.

The majority of guests look to have a positive experience and they measure this against their leisure experiences at other competing locations. Marble Mountain will continue to monitor guest experiences and respond to guest needs, thus increasing revenue, attaining higher rates of client satisfaction and saving on operating costs including advertising. During the summer of 2011 a new marketing agency was hired and they have conducted six focus groups. The results are shaping the winter 2012 marketing campaign.

Implementing the right Customer Relationship Management (CRM) tools to capture guest's feedback and measure and value customer relationships is also critical. MMDC will work to improve existing products and add new ones to keep the brand rejuvenated and fresh in the guest's eyes. Guests are looking for brands that do this and Marble Mountain will work to continually update its existing products and partner with others to achieve greater market penetration and added value. This includes such options as: the Snow School providing after-school Terrain Park lessons; augmenting the existing night skiing to allow

provincial snowsport associations the opportunity to increase training; offering differentiated accommodation; or improving the food and beverage experience.

In today's market place, many organizations tie conferences and recognition together and look for venues that that can accommodate both. Marble Mountain has the opportunity to tap into this market by reconfiguring some of its existing base lodge facilities and taking a leadership role in attracting this market to Western Newfoundland. In doing so, the economic spin-off will increase for both Marble Mountain and the region as a whole.

The Resort's season pass rates continue to provide low cost value compared to other, similar resorts. These rates will be reviewed over time so that they may be better aligned with other competitive seasonal recreational activities. Any increased revenue that may result could be re-invested in Marble Mountain in order to improve the overall quality of the guest experience.

5.2 SUMMER OPPORTUNITIES

Summer operations have shown no signs of slowing down, and the main base lodge provides a unique venue for conferences, meetings and weddings of various sizes. This business can grow with reconfiguring some of the existing base lodge facilities. This would allow the resort to continue to attract large groups or host multiple conferences at the same time.

Building a critical mass of guests by intercepting existing travelers to Western Newfoundland is vital to growing the summer business. Working with partners such as Western DMO, Motor Coach Operators, Marble Zip Tours etc. to build that critical mass will allow MMDC to develop quality sustainable summer products such as ATV tours, daily food and beverage offerings, chair lift sightseeing, hiking and Mountain biking.

5.3 CHALLENGES

Air access to the province is improving, but overall access and transportation to the region remains challenging. MMDC will continue to work with partners to ensure safe, cost competitive, seamless and reliable travel to, from and around the province. Marble Mountain infrastructure - the base lodges, accommodations and mountain-based infrastructure - also must continue to be maintained to ensure safe, reliable, accessible and enjoyable use.

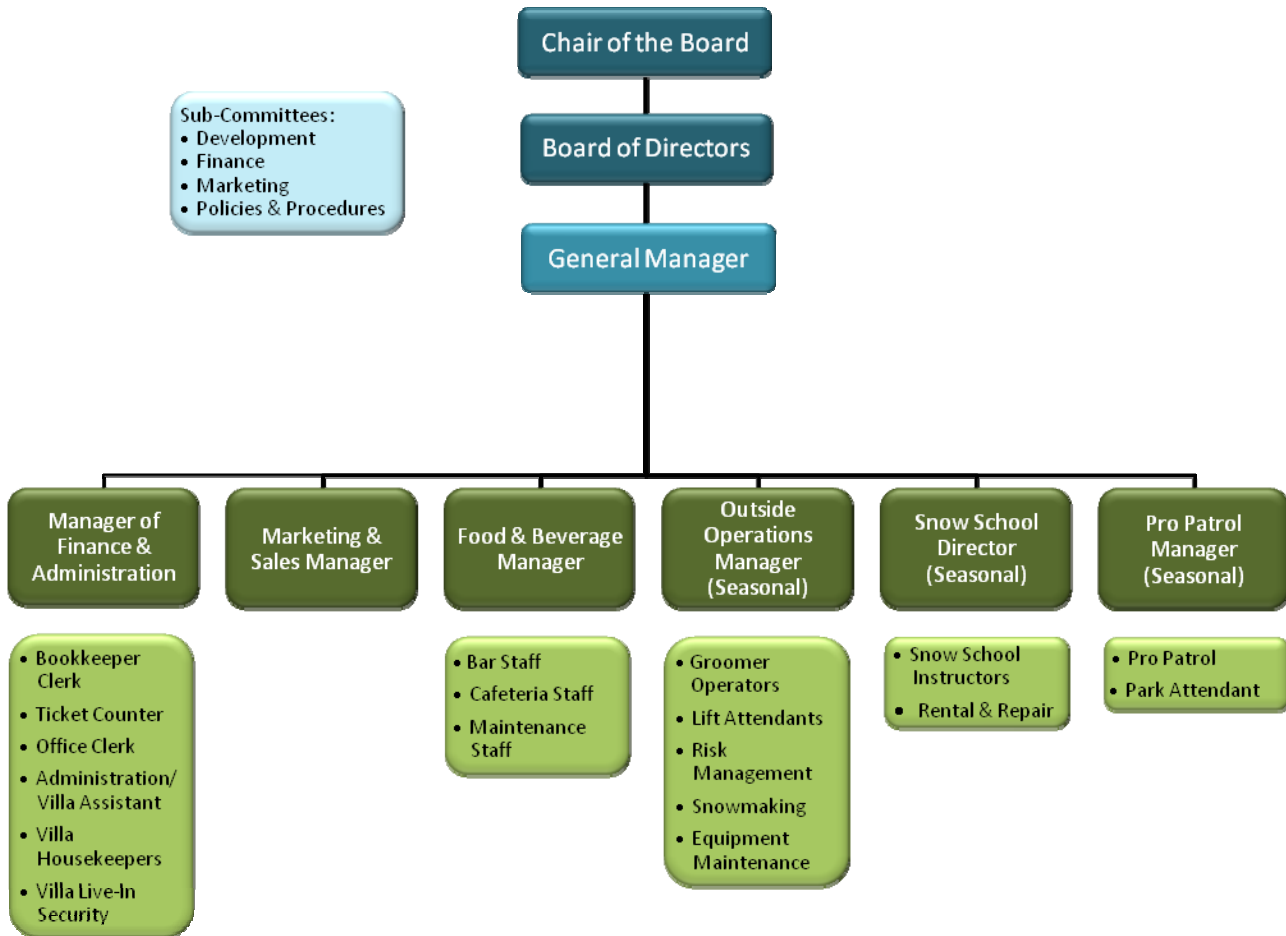
MMDC has been operating historically at high usage levels especially during the anchor winter season and it is projected that the current facilities, equipment and infrastructure will begin to require assessment and possible replacement in the near future. MMDC's key for success is appropriately planning for future requirements within its fiscal resources. This planning is to be conducted while ensuring the day-to-day function of the resort, which includes the hosting of sporting events, is not compromised.

Marble Mountain Resort's core business will continue to be influenced by changing weather patterns as seen in the past two winters. MMDC also plans to monitor visitor needs and satisfaction in order to enhance sustainable visitation and improve client service performance over the next three years.

6.0 FINANCIAL PERFORMANCE

The audited financial statements of the Marble Mountain Development Corporation have been prepared by the firm of Belanger, Clarke, Follett & McGettigan and accepted by the MMDC Board of Directors. During the presentation of these statements, it was noted by the auditor that accounting practices of MMDC have been very high quality and expenditures very prudent. These statements can be found in Appendix C.

APPENDIX A – MMDC ORGANIZATIONAL CHART



Board of Directors

- Rober Pike Chair
- Janice Ryan Vice-Chair
- Terry Paddon Department of Finance
- Mary Taylor-Ash Department of Tourism, Culture and Recreation
- John Davis Department of Innovation, Trade and Rural Development
- Mike Dolter City of Corner Brook
- Dale Park Town of Steady Brook
- Jerry George Marble Mountain Ski and Ride Club
- Steve May At Large
- Laura Walbourne At Large

APPENDIX B – VISITOR STATISTICS

Historic Overview 2007-08 to 2010-11

Marble Mountain Selected Key Indicators 2007-08 to 2010-11								
Indicator	2007-08	Annual % ⁴	2008-09	Annual % ⁴	2009-10	Annual % ⁴	2010-11	Annual % ⁴
Skier Visits¹	95,270	+ 8.1	90,705	- 4.8	84,962	- 6.3	72,551	- 14.6
Ski Days²	120	+ 33.3	104	- 13.3	86	- 17.3	82	- 4.7
Average Per Ski Day³	794	-18.9	872	+ 9.8	988	+13.3	885	-10.4

Source: Department of Tourism, Culture and Recreation, Tourism Research Division, Tourism Branch, based on primary data remitted from the Marble Mountain Development Corporation.

Glossary

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 (see below detailed statistics)

² A "ski day" is an industry term to denote the number of days that Marble Mountain was available (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.

Notes:

Start Dates: 2007-08 (Dec. 22); 2008-09 (Dec. 26); 2009-10 (Jan.9); 2010-11 (Jan. 18). All start dates from 2000-01 to 2007-08 were in the third week or last week of December capturing the high visitation, high-yield Christmas-New Year holiday period, traditionally a peak with winter resorts.

The average annual decrease over the four year period 2007-08 to 2010-11 is as follows:

- Skier Visits: Average annual decrease 2007-08 to 2010-11 is 6.0%
- Ski Days: Average annual decrease 2007-08 to 2010-11 is 7.9%
- Average Per Ski Day: Average annual increase 2007-08 to 2010-11 is 2.9%.

Detailed Statistics 2009-10 to 2010-11

	2009-10	2010-11	% Change
Season Passes	2,746	2,183	-20%
Daily Lift Tickets	22,406	22,700	+1%
Total Skier Visits	84,962	72,551	-15%

** 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 and this figure was derived by surveying season pass holders.*

Season Pass Sales

	2009-10	% of Total	2010-11	% of Total
Student	921	34%	619	28%
Senior	54	2	40	2
Family	781	28	601	28
Adult	517	19	488	22
Child (5-12)	366	13	364	17
Under 5	44	2	46	2
Unknown	63	2	25	1
Total	2,746		2,183	

Season Pass Holder Origin

	2009-10	% of Total	2010-11	% of Total
Local (2 hours)	2,163	79%	1,804	83
St. John's (metro)	383	14	275	13
Rest of NL	66	2	30	1
Atlantic Canada	20	1	26	1
Rest of Canada	15	0.5	7	.3
UK/Ireland	38	1.5	10	.5
International	-	-	6	.2
Unknown	63	2	25	1

Daily Lift Ticket Customer Origin

	2009-10	% of Total	2010-11	% of Total
Local	10,248	46%	10,104	45%
Within 2 Hours	1,197	5	1,141	5
Rest of NL	6,706	30	8,128	36
Labrador	39	0.5	63	.3
Atlantic Canada	1,607	7	1,225	5
Rest of Canada	276	1	395	1.7
USA	21	0.5	13	.05
Britain	684	3	395	1.7
International (other)	1,011	4	299	1.3
Complementary	602	3	358	1.5
Unknown	15	0.5	579	2.5

Weddings and Events

	2008-09	2009-10	2010-11
# of Weddings	16	16	19
# of Events	14	12	18
Grand Total All Events	30	28	37
Revenues Weddings	\$123,344.51	\$121,754.56	\$137,248.18
Revenues Events	\$97,973.20	\$81,475.68	\$146,061.17
Grand Total All Revenues from Above	\$221,317.71	\$203,230.24	\$283,309.35

Communications and Social Marketing Activities

Indicator	2008-09	2009-10	%	2010-11	%
Web Site Visits	217,023	173,122	-20.2	157,424	-9.1
Goal Conversions	24,700	26,651	7.9	26,179	-1.8
Online Sales	553 transactions	Not recorded	NA	Not recorded	NA
Newsletter Subscribers	1,304 as of April 2009	1,429 as of April 2010	9.6	1,473 as of May 2011	3.1
Facebook Page "Likes"	1310 fans as of April 2009	3,985 fans as of April 2010	204.2	5,981 fans as of May 2011	50.1

NOTES:

Web site visits and goal conversions are from December 1 - November 30. Visitors who click on packages, contact us or visit the online store are considered "goal conversions"

www.skimarble.com was re-designed before the 2009-2010 season

Three-Year Percentage Change:

Web Visits decreased 27.5%

Goal Conversions increased 6.0%

Newsletter Subscribers increased 13.0%

Facebook Page "Likes" increased 356.6%

APPENDIX C – AUDITED FINANCIAL STATEMENTS

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Financial Statements

Year Ended April 30, 2011

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

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Year Ended April 30, 2011

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Suite 300
Corner Brook NL A2H 1C4 Canada

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Marble Mountain Development Corporation

We have audited the accompanying financial statements of Marble Mountain Development Corporation, which comprise the balance sheet as at April 30, 2011 and the statements of income, deficit and cash flows 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 generally accepted accounting principles and for such internal controls as management considers is necessary to enable the preparation of the 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 whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 balance sheet of Marble Mountain Development Corporation as at April 30, 2011 and the results of its income and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited under Belanger Clarke Follett & McGettigan Chartered Accountants whose practice now operates under BDO Canada LLP.

Corner Brook, Newfoundland and Labrador
June 27, 2011

BDO Canada LLP
CHARTERED ACCOUNTANTS

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**Balance Sheet
As at April 30, 2011**

	2011	2010
Assets		
Current		
Cash	\$ 7,140	\$ 6,636
Accounts receivable	68,828	95,116
Inventory (Note 2)	57,617	38,899
Prepaid expenses	18,754	40,598
	<u>152,339</u>	181,249
Capital assets (Notes 2, 4)	15,708,338	16,477,697
Deferred charges (Note 2)	14,506	-
	<u>\$ 15,875,183</u>	<u>\$ 16,658,946</u>
Liabilities		
Current		
Bank indebtedness (Note 5)	\$ 1,889,203	\$ 1,269,879
Accounts payable and accrued liabilities (Note 6)	631,388	215,654
Current portion of obligations under capital lease (Note 9)	74,431	100,621
Deferred revenue	21,630	22,741
Deferred grant (Note 8)	-	800,000
Current portion of long term debt (Note 14)	-	13,967
	<u>2,616,652</u>	2,422,862
Long term debt (Note 14)	300,000	286,033
Obligations under capital lease (Note 9)	127,926	181,531
Deferred government assistance (Notes 2, 7)	5,595,903	5,498,056
	<u>8,640,481</u>	8,388,482
Shareholder equity		
Contributed surplus	23,130,703	23,130,703
Deficit, as restated	<u>(15,896,001)</u>	<u>(14,860,239)</u>
	7,234,702	8,270,464
	<u>\$ 15,875,183</u>	<u>\$ 16,658,946</u>
Contingent liability (Note 10)		
Lease commitments (Note 11)		

On behalf of the Board



Director

Director

See accompanying notes to financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**Statement of Deficit
Year Ended April 30, 2011**

	<u>2011</u>	<u>2010</u>
Deficit - beginning of year, as restated	\$ (14,860,239)	\$ (13,816,343)
Excess of expenses over revenue	<u>(163,059)</u>	<u>(146,028)</u>
	(15,023,298)	(13,962,371)
Amortization	<u>872,703</u>	<u>897,868</u>
Deficit - end of year	<u>\$ (15,896,001)</u>	<u>\$ (14,860,239)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**Statement of Income
Year Ended April 30, 2011**

	2011	2010
Income (loss) from operations		
Lift Operations <i>(Schedule 1)</i>	\$ (514,164)	\$ (522,489)
Rental and Repair Shop <i>(Schedule 2)</i>	141,740	157,849
Cafeteria <i>(Schedule 3)</i>	9,271	7,147
Bar <i>(Schedule 4)</i>	41,276	25,647
Ski School <i>(Schedule 5)</i>	13,879	(1,441)
Events <i>(Schedule 6)</i>	42,803	83,533
Marketing <i>(Schedule 7)</i>	(82,178)	(65,448)
Marble Villa <i>(Schedule 8)</i>	135,437	131,057
Operating grant	400,000	401,247
	<u>188,064</u>	<u>217,102</u>
Expenses		
Administration	18,110	18,612
Advertising	2,672	2,285
Bad debts	6,390	-
Board and committee meetings	5,117	1,273
Communications	11,311	11,187
Directors fees <i>(Note 12)</i>	5,480	5,715
Interest and bank charges	75,404	34,324
Interest on capital leases	21,324	28,181
Labour services	186,030	244,049
Miscellaneous	1,381	1,384
Professional fees	7,000	9,188
Travel and conference	10,904	6,932
	<u>351,123</u>	<u>363,130</u>
Excess of expenses over revenue	<u>\$ (163,059)</u>	<u>\$ (146,028)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION**Statement of Cash Flows****Year Ended April 30, 2011**

	2011	2010
Operating activities		
Cash receipts from customers	\$ 2,258,156	\$ 2,482,379
Cash paid to suppliers and employees	(2,248,756)	(3,026,370)
Interest paid	(142,925)	(106,799)
Cash flow used by operating activities	<u>(133,525)</u>	<u>(650,790)</u>
Investing activities		
Purchase of capital assets	(412,200)	(194,229)
Proceeds on disposal of capital assets	6,700	-
Cash flow used by investing activities	<u>(405,500)</u>	<u>(194,229)</u>
Financing activities		
Proceeds (repayment) of bank indebtedness	619,324	(620,910)
Proceeds from obligations under capital lease	28,685	11,053
Repayment of obligations under capital lease	(108,480)	(145,627)
Operating grant	-	800,000
Capital grant	-	800,000
Cash flow from financing activities	<u>539,529</u>	<u>844,516</u>
Increase (decrease) in cash flow	504	(503)
Cash - beginning of year	<u>6,636</u>	<u>7,139</u>
Cash - end of year	\$ 7,140	\$ 6,636
Cash consists of:		
Cash	<u>\$ 7,140</u>	<u>\$ 6,636</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended April 30, 2011

1. Description of operations

The Corporation is a "Non-Profit Development Corporation" incorporated under the Corporations Act of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares. The Corporation is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Summary of significant accounting policies

Inventory

Inventory is valued at the lower of cost and net realizable value.

Capital assets

Capital assets purchased by the Corporation are accounted for at cost. Donated assets are recorded at the estimated fair market value. Amortization is provided for on a straight-line basis over the estimated life of the assets 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

Deferred charges

Deferred charges represent the unamortized cost of purchasing uniforms for snow school instructors. Amortization of the deferred charge is provided on the straight-line basis over 3 years and is recorded as ski patrol expense in lift operations.

Government assistance and other contributions

Provincial government grants and other contributions related to the acquisition of capital assets are accounted for as contributed surplus. Federal government grants and other contributions related to the acquisition of capital assets are recorded as deferred government grants and amortized to income in relationship to the amortization of the asset involved. Government assistance and other contributions related to capital assets retired from service are credited against the related capital asset in the year of retirement.

Government grants related to operations are accounted for as revenue or as a reduction of the expense to which the grant relates.

(continues)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended April 30, 2011

2. Summary of significant accounting policies *(continued)*

Revenue Recognition

We recognize revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- our ability to collect is reasonably assured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets and goodwill. Actual results could differ from these estimates.

Financial risk management objectives and policies

The corporation's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variances from expectations leading to changes in risk management activities, requirements and actions. As part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the corporation's exposure.

3. Financial instruments

The Corporation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, obligations under capital leases, and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended April 30, 2011

4. Capital assets

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Area improvements	\$ 12,322,890	\$ 7,196,972	\$ 5,125,918	\$ 5,501,363
Buildings	10,982,325	4,266,753	6,715,572	6,655,928
Computer equipment	24,307	19,644	4,663	10,891
Equipment under capital lease	910,731	351,666	559,065	618,779
Furniture and fixtures	805,334	777,446	27,888	41,281
Lifts	4,998,991	2,913,651	2,085,340	2,253,946
Rental equipment	281,705	251,385	30,320	45,155
Signs	106,540	106,540	-	-
Vehicles	5,522,181	4,362,609	1,159,572	1,350,354
	\$ 35,955,004	\$ 20,246,666	\$ 15,708,338	\$ 16,477,697

5. Bank indebtedness

	2011	2010
Outstanding cheques in excess of funds on deposit	\$ -	\$ 137,384
Line of credit	1,889,203	1,132,495
	\$ 1,889,203	\$ 1,269,879

The line of credit is authorized in the amount of \$2,087,000 and bears interest at the rate of bank prime plus 0%. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors.

6. Accounts payable and accrued liabilities

	2011	2010
Trade	\$ 406,213	\$ 177,728
Harmonized sales tax payable	89,654	(3,134)
Payroll deductions payable	131,519	34,141
Wages payable	4,000	6,913
	\$ 631,386	\$ 215,648

7. Deferred government assistance - capital assets

	2011	2010
Balance, at beginning of year	\$ 5,498,056	\$ 5,791,833
Plus: deferred government assistance received for the year	400,000	-
Less: amount transferred to income by reduction of amortization expense for the year	(302,153)	(293,777)
Balance, at end of year	\$ 5,595,903	\$ 5,498,056

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended April 30, 2011

8. Government assistance and other contributions - operations

Province of Newfoundland and Labrador - Operating grant

For the year ended April 30, 2011, an administrative operating grant of \$400,000 (2010 - \$400,000) was approved and received. For the year ended April 30, 2011, a capital grant of \$400,000 (2010 - \$400,000) was received and recorded as deferred government assistance (2010 - contributed surplus).

The above administrative operating grant is subject to the terms and conditions as outlined in the contribution agreement

9. Obligations under capital lease

	<u>2011</u>	<u>2010</u>
Alter Moneta Leasing, repaid during the year	\$ -	\$ 32,384
National Leasing, repaid during the year	-	12,966
National Leasing, bearing interest at 8.45% per annum, repayable in monthly blended payments of \$6,166. The lease matures on November 30, 2013 and is secured by a charge over specific equipment.	171,188	228,080
National Leasing, bearing interest at 8.723% per annum, repayable in monthly blended payments of \$908. The lease matures on December 1, 2013 and is secured by a charge over specific equipment.	25,854	-
National Leasing, bearing interest at 3.86% per annum, repayable in monthly blended payments of \$307. The lease matures on December 1, 2012 and is secured by specific equipment.	<u>5,315</u>	<u>8,722</u>
	202,357	282,152
Amounts payable within one year	<u>(74,431)</u>	<u>(100,621)</u>
	\$ 127,926	\$ 181,531

Future minimum capital lease payments are approximately:

2012	\$ 74,431
2013	78,917
2014	<u>49,009</u>
Total minimum lease payments	\$ 202,357

The imputed interest over this three-year period is \$23,343.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended April 30, 2011

10. Contingent liability

As at April 30, 2011, a supplier had claimed that the Corporation owed it approximately \$70,005 for services rendered. The Corporation's management feels the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Corporation has not recorded a provision for losses that may result from the claim.

11. Lease commitments

The Corporation leases equipment under a long-term operating lease which expires in 2012. The future minimum lease payments required under this long-term lease is approximately as follows:

2012	<u>\$ 2,398</u>
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12. Related party transactions

During the year ended April 30, 2011, director's fees of \$5,480 (2010 - \$5,715) were paid in aggregate to the Board of Directors of the Corporation.

13. Prior period adjustment

A prior period adjustment has been made to reflect an understatement of an accounts payable for a Health and Post-Secondary Education Tax (HAPSET) assessment for the period of January 1, 2005 to December 31, 2008. The financial statement amounts that are presented for comparative purposes have been restated to reflect these adjustments as follows:

Increase in accounts payable and accrued liabilities	\$ 41,041
Increase in interest and bank charges expense	<u>(4,455)</u>
Net increase in 2010 deficit, beginning of year	36,586

2010 deficit, beginning of year, as previously reported	13,779,757
Net increase in deficit from prior period adjustment	<u>36,586</u>

2010 deficit, beginning of year as restated	<u>\$ 13,816,343</u>
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14. Long term debt

	<u>2011</u>	<u>2010</u>
Department of Innovation, Trade and Rural Development, non-interest bearing and repayable in annual installments based on 20% of available cash flow. Due 2015.	\$ 300,000	\$ 300,000
Amounts payable within one year	<u>-</u>	<u>(13,967)</u>
	<u>\$ 300,000</u>	<u>\$ 286,033</u>

(continues)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended April 30, 2011

14. Long term debt (*continued*)

Principal repayment terms are approximately:

2015	\$ 300,000
	<u>\$ 300,000</u>

The above long term debt is secured by a chattel mortgage on specific equipment. Long term debt repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long-term debt and capital leases. The Corporation has until 2015 to repay the loan in full.

15. Capital management

The corporation's capital consists of shareholder's equity. The corporation's primary objectives in managing its capital consist of safeguarding its ability to continue as a going concern and sourcing sufficient capital to provide its services. The corporation's primary policy in regards to managing capital is a requirement that committed future expenditures do not exceed current capital resources. The corporation's primary process for managing capital consists of the ongoing assessment of current capital resources against budgeted events and administrative expenditures. The corporation is not subject to any externally imposed capital requirements. There have been no changes in the corporation's objectives for managing capital or the definition thereof as compared to the previous year.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**Lift Operations
Year Ended April 30, 2011**

(Schedule 1)

	2011	2010
Revenue		
Lift tickets	\$ 524,524	\$ 524,662
Season passes	488,047	560,428
Children's centre	6,634	9,068
Facilities rental	1,552	3,280
Miscellaneous - Lifts	4,046	1,340
	<u>1,024,803</u>	<u>1,098,778</u>
Expenditures		
Children's centre	15,284	14,863
Communications	11,296	15,264
Management contract	112,000	109,564
Equipment rental	11,806	14,989
Heating and electricity	144,045	129,299
Insurance	116,191	98,542
Interest and bank charges	43,009	40,443
Labour services	406,873	363,539
Lift repairs	104,462	160,373
Maintenance		
Building	47,229	37,888
Slopes	33,211	64,149
Miscellaneous	11,671	38,630
Municipal fees	12,000	33,385
Security	299	299
Ski patrol	75,883	78,811
Snowclearing	30,395	11,943
Snowmaking		
Electricity	109,902	126,499
Labour services	31,851	79,084
Equipment maintenance	59,491	68,624
Supplies	21,668	27,966
Vehicle operating		
Repairs	77,203	58,808
Fuel	55,337	45,168
Uniforms	7,861	3,137
	<u>1,538,967</u>	<u>1,621,267</u>
Loss from operations	<u>\$ (514,164)</u>	<u>\$ (522,489)</u>

See accompanying notes to financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION**Rental and Repair Shop
Year Ended April 30, 2011****(Schedule 2)**

	2011	2010
Revenue	\$ 203,878	\$ 219,773
Expenditures		
Communications	294	490
Equipment rental	-	890
Labour services	59,508	58,234
Miscellaneous	-	93
Supplies	2,336	2,217
	62,138	61,924
Income from operations	\$ 141,740	\$ 157,849

MARBLE MOUNTAIN DEVELOPMENT CORPORATION**Cafeteria****(Schedule 3)****Year Ended April 30, 2011**

	2011	2010
Revenue	\$ 214,728	\$ 226,927
Cost of sales	<u>99,340</u>	<u>119,662</u>
Gross profit	<u>115,388</u>	<u>107,265</u>
Expenditures		
Communications	411	269
Labour services	96,482	85,857
Miscellaneous	295	167
Repairs and maintenance	298	3,838
Supplies	<u>8,631</u>	<u>9,987</u>
	<u>106,117</u>	<u>100,118</u>
Income from operations	<u>\$ 9,271</u>	<u>\$ 7,147</u>

See accompanying notes to financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION**Bar****(Schedule 4)****Year Ended April 30, 2011**

	2011	2010
Revenue	\$ 139,549	\$ 129,244
Cost of sales	47,491	59,997
Gross profit	92,058	69,247
Expenditures		
Communications	170	274
Entertainment	6,141	6,000
Labour services	33,068	27,020
Licenses and fees	-	2,311
Repairs and maintenance	2,454	821
Security	867	1,536
Special events	5,669	4,805
Supplies	2,413	833
	50,782	43,600
Income from operations	\$ 41,276	\$ 25,647

See accompanying notes to financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION**Ski School****(Schedule 5)****Year Ended April 30, 2011**

	2011	2010
Revenue	\$ 118,391	\$ 127,987
Expenditures		
Communications	233	324
Computer lease	-	153
Krunchers Club	-	1,198
Labour services	99,977	103,090
Miscellaneous	1,114	1,190
Supplies	1,373	2,169
Training	1,815	745
Uniforms	-	20,559
	104,512	129,428
Income (loss) from operations	\$ 13,879	\$ (1,441)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION**Events****(Schedule 6)****Year Ended April 30, 2011**

	2011	2010
Revenue	\$ 190,240	\$ 224,266
Cost of sales	42,462	33,911
Gross profit	147,778	190,355
Expenditures		
Communications	1,078	845
Interest and bank charges	3,188	3,851
Labour services	89,419	97,831
Maintenance	4,271	511
Miscellaneous	3,409	2,544
Supplies	3,610	1,240
	104,975	106,822
Income from operations	\$ 42,803	\$ 83,533

See accompanying notes to financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION**Marketing****(Schedule 7)****Year Ended April 30, 2011**

	2011	2010
Revenue		
Marketing revenues - Sponsorships	\$ 20,307	\$ 40,578
Marketing revenues - Advertising	24,405	119,447
	<u>44,712</u>	<u>160,025</u>
Expenditures		
Advertising		
Internet	8,673	3,000
Marketing campaign	2,986	-
Print	8,883	13,361
Radio	4,097	32,960
Television	22,311	95,869
Communications	3,146	2,840
Complimentary Marble Villa rooms	179	9,045
Labour services	61,210	50,765
Membership fees	3,120	882
Office and postage	129	76
Ski shows and familiarization tours	6,250	6,299
Supplies	5,872	6,543
Travel and meetings	34	-
UK/International marketing	-	3,833
	<u>126,890</u>	<u>225,473</u>
Loss from operations	<u>\$ (82,178)</u>	<u>\$ (65,448)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION**Marble Villa****(Schedule 8)****Year Ended April 30, 2011**

	2011	2010
Revenue	\$ 296,678	\$ 287,290
Expenditures		
Cable television	4,224	4,814
Common area expenses	-	6,995
Communications	5,507	5,227
Heat and light	36,597	33,098
Housekeeping	33,562	31,346
Insurance	6,116	11,904
Labour services	25,116	22,689
Marketing	5,114	4,124
Miscellaneous	575	459
Repairs and maintenance	27,850	21,015
Security wages	3,486	6,458
Supplies	13,094	8,104
	161,241	156,233
Income from operations	\$ 135,437	\$ 131,057

See accompanying notes to financial statements.
BDO Canada LLP, Chartered Accountants